

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 September 7, 2001

Commission File No. 0-25087

HOST MARRIOTT, L.P.
10400 Fernwood Road
Bethesda, Maryland 20817
(301) 380-9000

Delaware

(State of Incorporation)

52-2095412

(I.R.S. Employer
Identification Number)

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

Units of limited partnership interest

Units outstanding
at October 15, 2001

284,697,920

INDEX

Page No.

Part I. FINANCIAL INFORMATION (Unaudited):

Condensed Consolidated Balance Sheets-
September 7, 2001 and December 31, 2000..... 3

Condensed Consolidated Statements of Operations-
Twelve Weeks and Thirty-six weeks Ended
September 7, 2001 and September 8, 2000..... 4

Condensed Consolidated Statements of Cash Flows-
Twelve Weeks and Thirty-six weeks Ended
September 7, 2001 and September 8, 2000..... 8

Notes to Condensed Consolidated Financial Statements..... 9

Management's Discussion and Analysis of Results of
Operations and Financial Condition..... 22

Quantitative and Qualitative Disclosures about Market Risk..... 29

PART II. OTHER INFORMATION AND SIGNATURE..... 30

HOST MARRIOTT, L.P.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions)

	September 7, 2001	December 31, 2000
	----- (unaudited)	-----
 ASSETS -----		
Property and equipment, net.....	\$ 7,177	\$ 7,110
Notes and other receivables (including amounts due from affiliates of \$9 million and \$164 million, respectively).....	56	211
Due from Manager.....	143	--
Rent receivable.....	6	65
Investments in affiliates.....	147	128
Other assets.....	421	439
Restricted cash.....	124	125
Cash and cash equivalents.....	182	313
	-----	-----
	\$ 8,256	\$ 8,391
	=====	=====
 LIABILITIES AND PARTNERS' CAPITAL -----		
Debt		
Senior notes.....	\$ 2,782	\$ 2,790
Mortgage debt.....	2,292	2,275
Convertible debt obligation to Host Marriott.....	492	492
Other.....	317	257
	-----	-----
	5,883	5,814
Accounts payable and accrued expenses.....	225	381
Other liabilities.....	301	312
	-----	-----
Total liabilities.....	6,409	6,507
	-----	-----
Minority interest.....	111	139
Limited partnership interests of third parties at redemption value (representing 22.2 million units and 63.4 million units at September 7, 2001 and December 31, 2000, respectively).....	267	823
Partners' Capital		
General partner.....	1	1
Cumulative redeemable preferred limited partner.....	339	196
Limited partner.....	1,125	724
Accumulated other comprehensive income.....	4	1
	-----	-----
Total partners' capital.....	1,469	922
	-----	-----
	\$ 8,256	\$ 8,391
	=====	=====

See Notes to Condensed Consolidated Financial Statements

HOST MARRIOTT, L.P.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
Twelve weeks ended September 7, 2001 and September 8, 2000
(unaudited, in millions)

	2001	2000
	-----	-----
REVENUES		
Hotel sales		
Rooms.....	\$ 528	\$ --
Food and beverage.....	234	--
Other.....	67	--
	-----	-----
Total hotel sales.....	829	--
Rental income.....	19	227
	-----	-----
Total revenues.....	848	227
	-----	-----
OPERATING COSTS AND EXPENSES		
Hotel operating expenses		
Rooms.....	133	--
Food and beverage.....	188	--
Hotel departmental costs and deductions.....	229	--
Management fees and other.....	37	--
Other property-level expenses.....	66	66
Depreciation and amortization.....	87	75
	-----	-----
Total hotel operating costs and expenses.....	740	141
Corporate expenses.....	7	7
Other expenses.....	3	--
	-----	-----
OPERATING PROFIT.....	98	79
Minority interest expense.....	(2)	(1)
Interest income.....	5	9
Interest expense.....	(112)	(107)
Net gains on property transactions.....	3	1
Equity in earnings of affiliates.....	(1)	2
	-----	-----
LOSS BEFORE INCOME TAXES.....	(9)	(17)
Provision for income taxes.....	--	(4)
	-----	-----
LOSS BEFORE EXTRAORDINARY ITEM.....	(9)	(21)
Extraordinary loss.....	(1)	--
	-----	-----
NET LOSS	\$ (10)	\$ (21)
	=====	=====
Less: Distributions on preferred limited partner units to Host Marriott.....	(9)	(6)
	-----	-----
NET LOSS AVAILABLE TO COMMON UNITHOLDERS.....	\$ (19)	\$ (27)
	=====	=====

See Notes to Condensed Consolidated Financial Statements

HOST MARRIOTT, L.P.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
Twelve weeks ended September 7, 2001 and September 8, 2000
(unaudited, in millions)

	2001 -----	2000 -----
BASIC LOSS PER UNIT:		
Loss before extraordinary item.....	\$ (0.06)	\$ (0.09)
Extraordinary loss.....	(0.01)	--
	-----	-----
BASIC LOSS PER COMMON SHARE.....	\$ (0.07) =====	\$ (0.09) =====
DILUTED EARNINGS (LOSS) PER UNIT:		
Loss before extraordinary item.....	\$ (0.06)	\$ (0.09)
Extraordinary loss.....	(0.01)	--
	-----	-----
DILUTED LOSS PER COMMON SHARE.....	\$ (0.07) =====	\$ (0.09) =====

See Notes to Condensed Consolidated Financial Statements

HOST MARRIOTT, L.P.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
Thirty-six weeks ended September 7, 2001 and September 8, 2000
(unaudited, in millions)

	2001	2000
	-----	-----
REVENUES		
Hotel sales		
Rooms.....	\$ 1,638	\$ --
Food and beverage.....	782	--
Other.....	204	--
	-----	-----
Total hotel sales.....	2,624	--
Rental income.....	81	588
	-----	-----
Total revenues.....	2,705	588
	-----	-----
OPERATING COSTS AND EXPENSES		
Hotel operating expenses		
Rooms.....	389	--
Food and beverage.....	587	--
Hotel departmental costs and deductions.....	669	--
Management fees and other.....	143	--
Other property-level expenses.....	194	191
Depreciation and amortization.....	266	224
	-----	-----
Total hotel operating costs and expenses.....	2,248	415
Corporate expenses.....	24	27
Lease repurchase expense.....	5	--
Other expenses.....	11	9
	-----	-----
OPERATING PROFIT.....	417	137
Minority interest expense.....	(14)	(11)
Interest income.....	25	26
Interest expense.....	(334)	(315)
Net gains on property transactions.....	4	4
Equity in earnings of affiliates.....	3	5
	-----	-----
INCOME (LOSS) BEFORE INCOME TAXES.....	101	(154)
Provision for income taxes.....	(15)	(7)
	-----	-----
INCOME (LOSS) BEFORE EXTRAORDINARY ITEM.....	86	(161)
Extraordinary (loss)/gain.....	(1)	3
	-----	-----
NET INCOME (LOSS).....	\$ 85	\$ (158)
	=====	=====
Less: Distributions on preferred limited partner units to Host Marriott.....	(23)	(16)
	-----	-----
NET INCOME (LOSS) AVAILABLE TO COMMON UNITHOLDERS.....	\$ 62	\$ (174)
	=====	=====

See Notes to Condensed Consolidated Financial Statements

HOST MARRIOTT, L.P.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
Thirty-six weeks ended September 7, 2001 and September 8, 2000
(unaudited, in millions)

	2001 -----	2000 -----
BASIC EARNINGS (LOSS) PER UNIT:		
Income (loss) from operations before extraordinary item	\$.23	\$ (0.62)
Extraordinary (loss)/gain.....	(.01)	0.01
	-----	-----
BASIC EARNINGS (LOSS) PER UNIT.....	\$.22 =====	\$ (0.61) =====
DILUTED EARNINGS (LOSS) PER UNIT:		
Income (loss) from operations before extraordinary item.....	\$.23	\$ (0.62)
Extraordinary (loss)/gain.....	(.01)	0.01
	-----	-----
DILUTED EARNINGS (LOSS) PER UNIT.....	\$.22 =====	\$ (0.61) =====

See Notes to Condensed Consolidated Financial Statements

HOST MARRIOTT, L.P.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
Thirty-six weeks ended September 7, 2001 and September 8, 2000
(unaudited, in millions)

	2001	2000
	-----	-----
OPERATING ACTIVITIES		
Net income (loss) before extraordinary item.....	\$ 86	\$ (161)
Adjustments to reconcile to cash from operations:		
Depreciation and amortization.....	266	224
Income taxes.....	(20)	(20)
Deferred contingent rental income.....	18	366
Net gains on property transactions.....	(4)	(4)
Equity in earnings of affiliates.....	(3)	(5)
Purchase of Crestline leases.....	(208)	--
Changes in other operating accounts.....	83	22
Other.....	--	17
	-----	-----
Cash provided by operations.....	218	439
	-----	-----
INVESTING ACTIVITIES		
Acquisitions.....	(63)	(40)
Capital expenditures:		
Capital expenditures for renewals and replacements.....	(148)	(155)
New investment capital expenditures.....	(38)	(88)
Other investments.....	(18)	(28)
Note receivable collections, net.....	9	4
	-----	-----
Cash used in investing activities.....	(258)	(307)
	-----	-----
FINANCING ACTIVITIES		
Issuances of debt, net.....	276	292
Scheduled principal repayments.....	(41)	(27)
Debt prepayments.....	(226)	(245)
Issuances of common units.....	3	3
Issuances of preferred limited partner units.....	144	--
Distributions.....	(244)	(194)
Repurchases of Convertible Preferred Securities.....	--	(15)
Repurchases and redemptions of OP Units.....	--	(47)
Other.....	(3)	12
	-----	-----
Cash used in financing activities.....	(91)	(221)
	-----	-----
DECREASE IN CASH AND CASH EQUIVALENTS.....	\$ (131)	\$ (89)
	=====	=====

See Notes to Condensed Consolidated Financial Statements

HOST MARRIOTT, L.P.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Organization

Host Marriott, L.P. (the "Operating Partnership" or the "Company" or "Host LP") is a Delaware limited partnership whose sole general partner is Host Marriott Corporation ("Host REIT"). Host REIT, a Maryland corporation operating through an umbrella partnership structure, is a self-managed and self-administered real estate investment trust ("REIT") with its operations conducted solely through the Operating Partnership and its subsidiaries. As of September 7, 2001, Host REIT owned approximately 92% of the Operating Partnership.

The Work Incentives Improvement Act of 1999 ("REIT Modernization Act") amended the tax laws to permit REITs, effective January 1, 2001, to lease hotels to a subsidiary that qualifies as a taxable REIT subsidiary ("TRS"). Accordingly, a wholly owned subsidiary of Host LP, which has elected to be treated as a TRS for federal income tax purposes, acquired certain subsidiaries owning the leasehold interests with respect to 120 of the Company's full-service hotels (the "Lessee Entities") from Crestline Capital Corporation ("Crestline") and Wyndham International Inc. ("Wyndham"). As a result of the acquisitions, the Company's operating results reflect property-level revenues and expenses rather than rental income from lessees with respect to those 120 full-service properties from the effective dates of the acquisitions.

2. Summary of Significant Accounting Policies

The accompanying unaudited condensed consolidated financial statements of the Company and its subsidiaries have been prepared without audit. Certain information and footnote disclosures normally included in financial statements presented in accordance with accounting principles generally accepted in the United States have been condensed or omitted. The Company believes the disclosures made are adequate to make the information presented not misleading. However, the unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's annual report on Form 10-K for the fiscal year ended December 31, 2000.

In the opinion of the Company, the accompanying unaudited condensed consolidated financial statements reflect all adjustments necessary to present fairly the financial position of the Company as of September 7, 2001, the results of its operations for the twelve and thirty-six weeks ended September 7, 2001, and September 8, 2000, and cash flows for the thirty-six weeks ended September 7, 2001, and September 8, 2000. Interim results are not necessarily indicative of fiscal year performance because of the impact of seasonal and short-term variations.

Certain reclassifications were made to the prior year financial statements to conform to the current presentation.

The Company consolidates entities in which it owns a controlling financial interest (generally when it owns over 50% of the voting shares of another company) and consolidates partnership investments when it owns a general partnership interest unless minority shareholders or other partners participate in or have the right to block management decisions.

Revenue from operations of the Company's hotels not leased to third parties is recognized when the services are provided. As previously discussed, the Company, through its wholly owned TRS, acquired the Lessee Entities, and as a result, the Company no longer leases the properties to a third party, or receives rental income with respect to those 120 properties. Therefore, the Company's consolidated results of operations with respect to those 120 properties reflect, from the effective

HOST MARRIOTT, L.P.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

dates of the transactions, property-level revenues and expenses rather than rental income from lessees and are not comparable to 2000 results.

Additionally, under the leases, the Company recorded the rental income due as the greater of base rent or percentage rent, as defined. Percentage rent received pursuant to the leases but not recognized until all contingencies have been met is included on the balance sheet as deferred rent. Contingent rental revenue of \$3 million and \$75 million, respectively, for the twelve weeks ended September 7, 2001 and September 8, 2000, and \$18 million and \$366 million, respectively, for the thirty-six weeks ended September 7, 2001 and September 8, 2000, have been deferred.

3. Earnings Per Unit

Basic earnings per unit is computed by dividing net income available to common unitholders by the weighted average number of common units outstanding. Diluted earnings per unit is computed by dividing net income available to common unitholders as adjusted for potentially dilutive securities, by the weighted average number of common units outstanding plus other potentially dilutive securities. Dilutive securities may include units distributed to Host Marriott Corporation for Host Marriott Corporation common shares granted under comprehensive stock plans and the Convertible Preferred Securities. Dilutive securities may also include those common and preferred Operating Partnership Units ("OP Units") issuable or outstanding that are held by minority partners which are assumed to be converted. No effect is shown for securities if they are anti-dilutive.

	Twelve weeks ended					
	September 7, 2001			September 8, 2000		
	Income (Numerator)	Units (Denominator)	Per Unit Amount	Income (Numerator)	Units (Denominator)	Per Unit Amount
Net income (loss).....	\$ (10)	284.6	\$ (.04)	\$ (21)	283.8	\$ (.07)
Distributions on preferred limited partner units and Preferred OP Units.....	(9)	--	(.03)	(6)	--	(.02)
Basis loss available to common unitholders per unit.....	(19)	284.6	(.07)	(27)	283.8	(.09)
Assuming distribution of units to Host Marriott Corporation for Host Marriott Corporation common shares granted under the Host Marriott comprehensive stock plan, less shares assumed purchased at average market price.....	--	--	--	--	--	--
Assuming conversion of Preferred OP Units...	--	--	--	--	--	--
Assuming issuance of minority OP Units issuable.....	--	--	--	--	--	--
Diluted Loss per Unit.....	\$ (19)	284.6	\$ (.07)	\$ (27)	283.8	\$ (.09)

HOST MARRIOTT, L.P.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Thirty-six weeks ended

	September 7, 2001			September 8, 2000		
	Income (Numerator)	Units (Denominator)	Per Unit Amount	Income (Numerator)	Units (Denominator)	Per Unit Amount
Net income (loss).....	\$ 85	284.1	\$.30	\$ (158)	284.2	\$ (.55)
Distributions on preferred limited partner units and Preferred OP Units.....	(23)	--	(.08)	(16)	--	(.06)
Basic loss available to common unitholders per unit.....	62	284.1	.22	(174)	284.2	(.61)
Assuming distribution of units to Host Marriott Corporation for Host Marriott Corporation common shares granted under the Host Marriott comprehensive stock plan, less shares assumed purchased at average market price.....	--	4.2	--	--	--	--
Assuming conversion of Preferred OP Units...	--	--	--	--	--	--
Assuming issuance of minority OP Units issuable.....	--	--	--	--	--	--
Diluted Loss per Unit.....	\$ 62	288.3	\$.22	\$ (174)	284.2	\$ (.61)

4. OP Unit Conversions

On May 29, May 7 and February 7, 2001, Blackstone and affiliates ("Blackstone") converted 18.2 million, 10.0 million and 12.5 million OP Units, respectively, to Host REIT common shares and immediately sold them to an underwriter for sale on the open market. These units were obtained in connection with the purchase of the Blackstone luxury hotel portfolio in 1998. As a result of this transaction, Blackstone's ownership interest was reduced to approximately 1% of the outstanding OP Units of the Operating Partnership, and the Company increased its ownership in the Operating Partnership to approximately 92% of the outstanding OP Units. The Company received no proceeds as a result of these transactions.

5. Debt and Equity Issuances and Refinancing

During the first quarter of 2001, the Company borrowed \$115 million under the revolver portion of the bank credit facility to partially fund the acquisition of the Crestline Lessee Entities and other general corporate purposes and repaid the \$115 million during the second quarter of 2001. During the third quarter of 2001, the Company borrowed \$60 million under the revolver portion of the bank credit facility to fund the purchase of minority interests in seven hotels. During the fourth quarter of 2001, the Company borrowed an additional \$250 million under the revolver portion of the bank credit facility. As of October 19, 2001, \$150 million is outstanding under the term loan portion and \$310 million is outstanding under the revolver portion of the bank credit facility. The remaining available capacity under the revolver is \$315 million.

On March 27, 2001, we sold approximately 6.0 million shares of 10% Class C preferred limited partner units ("Class C Preferred Units") with \$0.01 par value for net proceeds of \$144 million. Holders of the Class C Preferred Units are entitled to receive cumulative cash distributions at a rate of 10% per annum of the \$25 per unit liquidation preference. Distributions are payable quarterly in arrears commencing April 15, 2001, on which date a pro rata distribution of \$0.03 per unit was distributed. Beginning March 27, 2006, we have the option to redeem the Class C Preferred Units for \$25.00 per unit, plus accrued and unpaid distributions to the date of redemption.

HOST MARRIOTT, L.P.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

On August 30, 2001, a Canadian subsidiary of the Company entered into a financing agreement pursuant to which it borrowed \$96.6 million due August 2006 at a variable rate of LIBOR plus 275 basis points. The Calgary Marriott, Toronto Airport Marriott, Toronto Marriott Eaton Centre, and Toronto Meadowvale Delta hotels serve as collateral. The proceeds from this financing were used to refinance existing indebtedness on these hotels as well as to prepay the \$88 million mortgage note on The Ritz-Carlton, Amelia Island hotel.

Since the mortgage loan on these Canadian properties is denominated in U.S. Dollars and the functional currency of the Canadian subsidiary is the Canadian Dollar, the Company purchased derivative instruments for hedging of the foreign currency investment. Therefore, the subsidiary has entered into 60 separate currency forward contracts to buy U.S. dollars at a fixed price. These forward contracts hedge the currency exposure of converting Canadian dollars to U.S. dollars on a monthly basis to cover debt service payments.

6. Acquisitions and Developments

Effective March 24, 2001, the Company purchased the 5% voting interests in each of Rockledge Hotel Properties, Inc. ("Rockledge") and Fernwood Hotel Assets, Inc. ("Fernwood") that were previously held by the Host Marriott Statutory Employee/Charitable Trust for approximately \$2 million. Prior to this acquisition, the Company held a 95% non-voting interest in each company and accounted for such investments under the equity method. As a result of this acquisition, the Company holds 100% of the voting and non-voting interests in Rockledge and Fernwood, and its consolidated results of operations will reflect the revenues and expenses generated by the two taxable corporations, and its consolidated balance sheets will include the various assets. The assets consist of three additional full-service hotels: the 672-room St. Louis Marriott Pavilion Downtown in St. Louis, Missouri, and the 311-room JW Marriott Hotel Mexico City and the 600-room Mexico City Airport Marriott Hotel, both located in Mexico City, Mexico. The Company's acquisition, including certain joint venture interests, totaled approximately \$356 million in assets and \$262 million in liabilities, including \$54 million of third party debt (\$26 million of which matures in 2001).

On June 16, 2001, the Company consummated an agreement with Crestline Capital Corporation for the acquisition of their lease agreement with respect to San Diego Marriott Hotel and Marina (the "San Diego Hotel"). The purchase price was \$4.5 million, including legal and professional fees. Under the terms of the transaction, a wholly owned TRS of the Company acquired the lease by purchasing the lessee entity, effectively terminating the lease for financial reporting purposes.

On June 28, 2001, the Company consummated an agreement to purchase substantially all the minority limited partnership interests held by Wyndham International, Inc. and affiliates ("Wyndham") with respect to seven full-service hotels for \$60 million. As part of this acquisition, the leases were acquired from Wyndham with respect to the San Diego Marriott Mission Valley, the Minneapolis Marriott Southwest, and the Albany Marriott by a wholly owned TRS of the Company, effectively terminating the leases for financial reporting purposes. For purposes of purchase accounting, no amounts were attributed to the leases themselves. The entire purchase price was allocated to the limited partner interests purchased and were capitalized.

7. Dividends and Distributions Payable

On September 19, 2001, the Company announced that the Board of Directors had declared quarterly cash distributions of \$0.26 per unit of limited partner interest and \$0.625 per Class A, B and C preferred limited partner unit. The

HOST MARRIOTT, L.P.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

third quarter distributions were paid on October 12, 2001 to shareholders and unitholders of record on September 28, 2001.

8. Geographic Information

As of September 7, 2001, the Company's foreign operations consisted of four hotel properties located in Canada and two properties located in Mexico. There were no intercompany sales between the properties and the Company. The following table presents revenues for each of the geographical areas in which the Company owns hotels. As a result of the acquisition of the Crestline Lessee Entities, effective January 1, 2001 the Company's consolidated results of operations for the twelve and thirty-six weeks ended September 7, 2001 primarily represent property level revenues and expenses, whereas the results for the twelve and thirty-six weeks ended September 8, 2000 primarily represent rental income (in millions).

	Twelve Weeks Ended		Thirty-six weeks Ended	
	September 7, 2001	September 8, 2000	September 7, 2001	September 8, 2000
United States.....	\$ 823	\$ 224	\$ 2,633	\$ 578
International.....	25	3	72	10
Total.....	<u>\$ 848</u>	<u>\$ 227</u>	<u>\$ 2,705</u>	<u>\$ 588</u>

9. Comprehensive Income/(Loss)

The Company's other comprehensive income/(loss) consists of unrealized gains and losses on foreign currency translation adjustments and the right to receive cash from Host Marriott Services Corporation subsequent to the exercise of the options held by certain former and current employees of Marriott International, pursuant to the distribution agreement between the Company and Host Marriott Services Corporation. For the twelve weeks and thirty-six weeks ended September 7, 2001, the comprehensive income/(loss) totaled \$(9) million and \$88 million, respectively. The comprehensive loss was \$22 million and \$159 million for the twelve and thirty-six weeks ended September 8, 2000, respectively. As of September 7, 2001, the Company's accumulated other comprehensive income was \$4 million compared to \$1 million as of December 31, 2000.

10. Summarized Lease Pool Financial Statements

During 2000, almost all the properties of the Company and its subsidiaries were leased to subsidiaries of Crestline. In conjunction with these leases, Crestline and certain of its subsidiaries entered into limited guarantees of the lease obligations of each lessee. The full-service hotel leases were grouped into four lease pools, with Crestline's guarantee limited to the greater of 10% of the aggregate rent payable for the preceding year or 10% of the aggregate rent payable under all leases in the respective pool. Additionally, the lessee's obligation under each lease agreement was guaranteed by all other lessees in the respective lease pool. As a result, the Company believed that the operating results of each full-service lease pool may have been material to the Company's financial statements for the year ended December 31, 2000.

Effective January 1, 2001, a wholly owned TRS of Host LP replaced Crestline as the lessee with respect to 116 of the Company's full-service hotels, and the third party credit concentration ceased to exist.

Financial information of Crestline may be found in its quarterly and annual filings with the Securities and Exchange Commission. Further information regarding these leases and Crestline's

HOST MARRIOTT, L.P.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

limited guarantees may be found in the Company's annual report on Form 10-K for the fiscal year ended December 31, 2000. The results of operations and summarized balance sheet data of the lease pools in which the Company's hotels were organized during 2000 are as follows (in millions):

Twelve Weeks Ended September 8, 2000

	Pool 1	Pool 2	Pool 3	Pool 4	Combined
	-----	-----	-----	-----	-----
Hotel Sales					
Rooms.....	\$ 147	\$ 156	\$ 137	\$ 141	\$ 581
Food and beverage.....	60	66	57	69	252
Other.....	14	16	16	19	65
	-----	-----	-----	-----	-----
Total hotel sales.....	221	238	210	229	898
Operating Costs and Expenses					
Rooms.....	36	40	34	33	143
Food and beverage.....	49	54	45	54	202
Other.....	62	58	57	57	234
Management fees.....	10	15	10	14	49
Lease expense.....	63	67	62	70	262
Corporate and interest expenses.....	--	--	1	--	1
	-----	-----	-----	-----	-----
Total operating expenses.....	220	234	209	228	891
	-----	-----	-----	-----	-----
Operating Profit.....	1	4	1	1	7
Income taxes.....	(1)	(2)	--	--	(3)
	-----	-----	-----	-----	-----
Net Income.....	\$ --	\$ 2	\$ 1	\$ 1	\$ 4
	=====	=====	=====	=====	=====

Thirty-six weeks Ended September 8, 2000

	Pool 1	Pool 2	Pool 3	Pool 4	Combined
	-----	-----	-----	-----	-----
Hotel Sales					
Rooms.....	\$ 428	\$ 469	\$ 409	\$ 433	\$ 1,739
Food and beverage.....	188	219	189	235	831
Other.....	44	46	59	60	209
	-----	-----	-----	-----	-----
Total hotel sales.....	660	734	657	728	2,779
Operating Costs and Expenses					
Rooms.....	102	116	96	96	410
Food and beverage.....	145	165	140	167	617
Other.....	173	167	166	170	676
Management fees.....	32	50	32	52	166
Lease expense.....	200	224	214	237	875
Corporate and interest expenses.....	1	1	1	1	4
	-----	-----	-----	-----	-----
Total operating expenses.....	653	723	649	723	2,748
	-----	-----	-----	-----	-----
Operating Profit.....	7	11	8	5	31
Income taxes.....	(3)	(5)	(3)	(2)	(13)
	-----	-----	-----	-----	-----
Net Income.....	\$ 4	\$ 6	\$ 5	\$ 3	\$ 18
	=====	=====	=====	=====	=====

As of December 31, 2000

	Pool 1	Pool 2	Pool 3	Pool 4	Combined
	-----	-----	-----	-----	-----
Assets.....	\$ 37	\$ 37	\$ 40	\$ 44	\$ 158
Liabilities.....	37	37	40	42	156
Equity.....	--	--	--	2	2

11. Supplemental Guarantor and Non-Guarantor Subsidiary Information

All subsidiaries of the Company guarantee the Senior Notes except those owning 50 of the Company's full service hotels and HMH HPT RIBM LLC and HMH HPT CBM LLC, the lessees of the Residence Inn and Courtyard properties, respectively. The separate financial statements of each

HOST MARRIOTT, L.P.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

guaranteeing subsidiary (each, a "Guarantor Subsidiary") are not presented because the Company's management has concluded that such financial statements are not material to investors. The guarantee of each Guarantor Subsidiary is full and unconditional and joint and several and each Guarantor Subsidiary is a wholly owned subsidiary of the Company.

The following condensed combined consolidating information sets forth the financial position as of September 7, 2001 and December 31, 2000, the results of operations for the twelve and Thirty-six weeks ended September 7, 2001 and September 8, 2000 and the cash flows for the Thirty-six weeks ended September 7, 2001 and September 8, 2000 of the parent, Guarantor Subsidiaries and the Non-Guarantor Subsidiaries.

HOST MARRIOTT, L.P.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Supplemental Condensed Combined Consolidating Balance Sheets
(in millions)

September 7, 2001

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Property and equipment, net.....	\$ 1,148	\$ 2,047	\$ 3,982	\$ --	\$ 7,177
Notes and other receivables.....	710	102	161	(917)	56
Due from Manager.....	(2)	2	143	--	143
Rent receivable.....	8	13	26	(41)	6
Investments in affiliate.....	2,398	1,997	--	(4,248)	147
Other assets.....	92	67	306	(44)	421
Restricted cash.....	20	3	101	--	124
Cash and cash equivalents.....	71	57	54	--	182
Total assets.....	<u>\$ 4,445</u>	<u>\$ 4,288</u>	<u>\$ 4,773</u>	<u>\$ (5,250)</u>	<u>\$ 8,256</u>
Debt.....	\$ 2,249	\$ 1,372	\$ 2,546	\$ (776)	\$ 5,391
Convertible debt obligation to Host Marriott.....	492	--	--	--	492
Other liabilities.....	237	299	486	(496)	526
Total liabilities.....	<u>2,978</u>	<u>1,671</u>	<u>3,032</u>	<u>(1,272)</u>	<u>6,409</u>
Minority interests.....	1	--	110	--	111
Limited partner interest of third parties at redemption value.....	267	--	--	--	267
Owner's capital.....	<u>1,199</u>	<u>2,617</u>	<u>1,631</u>	<u>(3,978)</u>	<u>1,469</u>
Total liabilities and owner's capital.....	<u>\$ 4,445</u>	<u>\$ 4,288</u>	<u>\$ 4,773</u>	<u>\$ (5,250)</u>	<u>\$ 8,256</u>

December 31, 2000

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Property and equipment, net.....	\$ 1,181	\$ 2,001	\$ 3,928	\$ --	\$ 7,110
Notes and other receivables.....	311	54	165	(319)	211
Rent receivable.....	13	10	42	--	65
Investments in affiliate.....	2,618	1,715	--	(4,205)	128
Other assets.....	242	26	245	(74)	439
Restricted cash.....	14	5	106	--	125
Cash and cash equivalents	244	34	35	--	313
Total assets.....	<u>\$ 4,623</u>	<u>\$ 3,845</u>	<u>\$ 4,521</u>	<u>\$ (4,598)</u>	<u>\$ 8,391</u>
Debt.....	\$ 1,910	\$ 1,215	\$ 2,360	\$ (163)	\$ 5,322
Convertible debt obligation to Host Marriott.....	492	--	--	--	492
Other liabilities.....	474	127	322	(230)	693
Total liabilities.....	<u>2,876</u>	<u>1,342</u>	<u>2,682</u>	<u>(393)</u>	<u>6,507</u>
Minority interests.....	2	--	137	--	139
Limited partner interest of third parties at redemption value.....	823	--	--	--	823
Partners' capital.....	<u>922</u>	<u>2,503</u>	<u>1,702</u>	<u>(4,205)</u>	<u>922</u>
Total liabilities and owner's capital.....	<u>\$ 4,623</u>	<u>\$ 3,845</u>	<u>\$ 4,521</u>	<u>\$ (4,598)</u>	<u>\$ 8,391</u>

HOST MARRIOTT, L.P.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Supplemental Condensed Combined Statements of Operations
(in millions)

Twelve Weeks Ended September 7, 2001

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
	-----	-----	-----	-----	-----
REVENUES.....	\$ 35	\$ 61	\$ 948	\$ (196)	\$ 848
Depreciation.....	(17)	(28)	(42)	--	(87)
Hotel operating expenses.....	--	--	(587)	--	(587)
Property-level expenses.....	(9)	(15)	(42)	--	(66)
Rental expense.....	--	--	(234)	234	--
Minority interest.....	(1)	--	(1)	--	(2)
Interest expense.....	(54)	(28)	(50)	20	(112)
Interest income.....	20	1	4	(20)	5
Net gains on property transactions.....	1	1	1	--	3
Equity in earning of affiliates.....	(26)	(3)	(1)	29	(1)
Corporate expenses.....	(2)	(2)	(3)	--	(7)
Other expenses.....	5	(1)	(7)	--	(3)
	-----	-----	-----	-----	-----
(Loss) income before income taxes.....	(48)	(14)	(14)	67	(9)
(Provision for) benefit from income taxes....	--	--	--	--	--
	-----	-----	-----	-----	-----
(Loss) income before extraordinary item.....	(48)	(14)	(14)	67	(9)
Extraordinary gain.....	--	(1)	--	--	(1)
	-----	-----	-----	-----	-----
NET INCOME (LOSS).....	\$ (48)	\$ (15)	\$ (14)	\$ 67	\$ (10)
	=====	=====	=====	=====	=====

Twelve Weeks Ended September 8, 2000

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
	-----	-----	-----	-----	-----
REVENUES.....	\$ 43	\$ 57	\$ 127	\$ --	\$ 227
Depreciation.....	(16)	(22)	(37)	--	(75)
Property-level expenses.....	(13)	(15)	(38)	--	(66)
Minority interest.....	--	--	(1)	--	(1)
Interest expense.....	(40)	(28)	(47)	8	(107)
Interest income.....	7	5	5	(8)	9
Net gains on property transactions.....	--	--	1	--	1
Equity in earnings of affiliates.....	2	11	(1)	(10)	2
Corporate expenses.....	(2)	(2)	(3)	--	(7)
Other expenses.....	1	(1)	--	--	--
	-----	-----	-----	-----	-----
(Loss) income before income taxes.....	(18)	5	6	(10)	(17)
(Provisions for) benefit from income taxes...	(3)	--	(1)	--	(4)
	-----	-----	-----	-----	-----
(Loss) income before extraordinary item.....	(21)	5	5	(10)	(21)
Extraordinary loss.....	--	--	--	--	--
	-----	-----	-----	-----	-----
NET INCOME (LOSS).....	\$ (21)	\$ 5	\$ 5	\$ (10)	\$ (21)
	=====	=====	=====	=====	=====

HOST MARRIOTT, L.P.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Supplemental Condensed Combined Statements of Operations
(in millions)

Thirty-Six Weeks Ended September 7, 2001

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
REVENUES.....	\$ 96	\$ 156	\$ 2,961	\$ (508)	\$ 2,705
Depreciation.....	(59)	(80)	(127)	--	(266)
Hotel operating expenses.....	--	--	(1,788)	--	(1,788)
Property-level expenses.....	(24)	(46)	(124)	--	(194)
Rental expense.....	--	--	(778)	778	--
Minority interest.....	(4)	--	(10)	--	(14)
Interest expense.....	(137)	(82)	(151)	36	(334)
Interest income.....	35	16	10	(36)	25
Net gains on property transactions.....	--	1	3	--	4
Equity in earnings of affiliates.....	(88)	(14)	(1)	106	3
Corporate expenses.....	(3)	(7)	(14)	--	(24)
Other expenses.....	(2)	(5)	(9)	--	(16)
(Loss) income before income taxes.....	(186)	(61)	(28)	376	101
(Provision for) benefit from income taxes....	1	1	(17)	--	(15)
(Loss) income before extraordinary item.....	(185)	(60)	(45)	376	86
Extraordinary loss.....	--	(1)	--	--	(1)
NET INCOME (LOSS).....	<u>\$ (185)</u>	<u>\$ (61)</u>	<u>\$ (45)</u>	<u>\$ 376</u>	<u>\$ 85</u>

Thirty-Six Weeks Ended September 8, 2000

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
REVENUES.....	\$ 100	\$ 143	\$ 345	\$ --	\$ 588
Depreciation.....	(47)	(65)	(112)	--	(224)
Property-level expenses.....	(36)	(43)	(112)	--	(191)
Minority interest.....	(3)	--	(8)	--	(11)
Interest expense.....	(119)	(83)	(139)	26	(315)
Interest income.....	27	13	12	(26)	26
Net gains on property transactions.....	--	1	3	--	4
Equity in earnings of affiliates.....	(66)	(4)	(1)	76	5
Corporate expenses.....	(4)	(8)	(15)	--	(27)
Other expenses.....	(5)	(1)	(3)	--	(9)
(Loss) income before income taxes.....	(153)	(47)	(30)	76	(154)
(Provision for) benefit from income taxes....	(8)	1	--	--	(7)
(Loss) income before extraordinary item.....	(161)	(46)	(30)	76	(161)
Extraordinary gain.....	3	--	--	--	3
NET INCOME (LOSS).....	<u>\$ (158)</u>	<u>\$ (46)</u>	<u>\$ (30)</u>	<u>\$ 76</u>	<u>\$ (158)</u>

HOST MARRIOTT, L.P.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Supplemental Condensed Combined Statements of Cash Flows
(in millions)

Thirty-six weeks Ended September 7, 2001

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Consolidated
	-----	-----	-----	-----
OPERATING ACTIVITIES				
Cash from operations.....	\$ 37	\$ 146	\$ 35	\$ 218
	-----	-----	-----	-----
INVESTING ACTIVITIES				
Acquisitions.....	(63)	--	--	(63)
Capital expenditures and other investments.....	(41)	(76)	(87)	(204)
Other.....	9	--	--	9
	-----	-----	-----	-----
Cash used in investing activities	(95)	(76)	(87)	(258)
	-----	-----	-----	-----
FINANCING ACTIVITIES				
Issuances of debt.....	176	94	6	276
Repayment of debt.....	(235)	(4)	(28)	(267)
Issuances of common units.....	3	--	--	3
Issuances of preferred units.....	144	--	--	144
Distributions.....	(244)	--	--	(244)
Other.....	(12)	2	7	(3)
Transfers to/from Parent.....	53	(139)	86	--
	-----	-----	-----	-----
Cash (used in) provided by financing activities.....	(115)	(47)	71	(91)
	-----	-----	-----	-----
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	\$ (173)	\$ 23	\$ 19	\$ (131)
	=====	=====	=====	=====

HOST MARRIOTT, L.P.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Thirty-six Weeks Ended September 8, 2000

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Consolidated
	-----	-----	-----	-----
OPERATING ACTIVITIES				
Cash from operations.....	\$ 61	\$ 127	\$ 251	\$ 439
	-----	-----	-----	-----
INVESTING ACTIVITIES				
Cash received from sales of assets.....	--	--	--	--
Acquisitions.....	(40)	--	--	(40)
Capital expenditures and other investments.....	(59)	(99)	(113)	(271)
Other.....	3	--	1	4
	-----	-----	-----	-----
Cash used in investing activities	(96)	(99)	(112)	(307)
	-----	-----	-----	-----
FINANCING ACTIVITIES				
Issuances of debt.....	209	--	83	292
Repayment of debt.....	(165)	(3)	(104)	(272)
Issuances of common units.....	3	--	--	3
Distributions.....	(194)	--	--	(194)
Redemption or repurchase of OP Units.....	(47)	--	--	(47)
Repurchase of Convertible Preferred Securities.....	(15)	--	--	(15)
Other.....	(6)	(6)	(6)	12
Transfers to/from Parent.....	174	(14)	(160)	--
	-----	-----	-----	-----
Cash used in financing activities.....	(41)	(23)	(157)	(221)
	-----	-----	-----	-----
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	\$ (76)	\$ 5	\$ (18)	\$ (89)
	=====	=====	=====	=====

12. Subsequent Events

As a result of the terrorist attacks on the New York World Trade Center towers in New York on September 11, 2001, the New York Marriott World Trade Center hotel was destroyed. The book value of the New York Marriott World Trade Center hotel was approximately \$129 million. The New York Marriott Financial Center hotel also suffered damage from debris as well as from the efforts of fire fighters who used the building to combat fires in the surrounding area. The Company is in the process of repairing the damage to the New York Marriott Financial Center (the "Financial Center") and expects to have such repairs completed within several months. Public access to the area surrounding the site, including the Financial Center hotel, has been restricted, but should be restored shortly.

Under our ground lease with the Port Authority of New York and New Jersey (the "Port Authority") the Company is required to rebuild the New York World Trade Center Marriott subject to the Port Authority rebuilding the foundation of the hotel. As of this date, no determination has been made regarding the timing and configuration of any reconstruction of the World Trade Center Complex. The decision to rebuild the New York Marriott World Trade Center, which involves the Company, our manager and numerous government authorities, is in part dependent on when, how and if the entire World Trade Center complex is rebuilt. The decision to rebuild may also affect the amount and timing of insurance proceeds. However, the Company does not expect these decisions to be made soon and expects any potential reconstruction to take a number of years.

HOST MARRIOTT, L.P.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

The Company has business interruption insurance on both hotels which the Company expects will minimize the financial impact of the terrorist attacks. The Company also has casualty insurance, which should cover the cost of repairs to the New York Financial Center and replacement of the New York Marriott World Trade Center.

Under EITF 01-10, the cost of the loss associated with the terrorist acts, if any, would be reported as an unusual item in the fourth quarter. The recovery of lost operations under business interruption insurance will also be recorded as an unusual item.

HOST MARRIOTT, L.P.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Forward-looking Statements

Certain matters discussed herein are forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future events. We identify forward-looking statements in this quarterly report on Form 10-Q by using words or phrases such as "believe," "expect," "may be," "intend," "predict," "project," "plan," "objective," "will be," "should," "estimate," or "anticipate," or the negative thereof or other variations thereof or comparable terminology. All forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual transactions, results, performance or achievements to be materially different from any future transactions, results, performance or achievements expressed or implied by such forward-looking statements. Although we believe the expectations reflected in such forward-looking statements are based upon reasonable assumptions, we can give no assurance that we will attain these expectations or that any deviations will not be material. Except as otherwise required by the federal securities laws, we disclaim any obligations or undertaking to publicly release any updates or revisions to any forward-looking statement contained in this quarterly report on Form 10-Q to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Recent Events, Liquidity and Capital Resources

On September 11, 2001, several aircraft were hijacked and destroyed in terrorist attacks on the World Trade Center Towers in New York City and the Pentagon in northern Virginia. As a result of the attacks and the collapse of the World Trade Center Towers, the Company's New York Marriott World Trade Center hotel was destroyed. In addition, we sustained considerable damage to a second property, the New York Marriott Financial Center hotel. Subsequent to the attacks, the Federal Aviation Administration closed United States airspace to commercial traffic for several days. As described below, the aftermath of these events, together with a slowing economy, has adversely affected our operations.

We have both casualty and business interruption insurance for our two affected hotels through our manager, Marriott International, Inc. We have begun restoring the New York Marriott Financial Center hotel to operating condition and anticipate that it will reopen in the next several months. We are required under our ground lease with The Port Authority of New York and New Jersey to rebuild the World Trade Center hotel, and our insurance provides for rebuilding of the asset at replacement cost. In addition, we are obligated to make payments on behalf of the property, including ground rent and debt service. We are also contingently liable for severance payments for employees of both hotels as well as other operating liabilities. While we expect to receive business interruption proceeds from the insurance to cover all or a substantial portion of the costs at both hotels, we cannot currently determine the amount or timing of those payments. In accordance with EITF 01-10, we will reflect the disaster on the properties and the effect on operations of the hotels as unusual. We believe that as a result of the timing of receipt of insurance proceeds it is possible that we may record an unusual loss in the fourth quarter of this year primarily related to a complete write-off of the World Trade Center hotel assets and record unusual gains in future periods for repairs, replacement and business interruption although no final determination has been made.

In the third quarter, which ended September 7, 2001, RevPAR for comparable hotels showed a significant decline of over 11.9% over the prior year quarter with hotel occupancy of 73.8% due in part to a slowing economy and the reduction in business travel. During the 4-week period subsequent to the events of September 11, 2001, our hotels recorded occupancy levels of 38% to 63% on a weekly basis. During that period, we had a very high level of cancellations primarily for events scheduled in the fourth quarter, which represented approximately \$70 million in future revenues, and primarily affecting our larger convention hotels. While we do not believe that this period will be representative of the remainder

HOST MARRIOTT, L.P.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
RESULTS OF OPERATIONS AND FINANCIAL CONDITION

of the fourth quarter, we have been actively working with our managers to reduce substantially the operating costs of our hotels. These initiatives include reducing labor costs, streamlining staffing and service delivery, reducing hours of operations at hotel restaurants and consolidating operations by closing unused or unoccupied floors in hotels. In addition, based on our assessment of the current operating environment and to conserve capital, we have reduced or suspended all non-essential capital expenditure projects.

As a result of these initiatives and a gradual return of the economy to more normal levels of business, we have begun to see modest improvements in occupancy and room rate, though they remain below prior year levels. However, given our estimates of lower operating levels in the fourth quarter, it is likely that our fourth quarter results will be significantly lower than the prior year.

As described below, at the end of the third quarter, we had \$210 million outstanding under our credit facility, which allows us to borrow up to \$775 million, consisting of a \$150 million term loan and a \$625 million revolver. On September 18, 2001, we borrowed an additional \$250 million under the revolver portion of the credit facility, reducing the available capacity to \$315 million. The credit facility contains certain financial covenants related to, among other things, maintaining certain levels of tangible net worth and certain ratios of EBITDA to interest and fixed charges, total debt to EBITDA, unencumbered EBITDA interest coverage and unencumbered EBITDA as a percentage of total EBITDA. We are in compliance with all the covenants in our credit facility. We anticipate, however, that if adverse operating conditions continue, we will not comply with certain of the financial covenants for the twelve months ended December 31, 2001. We are currently in discussions with our banks to modify or waive these covenants, and we believe that we will be successful in these efforts. We believe that any waiver or modification may result in additional restrictions on our ability to issue debt or equity, pay dividends to certain holders of our capital stock, other than as required to maintain our status a REIT, or to sell assets and may require that we provide additional security.

We also have \$2.8 billion of senior notes outstanding. The indenture under which the senior notes were issued contains financial covenants restricting our ability to incur indebtedness, grant liens on our assets, acquire or sell or make investments in other entities, and make certain distributions to our equity holders. We are in compliance with all the covenants in the indenture and believe that we will remain in compliance through year-end. In the event that we were not in compliance with any of the financial covenants set forth in the indenture, we would be prohibited from declaring or paying a dividend on our equity, other than distributions required to maintain our status as a REIT.

Our dividend policy generally has been to distribute to our shareholders the amount necessary to maintain our status as a REIT, approximately 100% of taxable income. On September 19, 2001 we announced that the Board of Directors had declared cash dividends of \$0.26 per common share and \$0.625 per share of Preferred Stock, which were paid on October 12, 2001 to shareholders of record on September 28, 2001. As a result of the decline in operations, we believe that we have already distributed the amount of taxable income necessary for 2001 to qualify as a REIT and that our Board of Directors will likely suspend the fourth quarter dividend to common shareholders.

Results of Operations

During 2000, our revenues primarily represented rental income from Crestline and other third-party lessees. As a result of the previously discussed acquisition of the Crestline and Wyndham lessees by our TRS, beginning in 2001, our consolidated results of operations primarily reflect hotel-level revenues and operating costs and expenses. Therefore, our results for 2001 are not comparable to 2000 results.

HOST MARRIOTT, L.P.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
RESULTS OF OPERATIONS AND FINANCIAL CONDITION

2001 Compared to 2000

Revenues. Revenues increased \$621 million for the twelve weeks ended September 7, 2001 when compared to the twelve weeks ended September 8, 2000, and increased \$2,117 million for the thirty-six weeks ended September 7, 2001, when compared to the thirty-six weeks ended September 8, 2000. As discussed above, our revenues and operating profit are not comparable to 2000, due to the acquisition of the Lessee Entities by our TRS.

The table below presents gross hotel sales for the twelve weeks ended and the thirty-six weeks ended September 7, 2001 and September 8, 2000. For 2000, gross hotel sales were used as the basis for calculating rental income. The data is presented in order to facilitate an investor's understanding and comparative analysis of the operations of our properties.

	Twelve Weeks Ended		Thirty-six Weeks Ended	
	September 7, 2001	September 8, 2000	September 7, 2001	September 8, 2000
	(in millions)		(in millions)	
Hotel sales				
Rooms.....	\$ 596	\$ 656	\$ 1,906	\$ 1,979
Food and beverage.....	240	258	830	862
Other.....	72	71	226	224
Total hotel sales.....	<u>\$ 908</u>	<u>\$ 985</u>	<u>\$ 2,962</u>	<u>\$ 3,065</u>

The \$103 million decrease in hotel sales for the thirty-six weeks ended September 7, 2001 reflects the decrease in REVPAR for our comparable properties of 6.1% to \$114.02, partially offset by incremental revenues provided by the 500-room expansion at Orlando Marriott, which was placed in service in June 2000, and the addition of three hotels as a result of the consolidation of Rockledge and Fernwood as of March 24, 2001.

Comparable REVPAR for the third quarter of 2001 decreased by 11.9% to \$103.45 compared to the same quarter in 2000 due to the recent slowdown in the economy. The decrease is attributable to a decrease in occupancy of 5.9 percentage points and a 5% decrease in room rates during the quarter. As a result of decreased hotel sales, our hotel managers implemented cost cutting measures and revenue enhancement programs at the property level during the second quarter in order to stabilize house profit. These measures include increasing labor efficiency particularly at the managerial level and in the food and beverage area at the hotels, reducing discretionary expenses in rooms, food and beverage, and repairs and maintenance and reducing energy consumption. These cost cutting measures served to stabilize the profit margins during the second and third quarters, however, due to continued declines in REVPAR during the third quarter, profit margins decreased 2.3 and 1.7 percentage points for the third quarter and year-to-date 2001, respectively.

Rental income decreased \$208 million, or 92%, to \$19 million for the third quarter of 2001 versus the third quarter of 2000, reflecting the purchase of 116 of the Crestline lease entities by our wholly owned TRS effective January 1, 2001 and the purchase of four additional lessee entities (three of the lessee entities were purchased from Wyndham, while the other was purchased from Crestline) effective June 16, 2001. As discussed in Note 2 to the condensed consolidated financial statements, percentage rental revenues from third-party lessees of \$18 million and \$366 million for the thirty-six weeks ended September 7, 2001 and September 8, 2000, respectively, were deferred on the balance sheet as deferred rent. For the third quarter of 2001 and 2000, \$3 million and \$75 million of rental income was deferred. Percentage rent will be recognized as income only as specified hotel sales thresholds are achieved.

HOST MARRIOTT, L.P.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Depreciation and Amortization. Depreciation and amortization increased \$12 million or 16% for the third quarter of 2001 versus the third quarter of 2000 and increased \$42 million, or 19% year-to-date, primarily reflecting an increase in depreciable assets. The increase in depreciation expense reflects the consolidation of three hotels and other equipment as a result of the purchase of the voting interest in Rockledge and Fernwood as discussed in Note 6. The transaction caused an increase in depreciable assets of \$206 million. It is also the result of \$379 million in capital expenditures in 2000 and \$204 million in capital expenditures in the first three quarters of 2001.

Hotel Operating Costs and Expenses. As discussed above, 2001 hotel revenues and operating costs are not comparable with 2000. During 2000, Crestline and Wyndham, as lessees, paid specified direct property-level costs including management fees, which reduced the net rent payment to us under the terms of the leases. During 2001, these costs are borne by us and are included in our condensed consolidated results of operations.

Corporate Expenses. Corporate expenses were flat for the third quarter of 2001 and decreased \$2 million year-to-date from prior year levels.

Minority Interest Expense. Minority interest expense was \$2 million in the second quarter of 2001 compared to \$1 million in 2000 and increased 27% to \$14 million year-to-date, primarily due to allocation of the Mexico partnership's minority interest income. The Mexico partnership was not consolidated until second quarter of 2001. For further discussion see Note 6.

Interest Expense. Interest expense increased 5% to \$112 million in the third quarter of 2001 and increased 6% to \$334 million year-to-date, primarily due to the issuance in October of 2000 of \$250 million of 91/4% Series F Senior Notes, which was primarily used to fund the purchase of the Crestline lessee entities and for general corporate purposes.

Extraordinary Gain. In the third quarter of 2001, the Company recorded an extraordinary loss of \$1 million in connection with the refinancing of the mortgage debt of our Canadian properties discussed in Note 5. The loss reflects the charge for the early termination of the previous mortgage debt for the Toronto Marriott Eaton Centre. During the first quarter of 2000, we extinguished approximately \$22 million of the convertible debt obligation to Host REIT through the purchase of 435,000 shares of Host REIT's Convertible Preferred Securities on the open market. We recorded an extraordinary gain of approximately \$5 million on this transaction, net of income tax expense of \$1 million, based on the discount at which we purchased the Convertible Preferred Securities. During the second quarter of 2000, we recorded an extraordinary loss of approximately \$2 million representing the write off of deferred financing costs and certain fees paid to our lender in connection with the renegotiation of the bank credit facility.

Net Income (Loss). Our net loss was \$10 million for the third quarter of 2001 compared to \$21 million for the third quarter of 2000. Year-to-date, our net income was \$85 million as of September 7, 2001 compared to a net loss of \$158 million at September 8, 2000, primarily reflecting the acquisition of the Crestline and Wyndham lease entities effective January 1, 2001 and June 15, 2001, thereby eliminating amounts paid to Crestline and Wyndham as lessees for 120 of our properties and the effect of the deferral of contingent rent, which went from \$75 million to \$3 million for third quarter 2000 compared to third quarter 2001 and \$366 million to \$18 million year-to-date 2000 compared to year-to-date 2001.

HOST MARRIOTT, L.P.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Net Income (Loss) Available to Common Unitholders. The net loss available to common unitholders was \$19 million for the third quarter of 2001, compared to \$27 million during the third quarter of 2000. The net income available to common unitholders increased \$236 million to \$62 million year-to-date. These increases reflect the previously discussed reduction of the deferred contingent rent. The difference was slightly offset by a \$7 million increase in distributions on preferred limited partner units year-to-date, due to the sale of Class C preferred limited partner units during second quarter.

FFO and EBITDA

We consider Comparative Funds From Operations ("Comparative FFO"), which consists of Funds From Operations, as defined by the National Association of Real Estate Investment Trusts, adjusted for significant non-recurring items detailed in the chart below, and our consolidated earnings before interest expense, income taxes, depreciation, amortization and other non-cash items (including contingent rent) ("EBITDA") to be indicative measures of our operating performance due to the significance of our long-lived assets. Comparative FFO and EBITDA are also useful in measuring our ability to service debt, fund capital expenditures and expand our business. Furthermore, management believes that Comparative FFO and EBITDA are meaningful disclosures that will help shareholders and the investment community to better understand our financial performance, including comparing our performance to other real estate investment trusts. However, Comparative FFO and EBITDA as presented may not be comparable to amounts calculated by other companies. This information should not be considered as an alternative to net income, operating profit, cash from operations, or any other operating or liquidity performance measure prescribed by accounting principles generally accepted in the United States. Cash expenditures for various long-term assets, interest expense (for EBITDA purposes only) and income taxes have been, and will be incurred which are not reflected in the EBITDA and Comparative FFO presentations.

Comparative FFO available to common shareholders decreased \$47 million, or 37%, to \$81 million for the third quarter of 2001 over the third quarter of 2000, and decreased \$44 million or 11%, to \$375 million year-to-date. The following is a reconciliation of the income (loss) from operations before extraordinary items to Comparative FFO (in millions):

	Twelve Weeks Ended		Thirty-six weeks Ended	
	September, 7 2001	September, 8 2000	September, 7 2001	September, 8 2000
	----	----	----	----
Funds from Operations				
Income/(loss) from operations before extraordinary items..	\$ (9)	\$ (21)	\$ 86	\$ (161)
Depreciation and amortization.....	86	74	262	220
Other real estate activities.....	(1)	(1)	--	(2)
Partnership adjustments.....	6	6	24	11
	-----	-----	-----	-----
Funds from operations of Host LP.....	82	58	372	68
Effect on funds from operations of SAB 101.....	3	75	18	366
Effective impact of repurchase of leases.....	5	--	8	--
	-----	-----	-----	-----
Comparative funds from operations of Host LP.....	90	133	398	434
Distributions on preferred units.....	(9)	(5)	(23)	(15)
	-----	-----	-----	-----
Comparative funds from operations of Host LP available to common unitholders.....	\$ 81	\$ 128	\$ 375	\$ 419
	=====	=====	=====	=====

EBITDA decreased \$46 million, or 19%, to \$190 million in the third quarter of 2001, and decreased \$17 million, or 2%, to \$732 million, year-to-date over the comparable periods in 2000. Hotel EBITDA was \$192 million and \$157 million for the second quarters of 2001 and 2000, which does not include deferred rental income of \$3 million and \$75 million, respectively, and \$718 million and \$390 million year-to-date, which does not include deferred rental income of \$18 million and \$366 million, respectively. As

HOST MARRIOTT, L.P.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
RESULTS OF OPERATIONS AND FINANCIAL CONDITION

previously discussed, 2001 Hotel EBITDA primarily reflects the revenues and expenses generated by the hotels, whereas 2000 Hotel EBITDA primarily reflects rental income from lessees.

The following schedule presents our EBITDA as well as a reconciliation of EBITDA to the income (loss) before extraordinary items (in millions):

	Twelve Weeks Ended		Thirty-six weeks Ended	
	September, 7 2001 ----	September, 8 2000 ----	September, 7 2001 ----	September, 8 2000 ----
EBITDA				
Hotels.....	\$ 192	\$ 157	\$ 718	\$ 390
Office buildings and other investments.....	2	2	11	5
Interest income.....	5	9	25	26
Corporate and other expenses.....	(12)	(7)	(40)	(38)
Effect on revenue of SAB 101.....	3	75	18	366
	-----	-----	-----	-----
EBITDA of Host LP.....	\$ 190	\$ 236	\$ 732	\$ 749
	=====	=====	=====	=====

	Twelve Weeks Ended		Thirty-six weeks Ended	
	September, 7 2001 ----	September, 8 2000 ----	September, 7 2001 ----	September, 8 2000 ----
EBITDA of Host LP.....	\$ 190	\$ 236	\$ 732	\$ 749
Effect on revenue of SAB 101.....	(3)	(75)	(18)	(366)
Interest expense.....	(112)	(107)	(334)	(315)
Income taxes.....	--	(4)	(15)	(7)
Depreciation and amortization.....	(87)	(75)	(266)	(224)
Minority interest expense.....	(2)	(1)	(14)	(11)
Lease repurchase expense.....	--	--	(5)	--
Other non-cash charges, net.....	5	5	6	13
	-----	-----	-----	-----
Income/(Loss) from operations before extraordinary items.....	\$ (9)	\$ (21)	\$ 86	\$ (161)
	=====	=====	=====	=====

Our interest coverage, defined as EBITDA divided by cash interest expense, was 2.4 times for both the 2001 and 2000 thirty-six week periods, respectively, and 2.4 times for full year 2000. The ratio of earnings to fixed charges was 1.3 to 1.0 through the third quarter of 2001 versus a deficiency of earnings to fixed charges of \$145 million through the third quarter of 2000, which was primarily due to the deferral of contingent rental revenue of \$366 million. We reported a ratio of earnings to fixed charges of 1.2 to 1.0 for the full year 2000.

Cash Flows and Financial Condition

We reported a decrease in cash and cash equivalents of \$131 million during the thirty-six weeks ended September 7, 2001 compared to a decrease of \$89 million during the thirty-six weeks ended September 8, 2000. Cash from operations was \$218 million through the third quarter of 2001 and \$439 million through the third quarter of 2000. The \$221 million decrease in cash from operations primarily relates to the cash used to purchase the Crestline Lessee Entities. Excluding the lease purchases, operating cash flow from operations would have been \$426 million, or a decrease of 3% compared to 2000.

Cash used in investing activities was \$258 million and \$307 million through the third quarter of 2001 and 2000, respectively. Cash used in investing activities through the third quarter includes capital expenditures and other investments of \$204 million and \$271 million for 2001 and 2000, respectively, mostly related to renewal and replacements on existing properties and new development projects. Property and equipment balances include \$118 million and \$135 million for construction in progress as

HOST MARRIOTT, L.P.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
RESULTS OF OPERATIONS AND FINANCIAL CONDITION

of September 7, 2001 and December 31, 2000, respectively. The balance as of September 7, 2001 primarily relates to the development of the Ritz-Carlton, Naples Golf Resort and various other expansion and development projects. On April 1, 2001, the 50,000 square foot world-class spa at The Ritz-Carlton, Naples was placed in service at an approximate development cost of \$23 million.

Cash used in financing activities was \$91 million through the third quarter of 2001 and \$221 million through the third quarter of 2000. 2001 cash from financing activities through the third quarter of 2001 includes \$276 million of debt issuances and \$144 million from the issuance of cumulative redeemable preferred stock. Cash was used in financing primarily for the payment of \$244 million in distributions and the repayment and prepayment of \$267 million in debt. During the first three quarters of 2001, the Company borrowed \$115 million under the revolver portion of the Bank Credit Facility to partially fund the acquisition of the Lessee Entities as well as for general corporate purposes, which was fully repaid in the second quarter of 2001. We borrowed an additional \$60 million under the revolver during the third quarter to purchase minority interests in various hotels from Wyndham. During the fourth quarter of 2001, we borrowed an additional \$250 million under the revolver. As of October 19, 2001, \$150 million and \$310 million are outstanding under the term and revolving loan portions of the Bank Credit Facility, respectively, and the additional available capacity under the revolver is \$315 million.

On September 19, 2001, we announced that the Board of Directors had declared cash distributions of \$.26 per unit of limited partner interest and \$.625 per cumulative redeemable preferred limited partner unit which were paid on October 12, 2001 to shareholders of record on September 28, 2001.

On March 27, 2001, we sold approximately 6.0 million shares of 10% Class C cumulative redeemable preferred limited partner units ("Class C Preferred Partner Unit") with a par value of \$0.01 for net proceeds of \$144 million. Holders of the Class C Preferred Partner Units are entitled to receive cumulative cash distributions at a rate of 10% per annum of the \$25 per unit liquidation preference. Distributions are payable quarterly in arrears commencing April 15, 2001, on which date pro rata distributions of \$0.03 per Class C Preferred Partner Unit for \$25.00 per unit, plus accrued and unpaid distributions to the date of redemption.

Effective January 1, 2001, each of Rockledge Hotel Properties, Inc. and Fernwood Hotel Assets, Inc. (the "Non-Controlled Subsidiaries") elected to be a TRS and in April 2001, the Operating Partnership acquired the voting interests in the Non-Controlled Subsidiaries held by the Host Marriott Statutory Employee/Charitable Trust for approximately \$2 million, which is also permitted as a result of the REIT Modernization Act. Subsequent to the acquisition, on a consolidated basis our results of operations will reflect the revenues and expenses generated by the two taxable corporations, and our consolidated balance sheets include the various assets, consisting of three additional full- service properties, one located in St. Louis, Missouri, and two located in Mexico City, Mexico, as well as certain joint venture interests, held by the two taxable corporations, which were approximately \$356 million of assets and \$262 million of liabilities, including \$54 million of third party debt (\$26 million of which matures in 2001), respectively, as of March 23, 2001.

On February 7, 2001, May 7, 2001 and May 29, 2001, Blackstone and affiliates ("Blackstone") converted 12.5 million, 10.0 million and 18.2 million OP Units, respectively, to common shares of Host REIT and immediately sold them to an underwriter for sale on the open market. As a result of the transactions, Blackstone now owns approximately 1% of the outstanding OP Units of the Operating Partnership and Host REIT increased their ownership in the Operating Partnership to 92%. Neither the Company nor Host REIT received any proceeds as a result of the transactions.

HOST MARRIOTT, L.P.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Our borrowings under the bank credit facility are sensitive to changes in interest rates. The interest rate on this debt obligation, which was \$150 million at both September 7, 2001 and December 31, 2000, is based on various LIBOR terms plus 200 basis points. The weighted average interest rate for this financial instrument is 5.9% for the thirty-six weeks ended September 7, 2001 and 9.0% for the year ended December 31, 2000. As discussed in Note 5 to the condensed consolidated financial statements, the mortgage loan on the Ritz-Carlton, Amelia Island hotel was prepaid in full on August 31, 2001.

On August 30, 2001, a Canadian subsidiary of the Company entered into a financing agreement pursuant to which it borrowed \$96.6 million at a variable rate of LIBOR plus 275 basis points. In addition, the subsidiary entered into currency forward contracts as discussed further in Note 5 to the condensed consolidated financial statements. The weighted average interest rate for this financial instrument is 6.4% for the thirty-six weeks ended September 7, 2001.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company is involved in routine litigation and administrative proceedings arising in the ordinary course of business, some of which are expected to be covered by liability insurance and which collectively are not expected to have a material adverse effect on the business, financial condition or results of operations of the Company.

Item 6. Exhibits and Reports

(a) Exhibits

A complete listing of exhibits required is given in the Exhibit Index that precedes the exhibits filed with this report.

(b) Reports on Form 8-K

Not applicable

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.

HOST MARRIOTT, L.P.

BY: HOST MARRIOTT CORPORATION
Its General Partner

October 22, 2001

Date

/s/ Donald D. Olinger

Donald D. Olinger
Senior Vice President and
Corporate Controller
(Chief Accounting Officer)

Exhibit Index	Description
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Exhibit 10.41	First Amendment to Amended and Restated Pledge and Security Agreement dated as of March 1, 2001 and Amended and Restated as of August 5, 1998, and amended and restated as of May 31, 2000.
Exhibit 10.42	Second Amendment and Waiver of Amended and Restated Credit Agreement dated as of March 1, 2001, and amended and restated as of August 5, 1998, and further amended and restated May 31, 2000, and further amended and restated October 27, 2000.
Exhibit 10.43	Amended and Restated Subsidiaries Guaranty dated as of August 5, 1998 and amended and restated as of May 31, 2000.
Exhibit 10.44	Amended and Restated Pledge and Security Agreement dated as of August 5, 1998 and amended and restated as of May 31, 2000.

FIRST AMENDMENT
TO AMENDED AND RESTATED
PLEDGE AND SECURITY AGREEMENT

THIS FIRST AMENDMENT TO AMENDED AND RESTATED PLEDGE AND SECURITY AGREEMENT (this "Amendment") dated as of March 1, 2001, among each of the undersigned pledgors (each a "Pledgor") and BANKERS TRUST COMPANY, as Collateral Agent (the "Pledgee"). Unless otherwise defined herein, all capitalized terms used herein and defined in the Pledge Agreement (as defined below) are used herein as so defined.

W I T N E S S E T H:

WHEREAS, the Pledgors and the Pledgee are parties to an Amended and Restated Pledge and Security Agreement, dated as of August 5, 1998, and amended and restated as of May 31, 2000 (as amended, modified or supplemented through, but not including, the date hereof, the "Pledge Agreement"); and

WHEREAS, the Pledgors have requested that the Pledgee amend certain provisions of the Pledge Agreement and the Pledgee (with the consent of the Required Banks in accordance with Section 20 of the Pledge Agreement) has agreed to amend such provisions on the terms and conditions herein provided;

NOW, THEREFORE, subject to the terms and conditions set forth below, it is agreed:

1. Section 15(a)(iv) of the Pledge Agreement is hereby amended to delete the following phrase at the end thereof:

"in each case except those which have been obtained or made or as may be required by laws affecting the offer and sale of securities generally in connection with the exercise by the Pledgee of certain of its remedies hereunder;"

and to insert the following phrase in the lieu thereof:

"in each case except (x) those which have been obtained or made, (y) as may be required by laws affecting the offer and sale of securities generally in connection with the exercise by the Pledgee of certain of its remedies hereunder, or (z) as may be required to be obtained or made in order to comply with the terms of or avoid defaults under any

contract of the Borrower or a Subsidiary of the Borrower otherwise permitted under the Credit Agreement that imposes restrictions upon the sale of, or foreclosure of liens upon, any Securities of a Look-Through Subsidiary pledged hereunder in connection with the exercise by the Pledgee of its remedies hereunder;".

2. Section 15(a)(v) of the Pledge Agreement is hereby amended to delete the following phrase appearing at the end thereof:

"except as contemplated in this Agreement;"

and to insert the following phrase in lieu thereof:

"except (x) as contemplated in this Agreement and (y) for violations and defaults that may arise under contracts of the Borrower or a Subsidiary thereof otherwise permitted under the Credit Agreement as a result of the sale of, or foreclosure of a lien upon, the Securities of Look-Through Subsidiaries pledged hereunder to the extent that the prior consent of other parties to such contracts have not been obtained or other actions specified in such contracts have not been taken in connection with any such sale or foreclosure;".

3. This Amendment shall become effective on the later of (x) the date when the Pledgee and each of the Pledgors shall have signed a counterpart hereof (whether the same or different counterparts) and shall have delivered (including by way of facsimile transmission) the same to the Administrative Agent at the Notice Office and (y) the "Amendment Effective Date" under that certain Second Amendment and Waiver of Amended and Restated Credit Agreement of even date herewith.

4. This Amendment is limited as specified and shall not constitute a modification, acceptance or waiver of any other provision of the Pledge Agreement.

5. This Amendment may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which counterparts when executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. A complete set of counterparts shall be lodged with the Borrower and the Administrative Agent.

6. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

7. From and after the date that this Amendment becomes effective, all references in the the Pledge Agreement to the Pledge Agreement shall be deemed to be references to the Pledge Agreement as modified hereby.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Amendment as of the date first above written.

BANKERS TRUST COMPANY, as Collateral
Agent and Pledgee

By: /s/ Laura S. Burwick

Title: Principal

HOST MARRIOTT CORPORATION, as a Pledgor

By: /s/ W. Edward Walter

Title: Executive Vice President and
Treasurer

HOST MARRIOTT, L.P., as a Pledgor

By: Host Marriott Corporation,
its General Partner

By: /s/ W. Edward Walter

Title: Executive Vice President and Treasurer

AIRPORT HOTELS LLC,
as a Pledgor

By: *

Name: W. Edward Walter
Title: Vice President

HOST OF HOUSTON 1979,
as a Pledgor
By: Airport Hotels LLC,
its General Partner

By: *

Name: W. Edward Walter
Title: Vice President

HOST OF HOUSTON, LTD.,
as a Pledgor
By: Airport Hotels LLC,
its General Partner

By: *

Name: W. Edward Walter
Title: Vice President

HOST OF BOSTON, LTD.,
as a Pledgor
By: Airport Hotels LLC,
its General Partner

By: *

Name: W. Edward Walter
Title: Vice President

CHESAPEAKE FINANCIAL SERVICES, LLC,
as a Pledgor

By: *

Name: W. Edward Walter
Title: Vice President

CITY CENTER INTERSTATE PARTNERSHIP LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMC RETIREMENT PROPERTIES L.P.,
as a Pledgor

By: Durbin LLC,
Its General Partner

By: _____
Name: W. Edward Walter
Title: Vice President

HMH MARINA LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

FARRELL'S ICE CREAM PARLOUR RESTAURANTS LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMC ATLANTA LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMC BURLINGAME LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMC CALIFORNIA LEASING LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMC CAPITAL LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMC CAPITAL RESOURCES LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMC PARK RIDGE LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMC PARK RIDGE II LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMC PARK RIDGE LP,
as a Pledgor
By: HMC Park Ridge LLC,
its General Partner

By: _____
Name: W. Edward Walter
Title: Vice President

HMC PARTNERSHIP HOLDINGS LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HOST PARK RIDGE LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMC SUITES LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMC SUITES LIMITED PARTNERSHIP,
as a Pledgor
By: HMC Suites LLC,
its General Partner

By: *

Name: W. Edward Walter
Title: Vice President

PRM LLC,
as a Pledgor

By: *

Name: W. Edward Walter
Title: Vice President

WELLSFORD-PARK RIDGE HOST HOTEL LIMITED
PARTNERSHIP,
as a Pledgor
By: Host Park Ridge LLC,
its General Partner

By: *

Name: W. Edward Walter
Title: Vice President

YBG ASSOCIATES LLC,
as a Pledgor

By: *

Name: W. Edward Walter
Title: Vice President

HMC CHICAGO LLC,
as a Pledgor

By: *

Name: W. Edward Walter
Title: Vice President

HMC DESERT LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMC PALM DESERT LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

MDSM FINANCE LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMC DIVERSIFIED LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMC EAST SIDE II LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMC GATEWAY LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMC GRAND LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMC HANOVER LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMC HARTFORD LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMC HOTEL DEVELOPMENT LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMC HPP LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMC IHP HOLDING LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMC MANHATTAN BEACH LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMC MARKET STREET LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

NEW MARKET STREET LP,
as a Pledgor
By: HMC Market Street LLC,
its General Partner

By: _____
Name: W. Edward Walter
Title: Vice President

HMC GEORGIA LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMC MEXPARK LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMC POLANCO LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMC NGL LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMC OLS I L.P.,
as a Pledgor

By: HMC OLS I LLC,
its General Partner

By: _____
Name: W. Edward Walter
Title: Vice President

HMC OP BN LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMC PACIFIC GATEWAY LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMC PLP LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

CHESAPEAKE HOTEL LIMITED PARTNERSHIP,
as a Pledgor

By: HMC PLP LLC,
its General Partner

By: _____
Name: W. Edward Walter
Title: Vice President

HMC POTOMAC LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMC PROPERTIES I LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMC PROPERTIES II LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMC RTZ LOAN I LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMC RTZ II LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMC SBM TWO LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMC SEATTLE LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMC SFO LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMC SWISS HOLDINGS LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMC WATERFORD LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMH GENERAL PARTNER HOLDINGS LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMH NORFOLK LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMH NORFOLK L.P.,
as a Pledgor
By: HMH Norfolk LLC,
its General Partner

By: _____
Name: W. Edward Walter
Title: Vice President

HMH PENTAGON LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMH RESTAURANTS LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMH RIVERS LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMH RIVERS, L.P.,
as a Pledgor
By: HMH Rivers LLC,
its General Partner

By: *

Name: W. Edward Walter
Title: Vice President

HMH WTC LLC,
as a Pledgor

By: *

Name: W. Edward Walter
Title: Vice President

HMP CAPITAL VENTURES LLC,
as a Pledgor

By: *

Name: W. Edward Walter
Title: Vice President

HMP FINANCIAL SERVICES LLC,
as a Pledgor

By: *

Name: W. Edward Walter
Title: Vice President

HOST LA JOLLA LLC,
as a Pledgor

By: *

Name: W. Edward Walter
Title: Vice President

CITY CENTER HOTEL LIMITED PARTNERSHIP,
as a Pledgor
By: Host La Jolla LLC,
its General Partner

By: *

Name: W. Edward Walter
Title: Vice President

TIMES SQUARE LLC,
as a Pledgor

By: *

Name: W. Edward Walter
Title: Vice President

IVY STREET LLC,
as a Pledgor

By: *

Name: W. Edward Walter
Title: Vice President

MARKET STREET HOST LLC,
as a Pledgor

By: *

Name: W. Edward Walter
Title: Vice President

MFR OF ILLINOIS LLC,
as a Pledgor

By: *

Name: W. Edward Walter
Title: Vice President

MFR OF VERMONT LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

MFR OF WISCONSIN LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

PHILADELPHIA AIRPORT HOTEL LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

PM FINANCIAL LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

PM FINANCIAL LP,
as a Pledgor

By: PM Financial LLC,
its General Partner

By: _____
Name: W. Edward Walter
Title: Vice President

HMC PROPERTY LEASING LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

HMC HOST RESTAURANTS LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

SANTA CLARA HMC LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

S.D. HOTELS LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

TIMES SQUARE GP LLC,
as a Pledgor

By: _____
Name: W. Edward Walter
Title: Vice President

By: *

Name: W. Edward Walter
Title: Vice President

By: _____
Name: W. Edward Walter
Title: Vice President

By: *

Name: W. Edward Walter
Title: Vice President

By: *

Name: W. Edward Walter
Title: Vice President

By: *

Name: W. Edward Walter
Title: Vice President

By: HMC OLS I LLC,
its General Partner

By: *

Name: W. Edward Walter
Title: Vice President

* Executed below by W. Edward Walter as Vice
President of each of the above Pledgors

By: /s/ W. Edward Walter

Title: Vice President

SECOND AMENDMENT AND WAIVER
OF AMENDED AND RESTATED
CREDIT AGREEMENT

THIS SECOND AMENDMENT AND WAIVER OF AMENDED AND RESTATED CREDIT AGREEMENT (this "Amendment") dated as of March 1, 2001, among HOST MARRIOTT CORPORATION, a Maryland corporation ("Holdings"), HOST MARRIOTT, L.P., a Delaware limited partnership (the "Borrower"), the lenders party to the Credit Agreement referred to below (the "Banks"), and BANKERS TRUST COMPANY, as Administrative Agent (the "Administrative Agent"). Unless otherwise defined herein, all capitalized terms used herein and defined in the Credit Agreement are used herein as so defined.

W I T N E S S E T H:

WHEREAS, Holdings, the Borrower, the Banks and the Administrative Agent are parties to an Amended and Restated Credit Agreement, dated as of June 19, 1997, and amended and restated as of August 5, 1998, further amended and restated as of May 31, 2000, and further amended as of October 27, 2000 (as amended, modified or supplemented through, but not including, the date hereof, the "Credit Agreement");

WHEREAS, concurrently herewith, Holdings, the Borrower, the other Pledgors named therein and Bankers Trust Company, as Collateral Agent, are entering into a First Amendment to Pledge and Security Agreement in the form attached hereto as Exhibit A (the "Pledge Agreement Amendment"); and

WHEREAS, the Borrower has requested that the Banks amend or waive certain provisions of the Credit Agreement and the Pledge and Security Agreement and the Banks have agreed to amend or waive such provisions on the terms and conditions provided herein and in the Pledge Agreement Amendment;

NOW, THEREFORE, subject to the terms and conditions set forth below, it is agreed:

1. Section 7.16(a)(B) of the Credit Agreement is hereby amended to delete clauses (i) and (ii) thereof and replace such clauses with the following:

"(i) with respect to clauses (I), (II) and (III) above, such
Subsidiary's only assets consist of \$5,000 or less in cash;

(ii) with respect to clauses (I) and (II) above only, such
Subsidiary, or the direct or indirect parent company or general
partner

of such Subsidiary whose only significant asset (in each case) is the equity ownership of such Subsidiary (or the direct or indirect parent company of such Subsidiary), enters into (or is a party to) a material contract pursuant to a transaction otherwise permitted under this Agreement and the terms of which prohibit or restrict such Subsidiary from executing a counterpart of the Subsidiaries Guaranty and/or the Pledge and Security Agreement; or

(iii) with respect to clause (III) above only, such Subsidiary, Holdings, the Borrower or any other Subsidiary of the Borrower, enters into (or is a party to) a material contract pursuant to a transaction otherwise permitted under this Agreement and the terms of which prohibit or restrict the capital stock or other equity of such Subsidiary from being pledged under the Pledge and Security Agreement (as opposed to restricting or prohibiting the ability of the Collateral Agent to exercise remedies with respect to such pledge)."

2. The Banks hereby waive any Default or Event of Default that has arisen under the Credit Agreement solely as a result of any inaccuracy in the representations and warranties set forth in Section 15(a)(iv) or Section 15(a)(v) of the Pledge and Security Agreement arising from the failure to disclose consents required to be obtained or other actions to be taken in order to comply with the terms of or avoid defaults under any contract of the Borrower or a Subsidiary of the Borrower otherwise permitted under the Credit Agreement that imposes restrictions upon the sale of, or foreclosure of liens upon, any Securities (as defined in the Pledge and Security Agreement) of a Look-Through Subsidiary pledged under the Pledge and Security Agreement in connection with the exercise by the Pledgee (as defined in the Pledge and Security Agreement) of its remedies thereunder.

3. The Banks hereby authorize the Collateral Agent to enter into the Pledge Agreement Amendment.

4. In order to induce the Banks to enter into this Amendment and to induce the Collateral Agent to enter into the Pledge Agreement Amendment, each Credit Party hereto represents and warrants that (except with respect to any matter described in Section 2 above) (a) the representations and warranties contained in Section 6 of the Credit Agreement and in Section 15 of the Pledge and Security Agreement are, and will be as of the Amendment Effective Date, true and correct in all material respects, and (b) there exists, and will exist as of the Amendment Effective Date, no Default or Event of Default.

5. This Amendment shall become effective on the date (the "Amendment Effective Date") when Holdings, the Borrower and the Required Banks shall have signed a counterpart hereof (whether the same or different

counterparts) and shall have delivered (including by way of facsimile transmission) the same to the Administrative Agent at the Notice Office.

6. This Amendment is limited as specified and shall not constitute a modification, acceptance or waiver of any provision of the Credit Agreement or any other Credit Document except as specified above.

7. This Amendment may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which counterparts when executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. A complete set of counterparts shall be lodged with the Borrower and the Administrative Agent.

8. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

9. From and after the Amendment Effective Date, all references in the Credit Agreement and in the other Credit Documents to the Credit Agreement and the Pledge and Security Agreement shall be deemed to be references to the Credit Agreement as modified hereby and by the Pledge Agreement Amendment.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Amendment as of the date first above written.

HOST MARRIOTT CORPORATION

By: /s/ W. Edward Walter

Title: Executive Vice President and
Treasurer

HOST MARRIOTT, L.P.

By: Host Marriott Corporation,
its General Partner

By: /s/ W. Edward Walter

Title: Executive Vice President and
Treasurer

BANKERS TRUST COMPANY,
Individually and as Administrative
Agent

By: /s/ Laura S. Burwick

Title: Principal

CREDIT LYONNAIS NEW YORK BRANCH

By: /s/ Mary P. Daly

Title: Vice President

THE BANK OF NOVA SCOTIA

By: /s/ Bruce G. Ferguson

Title: Managing Director

BANK LEUMI USA

By: /s/ Charles C. D'Amico

Title: Vice President

BANK OF HAWAII

By: /s/ Donna R. Parker

Title: Vice President

FLEET NATIONAL BANK

By: /s/ Floyd P. Wiggins

Title: Group Manager

ERSTE BANK DER OESTERREICHISCHEN
SPARKASSEN AG

By: /s/ Paul Judicke

Title: Vice President, Erste Bank New York
Branch

By: /s/ John S. Runnion

Title: Managing Director, Erste Bank New
York Branch

FIRST COMMERCIAL BANK, NEW YORK AGENCY

By: _____
Name:
Title:

HELLER FINANCIAL, INC.

By: /s/ Wayne S. Gogolenski

Title: Vice President

BANK OF AMERICA, N.A.

By: /s/ Lesa J. Butler

Title: Principal

SOCIETE GENERALE, SOUTHWEST AGENCY

By: /s/ Thomas K. Day

Title: Managing Director

THE BANK OF NEW YORK

By: /s/ David V. Fowler

Title: Vice President

CREDIT SUISSE FIRST BOSTON

By: /s/ Bill O'Daly

Title: Vice President

By: /s/ William S. Lutkins

Title: Vice President

BANK ONE, N.A.

By: /s/ Dennis J. Redpath

Title: First Vice President

THE INTERNATIONAL COMMERCIAL BANK OF
CHINA, NEW YORK AGENCY

By: /s/ Wen-Hui Wang

Title: Assistant Vice President & Acting
Deputy General Manager

WELLS FARGO BANK, N.A.

By: /s/ James A. McCartney

Title: Vice President

KZH CNC LLC

By: /s/ Susan Lee

Title: Authorized Agent

WINGED FOOT FUNDING TRUST

By: /s/ Ann E. Morris

Title: Authorized Agent

CHANG HWA COMMERCIAL BANK, LTD., NEW
YORK BRANCH

By: /s/ Wan-Tu Yeh

Title: SVP and General Manager

CHINATRUST COMMERCIAL BANK

By: /s/ Jerry Li

Title: General Manager/Branch

TAIPEI BANK

By: _____

Name:

Title:

BANK OF SCOTLAND

By: /s/ Joseph Fratus

Title: Vice President

IFA INCORPORATED

By: /s/ Joseph Fratus

Title: Vice President
Bank of Scotland
as Administrative Agent for IFA, Inc.

AMENDED AND RESTATED SUBSIDIARIES GUARANTY

AMENDED AND RESTATED SUBSIDIARIES GUARANTY, dated as of August 5, 1998 and amended and restated as of May 31, 2000 (as amended, modified or supplemented from time to time, this "Guaranty"), made by each of the undersigned guarantors (each, a "Guarantor" and, together with any other entity that becomes a party hereto pursuant to Section 26 hereof, the "Guarantors"). Except as otherwise defined herein, capitalized terms used herein and defined in the Credit Agreement (as defined below) shall be used herein as therein defined.

W I T N E S S E T H :

WHEREAS, Host Marriott Corporation, a Delaware corporation ("Holdings"), Host Marriott, L.P., a Delaware limited partnership (the "Borrower"), various lenders from time to time party thereto (the "Banks"), and Bankers Trust Company, as Administrative Agent (together with any successor administrative agent, the "Administrative Agent"), have entered into an Amended and Restated Credit Agreement, dated as of June 19, 1997, and amended and restated as of August 5, 1998, and further amended and restated as of May 31, 2000, providing for the making of Loans to the Borrower as contemplated therein (as amended, modified or supplemented from time to time, the "Credit Agreement") (the Banks, the Administrative Agent and the Collateral Agent are herein called the "Bank Creditors");

WHEREAS, the Borrower may at any time and from time to time enter into one or more Interest Rate Protection Agreements or Other Hedging Agreements with one or more Banks or any affiliate thereof (each such Bank or affiliate, even if the respective Bank subsequently ceases to be a Bank under the Credit Agreement for any reason, together with such Bank's or affiliate's successors and assigns, if any, collectively, the "Other Creditors," and together with the Bank Creditors, are herein called the "Creditors");

WHEREAS, each Guarantor is a direct or an indirect Subsidiary of Holdings or the Borrower;

WHEREAS, the Credit Agreement amends and restates the Original Credit Agreement in its entirety;

WHEREAS, as part of the Original Credit Agreement, the Guarantors entered into the Subsidiaries Guaranty, dated as of August 5, 1998 (the "Original Subsidiaries Guaranty");

WHEREAS, this Guaranty amends and restates the Original Subsidiaries Guaranty in its entirety;

WHEREAS, it is a condition to the making of Loans under the Credit Agreement that each Guarantor shall have executed and delivered this Guaranty; and

WHEREAS, each Guarantor will obtain benefits from the incurrence of Loans by the Borrower under the Credit Agreement and the entering into by the Borrower of the Interest Rate Protection Agreements or Other Hedging Agreements referred to above and, accordingly, desires to execute this Guaranty in order to satisfy the conditions described in the preceding paragraph;

NOW, THEREFORE, in consideration of the foregoing and other benefits accruing to each Guarantor, the receipt and sufficiency of which are hereby acknowledged, each Guarantor hereby makes the following representations and warranties to the Creditors and hereby covenants and agrees with each Creditor as follows:

1. Each Guarantor, jointly and severally, absolutely, irrevocably and unconditionally guarantees: (i) to the Bank Creditors the full and prompt payment when due (whether at the stated maturity, by acceleration or otherwise) of (x) the principal of and interest on the Notes issued by, and the Loans made to, the Borrower under the Credit Agreement and (y) all other obligations (including obligations which, but for the automatic stay under Section 362(a) of the Bankruptcy Code, would become due) and liabilities owing by the Borrower to the Bank Creditors under the Credit Agreement and each other Credit Document to which the Borrower is a party (including, without limitation, indemnities, Fees and interest thereon), whether now existing or hereafter incurred under, arising out of or in connection with the Credit Agreement and each such other Credit Document and the due performance and compliance by the Borrower with all of the terms, conditions and agreements contained in the Credit Agreement and in each such other Credit Document (all such principal, interest, liabilities and obligations being herein collectively called the "Credit Agreement Obligations"); and (ii) to each Other Creditor, the full and prompt payment when due (whether at the stated maturity, by acceleration or otherwise) of all obligations (including obligations which, but for the automatic stay under Section 362(a) of the Bankruptcy Code, would become due) and liabilities owing by the Borrower under any Interest Rate Protection Agreement or Other Hedging Agreement, whether now in existence or hereafter arising, and the due performance and compliance by the Borrower with all of the terms, conditions and agreements contained in the Interest Rate Protection Agreements and Other Hedging Agreements (all such obligations and liabilities being herein collectively called the "Other Obligations" and, together with the Credit Agreement Obligations, are herein collectively called the "Guaranteed Obligations"). Each Guarantor understands, agrees and confirms that the Creditors may enforce this Guaranty up to the full amount of the Guaranteed Obligations against each Guarantor without proceeding against any other Guarantor, against the Borrower, against any security for the Guaranteed Obligations, or under any other guaranty covering all or a portion of the Guaranteed Obligations.

2. Additionally, each Guarantor, jointly and severally, absolutely, unconditionally and irrevocably, guarantees the payment of any and all Guaranteed Obligations to the Creditors whether or not due or payable by the Borrower upon the occurrence in respect of the Borrower of any of the events specified in Section 9.05 of the Credit Agreement, and absolutely, unconditionally and irrevocably, jointly and severally, promises to pay such Guaranteed Obligations to the Creditors, or order, on demand, in lawful money of the United States. This Guaranty shall constitute a guaranty of payment, and not of collection.

3. The liability of each Guarantor hereunder is exclusive and independent of any security for or other guaranty of the indebtedness of the Borrower, whether executed by such Guarantor, any other Guarantor, any other guarantor or any other party, and the liability of each Guarantor hereunder shall not be affected or impaired by any circumstance or occurrence whatsoever, including, without limitation: (a) any direction as to application of payment by the Borrower or by any other party, (b) any other continuing or other guaranty, undertaking or maximum liability of a guarantor or of any other party as to the indebtedness of the Borrower, (c) any payment on or in reduction of any such other guaranty or undertaking except to the extent that any such payment or reduction results in the actual permanent reduction of the Guaranteed Obligations, (d) any dissolution, termination or change in personnel by the Borrower, (e) any payment made to any Creditor on the indebtedness which any Creditor repays the Borrower pursuant to court order in any bankruptcy, reorganization, arrangement, moratorium or other debtor relief proceeding, and each Guarantor waives any right to the deferral or modification of its obligations hereunder by reason of any such proceeding, (f) any action or inaction by the Creditors as contemplated in Section 6 hereof, or (g) any invalidity, irregularity or unenforceability of all or part of the Guaranteed Obligations or of any security therefor.

4. The obligations of each Guarantor hereunder are independent of the obligations of any other Guarantor, any other guarantor or the Borrower, and a separate action or actions may be brought and prosecuted against each Guarantor whether or not action is brought against any other Guarantor, any other guarantor or the Borrower and whether or not any other Guarantor, any other guarantor or the Borrower be joined in any such action or actions. Each Guarantor waives, to the fullest extent permitted by law, the benefit of any statute of limitations affecting its liability hereunder or the enforcement thereof. Any payment by the Borrower or other circumstance which operates to toll any statute of limitations as to the Borrower shall operate to toll the statute of limitations as to each Guarantor.

5. Each Guarantor hereby waives notice of acceptance of this Guaranty and notice of any liability to which it may apply, and waives promptness, diligence, presentment, demand of payment, protest, notice of dishonor or nonpayment of any such liabilities, suit or taking of other action by the Administrative Agent or any other Creditor against, and any other notice to, any party liable thereon (including such Guarantor, any other guarantor or the Borrower).

6. Any Creditor may at any time and from time to time without the consent of, or notice to, any Guarantor, without incurring responsibility to such Guarantor, and without impairing or releasing the obligations of such Guarantor hereunder, upon or without any terms or conditions and in whole or in part:

(a) change the manner, place or terms of payment of, and/or change or extend the time of payment of, renew or alter, any of the Guaranteed Obligations (including any increase or decrease in the rate of interest thereon), any security therefor, or any liability incurred directly or indirectly in respect thereof, and the guaranty herein made shall apply to the Guaranteed Obligations as so changed, extended, renewed or altered;

(b) take and hold security for the payment of the Guaranteed Obligations and sell, exchange, release, surrender, impair, realize upon or otherwise deal with in any manner and in

any order any property by whomsoever at any time pledged or mortgaged to secure, or howsoever securing, the Guaranteed Obligations or any liabilities (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, and/or any offset thereagainst;

(h) act or fail to act in any manner referred to in this Guaranty which may deprive such Guarantor of its right to subrogation against the Borrower to recover full indemnity for any payments made pursuant to this Guaranty; and/or

(i) take any other action which would, under otherwise applicable principles of common law, give rise to a legal or equitable discharge of such Guarantor from its liabilities under this Guaranty.

7. No invalidity, irregularity or unenforceability of all or any part of the Guaranteed Obligations or of any security therefor shall affect, impair or be a defense to this Guaranty, and this Guaranty shall be primary, absolute, irrevocable and unconditional notwithstanding the occurrence of any event or the existence of any other circumstances which might constitute a legal or equitable discharge of a surety or guarantor except payment in full of the Guaranteed Obligations.

8. This Guaranty is a continuing one and all liabilities to which it applies or may apply under the terms hereof shall be conclusively presumed to have been created in reliance hereon. No failure or delay on the part of any Creditor in exercising any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein expressly specified are cumulative and not exclusive of any rights or remedies which any Creditor would otherwise have. No notice to or demand on any Guarantor in any case shall entitle such Guarantor to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of any Creditor to any other or further action in any circumstances without notice or demand. It is not necessary for any Creditor to inquire into the capacity or powers of the Borrower or the officers, directors, partners or agents acting or purporting to act on its behalf, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder.

9. Any indebtedness of the Borrower now or hereafter held by any Guarantor is hereby subordinated to the indebtedness of the Borrower to the Creditors; and such indebtedness of the Borrower to any Guarantor, if the Administrative Agent, after an Event of Default has occurred, so requests at a time when any Guaranteed Obligations are outstanding, shall be collected, enforced and received by such Guarantor as trustee for the Creditors and be paid over to the Creditors on account of the indebtedness of the Borrower to the Creditors, but without affecting or impairing in any manner the liability of such Guarantor under the other provisions of this Guaranty. Prior to the transfer by any Guarantor of any note or negotiable instrument evidencing any indebtedness of the Borrower to such Guarantor, such Guarantor shall mark such note or negotiable instrument with a legend that the same is subject to this subordination. Without limiting the generality of the foregoing, each Guarantor hereby agrees with the Creditors that it will not exercise any right of subrogation which it may at any time otherwise have as a

result of this Guaranty (whether contractual, under Section 509 of the Bankruptcy Code or otherwise) until all Guaranteed Obligations have been paid in full in cash (it being understood that each Guarantor is not waiving any right of subrogation that it may otherwise have but is only waiving the exercise thereof as provided above).

10. (a) Each Guarantor waives any right (except as shall be required by applicable statute and cannot be waived) to require the Creditors to: (i) proceed against the Borrower, any other Guarantor, any other guarantor of the Guaranteed Obligations or any other party; (ii) proceed against or exhaust any security held from the Borrower, any other Guarantor, any other guarantor of the Guaranteed Obligations or any other party; or (iii) pursue any other remedy in the Creditors' power whatsoever. Each Guarantor waives any defense based on or arising out of any defense of the Borrower, such Guarantor, any other Guarantor, any other guarantor of the Guaranteed Obligations or any other party other than payment in full of the Guaranteed Obligations, including, without limitation, any defense based on or arising out of the disability of the Borrower, such Guarantor, any other Guarantor, any other guarantor of the Guaranteed Obligations or any other party, or the unenforceability of the Guaranteed Obligations or any part thereof from any cause, or the cessation from any cause of the liability of the Borrower other than payment in full of the Guaranteed Obligations. The Creditors may, at their election, foreclose on any security held by the Administrative Agent, the Collateral Agent or the other Creditors by one or more judicial or nonjudicial sales or exercise any other right or remedy the Creditors may have against the Borrower or any other party, or any security, without affecting or impairing in any way the liability of any Guarantor hereunder except to the extent the Guaranteed Obligations have been paid in full. Each Guarantor waives any defense arising out of any such election by the Creditors, even though such election operates to impair or extinguish any right of reimbursement or subrogation or other right or remedy of such Guarantor against the Borrower or any other party or any security.

(b) Each Guarantor waives all presentments, demands for performance, protests and notices, including, without limitation, notices of nonperformance, notices of protest, notices of dishonor, notices of acceptance of this Guaranty, and notices of the existence, creation or incurring of new or additional indebtedness. Each Guarantor assumes all responsibility for being and keeping itself informed of the Borrower's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations and the nature, scope and extent of the risks which such Guarantor assumes and incurs hereunder, and agrees that the Creditors shall have no duty to advise any Guarantor of information known to them regarding such circumstances or risks.

11. In order to induce the Bank Creditors to enter into the Credit Agreement and to make the Loans pursuant to the Credit Agreement, and to induce the Other Creditors to enter into the Interest Rate Protection Agreements and Other Hedging Agreements, each Guarantor represents, warrants and covenants that:

(a) Status. Such Guarantor (i) is a duly organized and validly

existing corporation, partnership, trust or limited liability company, as the case may be, in good standing (if applicable) under the laws of the jurisdiction of its organization, (ii) has the corporate, partnership, trust or limited liability company power and authority, as the case may be, to own or lease its property and assets and to transact the business in which it is engaged and presently

proposes to engage and (iii) is duly qualified and is authorized to do business and is in good standing in each jurisdiction where the conduct of its business requires such qualification, except for failures to be so qualified which, individually or in the aggregate, could not reasonably be expected to have a material adverse effect on the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of such Guarantor.

(b) Power and Authority. Such Guarantor has the corporate,

partnership, trust or limited liability company power and authority, as the case may be, to execute, deliver and perform the terms and provisions of this Guaranty and each other Credit Document to which it is a party and has taken all necessary corporate, partnership, trust or limited liability company action, as the case may be, to authorize the execution, delivery and performance by it of each such Credit Document. Such Guarantor has duly executed and delivered this Guaranty and each other Credit Document to which it is a party and each such Credit Document constitutes the legal, valid and binding obligation of such Guarantor enforceable in accordance with its terms, except to the extent that the enforceability hereof and thereof may be limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other similar laws affecting creditors' rights generally and by equitable principles (regardless of whether enforcement is sought in equity or at law).

(c) No Violation. Neither the execution, delivery or performance by

such Guarantor of this Guaranty or any other Credit Document to which it is a party, nor compliance by it with the terms and provisions hereof and thereof (i) will contravene any applicable provision of any law, statute, rule or regulation, or any order, writ, injunction or decree of any court or governmental instrumentality, (ii) will conflict or be inconsistent with or result in any breach of, any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien (except pursuant to the Pledge and Security Agreement) upon any of the property or assets of such Guarantor or any of its Subsidiaries pursuant to the terms of, any indenture, mortgage, deed of trust, credit agreement or loan agreement or any other material agreement, contract or instrument to which such Guarantor or any of its Subsidiaries is a party or by which it or any of its property or assets is bound or to which it may be subject or (iii) will violate any provision of the certificate of incorporation, certificate of partnership, partnership agreement, limited liability company agreement or by-laws of such Guarantor or any of its Subsidiaries.

(d) Governmental Approvals. No order, consent, approval, license,

authorization or validation of, or filing, recording or registration with (except as have been obtained or made), or exemption by, any governmental or public body or authority, or any subdivision thereof, is required to authorize, or is required in connection with, (i) the execution, delivery and performance of this Guaranty or any other Credit Document to which such Guarantor is a party or (ii) the legality, validity, binding effect or enforceability of this Guaranty or any other Credit Document to which such Guarantor is a party.

(e) Litigation. There are no actions, suits or proceedings pending

or, to the best knowledge of such Guarantor, threatened (i) with respect to this Guaranty or (ii) that could reasonably be expected to materially and adversely affect the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of such Guarantor.

12. Each Guarantor covenants and agrees that on and after the Effective Date and until the Total Commitment and all Interest Rate Protection Agreements and Other Hedging Agreements have terminated and when no Note remains outstanding and all Guaranteed Obligations have been paid in full, such Guarantor shall take, or will refrain from taking, as the case may be, all actions that are necessary to be taken or not taken so that no violation of any provision, covenant or agreement contained in Section 7 or 8 of the Credit Agreement occurs, and so that no Default or Event of Default, is caused by the actions of such Guarantor or any of its Subsidiaries.

13. The Guarantors hereby jointly and severally agree to pay all out-of-pocket costs and expenses of each Creditor in connection with the enforcement of this Guaranty (including reasonable legal fees and expenses) and the out-of-pocket costs and expenses of the Administrative Agent in connection with any amendment, waiver or consent relating hereto (including reasonable legal fees and expenses).

14. This Guaranty shall be binding upon each Guarantor and its successors and assigns and shall inure to the benefit of the Creditors and their successors and assigns.

15. Neither this Guaranty nor any provision hereof may be changed, waived, discharged or terminated except with the written consent of each Guarantor directly affected thereby and with the written consent of (i) the Required Banks, or, to the extent required by Section 12.12 of the Credit Agreement, each of the Banks under the Credit Agreement, as the case may be, so long as any Credit Agreement Obligations remain outstanding and (ii) in any situation not covered by preceding clause (i), the holders of a majority of the outstanding principal amount of the Other Obligations; provided, that any change, waiver, modification or variance affecting the rights and benefits of a single Class (as defined below) of Creditors (and not all Creditors in a like or similar manner) shall require the written consent of the Requisite Creditors (as defined below) of such Class of Creditors (it being understood that the addition or release of any Guarantor hereunder shall not constitute a change, waiver, discharge or termination affecting any Guarantor other than the Guarantor so added or released). For the purpose of this Guaranty, the term "Class" shall mean each class of Creditors, i.e., whether (x) the Bank Creditors as holders of the Credit Agreement Obligations or (y) the Other Creditors as the holders of the Other Obligations. For the purpose of this Guaranty, the term "Requisite Creditors" of any Class shall mean (x) with respect to the Credit Agreement Obligations, the Required Banks, and (y) with respect to the Other Obligations, the holders of at least a majority of all obligations outstanding from time to time under the respective Interest Rate Protection Agreements or Other Hedging Agreements.

16. Each Guarantor acknowledges that an executed (or conformed) copy of each of the Credit Documents has been made available to such Guarantor and such Guarantor is familiar with the contents thereof.

17. In addition to any rights now or hereafter granted under applicable law (including, without limitation, Section 151 of the New York Debtor and Creditor Law) and not by way of limitation of any such rights, upon the occurrence and during the continuance of an Event of Default (such term to mean and include any "Event of Default" as defined in the Credit Agreement or any payment default under any Interest Rate Protection Agreement or Other

Hedging Agreement continuing after any applicable grace period), each Creditor is hereby authorized at any time or from time to time, without notice to any Guarantor or to any other Person, any such notice being expressly waived, to set off and to appropriate and apply any and all deposits (general or special) and any other indebtedness at any time held or owing by such Creditor to or for the credit or the account of such Guarantor, against and on account of the obligations and liabilities of such Guarantor to such Creditor under this Guaranty, irrespective of whether or not such Creditor shall have made any demand hereunder and although said obligations, liabilities, deposits or claims, or any of them, shall be contingent or unmatured.

18. All notices, requests, demands or other communications pursuant hereto shall be deemed to have been duly given or made when delivered to the Person to which such notice, request, demand or other communication is required or permitted to be given or made under this Guaranty, addressed to such party at (i) in the case of any Bank Creditor, as provided in the Credit Agreement, (ii) in the case of any Guarantor, at 10400 Fernwood Road, Bethesda, Maryland 20817, Attention: General Counsel, Dept. 923, Facsimile No. (301) 380-3588, and (iii) in the case of any Other Creditor, at such address as such Other Creditor shall have specified in writing to the Guarantors; or in any case at such other address as any of the Persons listed above may hereafter notify the others in writing.

19. If claim is ever made upon any Creditor for repayment or recovery of any amount or amounts received in payment or on account of any of the Guaranteed Obligations and any of the aforesaid payees repays all or part of said amount by reason of (i) any judgment, decree or order of any court or administrative body having jurisdiction over such payee or any of its property or (ii) any settlement or compromise of any such claim effected by such payee with any such claimant (including the Borrower), then and in such event each Guarantor agrees that any such judgment, decree, order, settlement or compromise shall be binding upon such Guarantor, notwithstanding any revocation hereof or other instrument evidencing any liability of the Borrower, and such Guarantor shall be and remain liable to the aforesaid payees hereunder for the amount so repaid or recovered to the same extent as if such amount had never originally been received by any such payee.

20. (A) This Guaranty shall be binding upon the successors and assigns of each Guarantor (although no Guarantor may assign its rights and obligations hereunder except in accordance with the provisions of the Credit Agreement) and shall inure to the benefit of and be enforceable by the Administrative Agent and the other Creditors and their respective successors and assigns. THIS GUARANTY AND THE RIGHTS AND OBLIGATIONS OF THE CREDITORS AND OF THE UNDERSIGNED HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK. Any legal action or proceeding with respect to this Guaranty or any other Credit Document to which any Guarantor is a party may be brought in the courts of the State of New York or of the United States of America for the Southern District of New York, in each case which are located in the City of New York, and, by execution and delivery of this Guaranty, each Guarantor hereby irrevocably accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of the aforesaid courts. Each Guarantor hereby further irrevocably waives any claim that any such courts lack

jurisdiction over such Guarantor, and agrees not to plead or claim in any legal action or proceeding with respect to this Guaranty or any other Credit Document to which such Guarantor is a party brought in any of the aforesaid courts that any such court lacks jurisdiction over such Guarantor. Each Guarantor further irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to each Guarantor at its address set forth opposite its signature below, such service to become effective 30 days after such mailing. Each Guarantor hereby irrevocably waives any objection to such service of process and further irrevocably waives and agrees not to plead or claim in any action or proceeding commenced hereunder or under any other Credit Document to which such Guarantor is a party that service of process was in any way invalid or ineffective. Nothing herein shall affect the right of any of the Creditors to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against each Guarantor in any other jurisdiction.

(B) Each Guarantor hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Guaranty or any other Credit Document to which such Guarantor is a party brought in the courts referred to in clause (a) above and hereby further irrevocably waives and agrees not to plead or claim in any such court that such action or proceeding brought in any such court has been brought in an inconvenient forum.

(C) EACH GUARANTOR AND EACH CREDITOR (BY ITS ACCEPTANCE OF THE BENEFITS OF THIS GUARANTY) HEREBY IRREVOCABLY WAIVES ALL RIGHTS TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS GUARANTY, THE OTHER CREDIT DOCUMENTS TO WHICH SUCH GUARANTOR IS A PARTY OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

21. In the event that all of the capital stock of one or more Guarantors is sold or otherwise disposed of or liquidated in compliance with the requirements of the Credit Agreement (or such sale or other disposition has been approved in writing by the Required Banks (or, to the extent required by the Credit Agreement, each of the Banks)) and the proceeds of such sale, disposition or liquidation are applied in accordance with (and to the extent required by) the provisions of the Credit Agreement, to the extent applicable, or in the circumstances set forth in Section 7.16(a)(B) of the Credit Agreement with respect to a Guarantor, in either case such Guarantor shall be released from this Guaranty and this Guaranty shall, as to each such Guarantor or Guarantors, terminate, and have no further force or effect (it being understood and agreed that the sale or other disposition of one or more Persons that own, directly or indirectly, all of the capital stock, partnership interests or limited liability company interests of any Guarantor shall be deemed to be a sale of such Guarantor for the purposes of this Section 21) and the Administrative Agent, at the request and expense of the respective Guarantor, will promptly execute and deliver to such Guarantor a proper instrument or instruments acknowledging such release.

22. Each Guarantor hereby confirms that it is its intention that this Guaranty not constitute a fraudulent transfer or conveyance for purposes of any bankruptcy, insolvency or similar law, the Uniform Fraudulent Conveyance Act or any similar Federal, state or foreign law. To effectuate the foregoing intention, if enforcement of the liability of any Guarantor under this Guaranty for the full amount of the Guaranteed Obligations would be an unlawful or voidable transfer under any applicable fraudulent conveyance or fraudulent transfer law or any comparable

law, then the liability of such Guarantor hereunder shall be reduced to the maximum amount for which such liability may then be enforced without giving rise to an unlawful or voidable transfer under any such law.

23. To the extent that any Guarantor shall be required hereunder to pay a portion of the Guaranteed Obligations which shall exceed the greater of (i) the amount of the economic benefit actually received by such Guarantor from the incurrence of the Loans under the Credit Agreement and the entering into of Interest Rate Protection Agreements and Other Hedging Agreements and (ii) the amount which such Guarantor would otherwise have paid if such Guarantor had paid the aggregate amount of the Guaranteed Obligations (excluding the amount thereof repaid by the Borrower and the other Guarantors) in the same proportion as such Guarantor's net worth at the date enforcement hereunder is sought bears to the aggregate net worth of all the Guarantors at the date enforcement hereunder is sought (the "Contribution Percentage"), then such Guarantor shall have a right of contribution against each other Guarantor who has made payments in respect of the Guaranteed Obligations to and including the date enforcement hereunder is sought in an aggregate amount less than such other Guarantor's Contribution Percentage of the aggregate payments made to and including the date enforcement hereunder is sought by all Guarantors in respect of the Guaranteed Obligations; provided, that no Guarantor may take any action to enforce such right until the -----

Guaranteed Obligations have been indefeasibly paid in full and the Total Commitment has been terminated, it being expressly recognized and agreed by all parties hereto that any Guarantor's right of contribution arising pursuant to this Section 23 against any other Guarantor shall be expressly junior and subordinate to such other Guarantor's obligations and liabilities in respect of the Guaranteed Obligations and any other obligations owing under this Guaranty. All parties hereto recognize and agree that, except for any right of contribution arising pursuant to this Section 23, each Guarantor who makes any payment in respect of the Guaranteed Obligations shall have no right of contribution or subrogation against any other Guarantor in respect of such payment. Each of the Guarantors recognizes and acknowledges that the rights to contribution arising hereunder shall constitute an asset in favor of the party entitled to such contribution. In this connection, each Guarantor has the right to waive its contribution right against any Guarantor to the extent that after giving effect to such waiver such Guarantor would remain solvent, in the determination of the Required Banks.

24. This Guaranty may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. A set of counterparts executed by all the parties hereto shall be lodged with the Guarantors and the Administrative Agent.

25. All payments made by any Guarantor hereunder will be made without setoff, counterclaim or other defense.

26. It is understood and agreed that any Subsidiary of Holdings or the Borrower that is required to execute a counterpart of this Guaranty pursuant to the Credit Agreement shall automatically become a Guarantor hereunder by executing a counterpart hereof and delivering the same to the Administrative Agent.

27. Notwithstanding anything to the contrary contained in this Guaranty, no Interest Rate Protection Agreement or Other Hedging Agreement shall be entitled to the benefits of this Guaranty unless such Interest Rate Protection Agreement or Other Hedging Agreement is reasonably related to the Loans or such Interest Rate Protection Agreement or Other Hedging Agreement provides that it is to be entitled to the benefits of this Guaranty or the Pledge and Security Agreement.

* * *

IN WITNESS WHEREOF, each Guarantor has caused this Guaranty to be executed and delivered as of the date first above written.

AIRPORT HOTELS LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HOST OF HOUSTON 1979,
as a Guarantor

By: Airport Hotels LLC,
its General Partner

By: /s/ W. Edward Walter

Title: Treasurer

HOST OF HOUSTON, LTD.,
as a Guarantor

By: Airport Hotels LLC,
its General Partner

By: /s/ W. Edward Walter

Title: Treasurer

HOST OF BOSTON, LTD.,
as a Guarantor

By: Airport Hotels LLC,
its General Partner

By: /s/ W. Edward Walter

Title: Treasurer

CHESAPEAKE FINANCIAL SERVICES LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

CITY CENTER INTERSTATE PARTNERSHIP LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMC RETIREMENT PROPERTIES L.P.,
as a Guarantor
By: Durbin LLC,
its General Partner

By: /s/ W. Edward Walter

Title: Treasurer

HMH MARINA LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

FARRELL'S ICE CREAM PARLOUR RESTAURANTS LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMC ATLANTA LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMC BCR HOLDINGS LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMC BURLINGAME LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMC CALIFORNIA LEASING LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMC CAPITAL LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMC CAPITAL RESOURCES LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMC PARK RIDGE LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMC PARK RIDGE II LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMC PARK RIDGE LP,
as a Guarantor

By: HMC Park Ridge LLC,
as its General Partner

By: /s/ W. Edward Walter

Title: Treasurer

HMC PARTNERSHIP HOLDINGS LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HOST PARK RIDGE LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMC SUITES LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMC SUITES LIMITED PARTNERSHIP,
as a Guarantor

By: HMC Suites LLC,
its General Partner

By: /s/ W. Edward Walter

Title: Treasurer

PRM LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

WELLSFORD-PARK RIDGE HOST HOTEL LIMITED
PARTNERSHIP,

as a Guarantor

By: Host Park Ridge LLC,
its General Partner

By: /s/ W. Edward Walter

Title: Treasurer

YBG ASSOCIATES LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMC CHICAGO LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMC DESERT LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMC PALM DESERT LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

MDSM FINANCE LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMC DIVERSIFIED LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMC EAST SIDE II LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMC GATEWAY LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMC GRAND LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMC HANOVER LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMC HARTFORD LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMC HOTEL DEVELOPMENT LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMC HPP LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMC IHP HOLDING LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMC MANHATTAN BEACH LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMC MARKET STREET LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

NEW MARKET STREET LP,
as a Guarantor
By: HMC Market Street LLC,
its General Partner

By: /s/ W. Edward Walter

Title: Treasurer

HMC GEORGIA LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMC MEXPARK LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMC POLANCO LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMC NGL LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMC OLS I L.P.,
as a Guarantor
By: HMC OLS I LLC,
its General Partner

By: /s/ W. Edward Walter

Title: Treasurer

HMC OP BN LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMC PACIFIC GATEWAY LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMC PLP LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

CHESAPEAKE HOTEL LIMITED PARTNERSHIP,
as a Guarantor
By: HMC PLP LLC,
its General Partner

By: /s/ W. Edward Walter

Title: Treasurer

HMC POTOMAC LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMC PROPERTIES I LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMC PROPERTIES II LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMC RTZ LOAN I LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMC RTZ LOAN LIMITED PARTNERSHIP,
as a Guarantor
By: HMC RTZ Loan I LLC,
its General Partner

By: /s/ W. Edward Walter

Title: Treasurer

HMC RTZ II LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMC SBM TWO LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMC SEATTLE LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMC SFO LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMC SWISS HOLDINGS LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMC WATERFORD LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMH GENERAL PARTNER HOLDINGS LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMH NORFOLK LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMH NORFOLK, L.P.,
as a Guarantor

By: HMH Norfolk LLC,
its General Partner

By: /s/ W. Edward Walter

Title: Treasurer

HMH PENTAGON LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMH RESTAURANTS LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMH RIVERS LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMH RIVERS, L.P.,
as a Guarantor
By: HMH Rivers LLC,
its General Partner

By: /s/ W. Edward Walter

Title: Treasurer

HMH WTC LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMP CAPITAL VENTURES LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMP FINANCIAL SERVICES LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HOST LA JOLLA LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

CITY CENTER HOTEL LIMITED
PARTNERSHIP,
as a Guarantor

By: Host La Jolla LLC,
its General Partner

By: /s/ W. Edward Walter

Title: Treasurer

TIMES SQUARE LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

IVY STREET LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

MARKET STREET HOST LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

MFR OF ILLINOIS LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

MFR OF VERMONT LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

MFR OF WISCONSIN LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

PHILADELPHIA AIRPORT HOTEL LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

PM FINANCIAL LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

PM FINANCIAL LP,
as a Guarantor

By: PM Financial LLC,
its General Partner

By: /s/ W. Edward Walter

Title: Treasurer

HMC PROPERTY LEASING LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

HMC HOST RESTAURANTS LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

SANTA CLARA HMC LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

S.D. HOTELS LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

TIMES SQUARE GP LLC,
as a Guarantor

By: /s/ W. Edward Walter

Title: Treasurer

Accepted and Agreed to:

BANKERS TRUST COMPANY,
as Administrative Agent

By: /s/ Laura Burwick

Title: Principal

AMENDED AND RESTATED PLEDGE AND SECURITY AGREEMENT

AMENDED AND RESTATED PLEDGE AND SECURITY AGREEMENT, dated as of August 5, 1998 and amended and restated as of May 31, 2000 (as amended, modified or supplemented from time to time, this "Agreement"), made by each of the undersigned pledgors (each a "Pledgor", and together with any entity that becomes a party hereto pursuant to Section 22 hereof, the "Pledgors"), in favor of BANKERS TRUST COMPANY, as Collateral Agent, for the benefit of the Secured Creditors (as defined below) (in such capacity, the "Pledgee"). Except as otherwise defined herein, terms used herein and defined in the Credit Agreement (as defined below) shall be used herein as therein defined.

W I T N E S S E T H :

WHEREAS, Host Marriott Corporation ("Holdings"), Host Marriott, L.P. (the "Borrower"), various lenders from time to time party thereto (the "Banks"), and Bankers Trust Company, as the Administrative Agent (in such capacity and together with any successor thereto, the "Administrative Agent" and, together with the Pledgee and the Banks and their respective successors and assigns, and together with any other lenders from time to time party to the Credit Agreement hereinafter referred to, the "Bank Creditors"), have entered into an Amended and Restated Credit Agreement, dated as of June 19, 1997, and amended and restated as of August 5, 1998, and further amended and restated as of May 31, 2000, providing for the making of Loans to the Borrower as contemplated therein (as used herein, the term "Credit Agreement" means the Amended and Restated Credit Agreement described above in this paragraph, as the same may be amended, modified, extended, renewed, replaced, restated, supplemented or refinanced from time to time, and including any agreement extending the maturity of, or refinancing or restructuring (including, but not limited to, the inclusion of additional borrowers or guarantors thereunder or any increase in the amount borrowed) all or any portion of, the indebtedness under such agreement or any successor agreement, whether or not with the same agent, trustee, representative, lenders or holders; provided that, with respect to any agreement providing for the refinancing or replacement of indebtedness under the Credit Agreement, such agreement shall only be treated as, or as part of, the Credit Agreement hereunder if (i) either (A) all obligations under the Credit Agreement being refinanced or replaced shall be paid in full at the time of such refinancing or replacement, and all commitments pursuant to the refinanced or replaced Credit Agreement shall have terminated in accordance with their terms or (B) the Required Banks shall have consented in writing to the refinancing or replacement indebtedness being treated as indebtedness pursuant to the Credit Agreement, and (ii) a notice to the effect that the refinancing or replacement indebtedness shall be treated as issued under the Credit Agreement shall be delivered by the Borrower to the Pledgee);

WHEREAS, the Credit Agreement amends and restates the Original Credit Agreement in its entirety and the Credit Agreement remains entitled to the benefits of this Agreement (without interruption) as contemplated by the first proviso of the Original Pledge and Security Agreement (as defined below);

WHEREAS, as part of the Original Credit Agreement, the Pledgee and the Pledgors entered into the Pledge and Security Agreement, dated as of August 5, 1998, as amended through, but not including, the date hereof (the "Original Pledge and Security Agreement");

WHEREAS, as permitted by the Original Pledge and Security Agreement, this Agreement amends and restates the Original Pledge and Security Agreement in its entirety;

WHEREAS, the Borrower may from time to time be party to (or guaranty the obligations of one or more of its Subsidiaries under) one or more Interest Rate Protection Agreements and/or Other Hedging Agreements with a Bank Creditor or an affiliate of a Bank Creditor (each such Bank Creditor or affiliate, even if the respective Bank Creditor subsequently ceases to be a Bank under the Credit Agreement for any reason, together with such Bank Creditor's or affiliate's successors and assigns, collectively, the "Other Creditors");

WHEREAS, pursuant to the Subsidiaries Guaranty, each Subsidiary Guarantor has jointly and severally guaranteed to the Bank Creditors and the Other Creditors the payment when due of all obligations and liabilities of the Borrower under or with respect to (x) the Credit Documents (as used herein, the term "Credit Documents" shall have the meaning provided in the Credit Agreement and shall include any documentation executed and delivered in connection with any replacement or refinancing of the Credit Agreement) and (y) each Interest Rate Protection Agreement and Other Hedging Agreement with one or more of the Other Creditors;

WHEREAS, on the date hereof, there remain outstanding certain of the Borrower's (i) 9 1/2% Senior Secured Notes due 2005, (ii) 8 7/8% Senior Notes due 2007 and (iii) 9% Senior Notes due 2007 (collectively, the "HMH Notes") (with the holders from time to time of such HMH Notes being herein called the "HMH Noteholders") which were issued pursuant to each of the respective indentures entered into by the Borrower (as successor to HMH Properties, Inc.), the subsidiary guarantors named therein and Marine Midland Bank, as trustee in connection with the HMH Notes (collectively, the "HMH Note Indentures");

WHEREAS, with respect to those HMH Notes that remain outstanding on the date hereof, various of the Pledgors continue to guaranty the payment when due of all of the obligations and liabilities of the Borrower under or with respect to such HMH Notes and the HMH Note Indentures (with any such guarantees, together with the HMH Notes and the HMH Note Indentures, being herein collectively called "HMH Note Documents");

WHEREAS, prior to the date hereof, the Borrower has issued \$2,500,000,000 in aggregate principal amount of its (i) \$500,000,000 7 7/8% Series A Senior Notes due 2005, (ii) \$1,200,000,000 7 7/8% Series B Senior Notes due 2008, (iii) \$500,000,000 8.45% Series C Senior Notes due 2008 and (iv) \$300,000,000 8 3/8% Series E Senior Notes due February 2006 (collectively, the "Senior Notes") (with the holders from time to time of such Senior Notes being herein called the "Senior Noteholders") pursuant to the Indenture, dated as of August 5, 1998,

among the Borrower, the guarantors and subsidiary guarantors named therein and Marine Midland Bank, as trustee, in connection with the Senior Notes (the "Senior Note Indenture");

WHEREAS, various of the Pledgors have issued, or in the future may enter into, guarantees of the payment when due of all of the obligations and liabilities of the Borrower under or with respect to the Senior Notes and the Senior Note Indenture (with any such guarantees, together with the Senior Notes and Senior Note Indenture, being herein collectively called "Senior Note Documents");

WHEREAS, the Borrower may in the future incur Additional Debt (as hereinafter defined) as permitted under Section 8.04(vi) of the Credit Agreement and Section 4.7 of the Senior Note Indenture that may be (in accordance with the terms thereof and to the extent permitted pursuant to the Credit Agreement and the Senior Note Indenture) (x) guaranteed by various of the Pledgors and (y) to the extent that such Additional Debt constitutes senior obligations of the Borrower which rank pari passu in right of payment with the Credit Document Obligations (as defined below) and the Senior Note Obligations (as defined below), secured hereunder on an equal and ratable basis with all of the Obligations as hereinafter provided (with any holders of such Additional Debt from time to time being herein collectively called "Additional Debtholders" and with all documentation evidencing any such Additional Debt and any guarantees thereof being herein called "Additional Debt Documents"). For purposes hereof, the term "Additional Debt" shall mean Specified Senior Indebtedness issued by the Borrower;

WHEREAS, it is a condition precedent to the amendment and restatement of the Original Credit Agreement in the form of the Credit Agreement that each Pledgor shall have executed and delivered to the Pledgee this Agreement;

WHEREAS, each Pledgor desires to execute this Agreement to satisfy the conditions described in the immediately preceding paragraph;

NOW, THEREFORE, in consideration of the benefits accruing to each Pledgor, the receipt and sufficiency of which are hereby acknowledged, each Pledgor hereby makes the following representations and warranties to the Pledgee and hereby covenants and agrees with the Pledgee as follows:

1. SECURITY FOR OBLIGATIONS. (a) Subject to the provisions of the following clause (b) of this Section 1, this Agreement is made by each Pledgor in favor of the Pledgee for the benefit of the Bank Creditors, the Other Creditors, the HMM Noteholders, the Senior Noteholders, the Additional Debtholders and any trustee, agent or other similar representative of any such creditors or holders (collectively, together with the Pledgee, the "Secured Creditors"), to secure on an equal and ratable basis:

(i) the full and prompt payment when due (whether at the stated maturity, by acceleration or otherwise) of all obligations (including obligations which, but for the automatic stay under Section 362(a) of the Bankruptcy Code, would become due) and liabilities (including, without limitation, indemnities, fees and interest thereon) of such Pledgor (as obligor or guarantor, as the case may be) to the Bank Creditors, whether now existing or hereafter incurred under, arising out of or in connection with the Credit Agreement and all other Credit Documents to which it is at any time a party (including,

without limitation, all such obligations and liabilities of such Pledgor under the Credit Agreement (if a party thereto) and under any guaranty by it of the obligations under the Credit Agreement) and the due performance and compliance by such Pledgor with the terms of each such Credit Document (all such obligations and liabilities under this clause (i) being herein collectively called the "Credit Document Obligations");

(ii) the full and prompt payment when due (whether at the stated maturity, by acceleration or otherwise) of all obligations (including obligations which, but for the automatic stay under Section 362(a) of the Bankruptcy Code, would become due) and liabilities of such Pledgor (as obligor or guarantor, as the case may be) to the Other Creditors, whether now existing or hereafter incurred under, arising out of or in connection with any Interest Rate Protection Agreement or Other Hedging Agreement (including, without limitation, all such obligations and liabilities of such Pledgor under any guaranty by it of the obligations under any Interest Rate Protection Agreement or Other Hedging Agreement) and the due performance and compliance by such Pledgor with the terms of each such Interest Rate Protection Agreement and Other Hedging Agreement (all such obligations and liabilities under this clause (ii) being herein collectively called the "Other Obligations");

(iii) the full and prompt payment when due (whether at the stated maturity, by acceleration or otherwise) of all obligations (including obligations which, but for the automatic stay under Section 362(a) of the Bankruptcy Code, would become due) and liabilities (including, without limitation, indemnities, fees and interest thereon) of such Pledgor (as obligor or guarantor, as the case may be) to the HMM Noteholders, whether now existing or hereafter incurred under, arising out of or in connection with the HMM Notes and the other HMM Note Documents to which such Pledgor is at any time a party (including, without limitation, all such obligations and liabilities of such Pledgor under any guaranty with respect thereto) and the due performance and compliance by such Pledgor with all of the terms, conditions and agreements on its part contained in each such HMM Note Document (all such obligations and liabilities under this clause (iii) being herein collectively called the "HMM Note Obligations");

(iv) the full and prompt payment when due (whether at the stated maturity, by acceleration or otherwise) of all obligations (including obligations which, but for the automatic stay under Section 362(a) of the Bankruptcy Code, would become due) and liabilities (including, without limitation, indemnities, fees and interest thereon) of such Pledgor (as obligor or guarantor, as the case may be) to the Senior Noteholders, whether now existing or hereafter incurred under, arising out of or in connection with the Senior Note Documents to which such Pledgor is at any time a party (including, without limitation, all such obligations and liabilities of such Pledgor under the Senior Note Indenture or any guaranty by it of the obligations under the Senior Note Indenture) and the due performance and compliance by such Pledgor with all of the terms, conditions and agreements on its part contained in each such Senior Note Document (all such obligations and liabilities under this clause (iv) being herein collectively called the "Senior Note Obligations");

(v) the full and prompt payment when due (whether at the stated maturity, by acceleration or otherwise) of all obligations (including obligations which, but for the

automatic stay under Section 362(a) of the Bankruptcy Code, would become due) and liabilities (including, without limitation, indemnities, fees and interest thereon) of such Pledgor (as obligor or guarantor, as the case may be) to the Additional Debtholders, whether now existing or hereafter incurred under, arising out of or in connection with the Additional Debt and the other Additional Debt Documents to which such Pledgor is at any time a party (including, without limitation, all such obligations and liabilities of such Pledgor under any guaranty with respect thereto) and the due performance and compliance by such Pledgor with all of the terms, conditions and agreements on its part contained in each such Additional Debt Document (all such obligations and liabilities under this clause (v) being herein collectively called the "Additional Debt Obligations");

(vi) any and all sums advanced by the Pledgee in order to preserve the Collateral (as hereinafter defined) or preserve its security interest in the Collateral;

(vii) in the event of any proceeding for the collection or enforcement of any indebtedness, obligations, or liabilities referred to in clauses (i) through (vi) above, after an Event of Default (such term, as used in this Agreement, shall mean (a) any "Event of Default" at any time under, and as defined in, any of the Credit Agreement, the HMM Note Documents and the Senior Note Documents and, if the Additional Debt Obligations are secured hereunder at such time, the Additional Debt Documents, and (b) any payment default (after the expiration of any applicable grace period) on any of the Obligations secured hereunder at such time) shall have occurred and be continuing, the reasonable expenses of retaking, holding, preparing for sale or lease, selling or otherwise disposing or realizing on the Collateral, or of any exercise by the Pledgee of its rights hereunder, together with reasonable attorneys' fees and court costs; and

(viii) all amounts paid by any Secured Creditor as to which such Secured Creditor has the right to reimbursement under Section 11 of this Agreement;

all such obligations, liabilities, sums and expenses set forth in clauses (i) through (viii) of this Section 1, subject to the provisions of following clause (b), being herein collectively called the "Obligations," it being acknowledged and agreed that the "Obligations" shall include extensions of credit of the type described above, whether outstanding on the date of this Agreement or extended from time to time after the date of this Agreement.

(b) Notwithstanding anything to the contrary contained above in this Section 1 or elsewhere in this Agreement, obligations and liabilities which would otherwise constitute Additional Debt Obligations as defined in clause (v) of Section 1(a) of this Agreement shall not constitute Obligations for purposes of (or be secured pursuant to) this Agreement unless the Borrower shall have delivered to the Pledgee a written "Notice of Pledge Agreement Entitlement" (each, a "Notice of Pledge Agreement Entitlement") with respect thereto at least 5 days (or such shorter number of days as may be reasonably acceptable to the Pledgee) prior to the date of the incurrence of the respective Indebtedness, as follows:

Such written notice from the Borrower (i) shall state that it is a "Notice of Pledge Agreement Entitlement", (ii) shall be delivered to the Pledgee, (iii) shall describe the new Additional Debt Obligations (and shall describe the Pledgors obligated, as obligors or guarantors, with respect thereto) to be secured hereby, (iv) shall

state that it is delivered pursuant to Section 1(b) of this Pledge and Security Agreement, (v) shall reference the aggregate principal amount of such new Indebtedness, and (vi) shall state that the new Indebtedness and the incurrence thereof does not violate, and may be incurred and secured hereunder in accordance with, the applicable provisions of Sections 8.01 and 8.04(vi) of the Credit Agreement and, to the extent still in effect, Section 4.7 of the Senior Note Indenture.

2. DEFINITION OF STOCK, LIMITED LIABILITY COMPANY INTERESTS, PARTNERSHIP INTERESTS, SECURITIES, ETC. (a) As used herein: (i) the term "Stock" shall mean (x) with respect to corporations incorporated under the laws of the United States or any State or territory thereof (each a "Domestic Corporation"), all of the issued and outstanding shares of capital stock of any Domestic Corporation at any time owned by any Pledgor and (y) with respect to corporations that are not Domestic Corporations (each a "Foreign Corporation"), all of the issued and outstanding shares of capital stock of any Foreign Corporation at any time owned by any Pledgor, provided that, (A) except as provided in the last sentence of this Section 2(a) and except for Foreign Subsidiaries that are Look-Through Subsidiaries, such Pledgor shall not be required to pledge hereunder more than 65% of the total combined voting power of all classes of capital stock entitled to vote for the directors of such Foreign Corporation (herein called "Voting Stock") owned by such Pledgor of any Foreign Corporation and (B) the Pledgor shall be required to pledge hereunder 100% of the issued and outstanding shares of all capital stock which is not Voting Stock (herein called "Non-Voting Stock") at any time owned by the Pledgor of any Foreign Corporation; (ii) the term "Limited Liability Company Interest" shall mean the entire limited liability company interests or membership interests at any time owned by each Pledgor in any limited liability company (each such limited liability company, a "Pledged Limited Liability Company"); (iii) the term "Partnership Interest" shall mean the entire partnership interests (whether general and/or limited partnership interests) at any time owned by each Pledgor in any partnership (whether a general or limited partnership) (each such partnership, a "Pledged Partnership"); and (iv) the term "Securities" shall mean all of the Stock, Limited Liability Company Interests and Partnership Interests. Notwithstanding anything to the contrary contained herein, the term "Securities" shall only include, and each Pledgor only shall be required to pledge hereunder, the equity interests of a Look-Through Subsidiary of the type described in clause (i) or the definition thereof contained in the Credit Agreement.

Each Pledgor represents and warrants that on the date hereof (i) the Stock held by such Pledgor consists of the number and type of shares of the stock of the corporations as described in Annex A hereto; (ii) such Stock constitutes that percentage of the issued and outstanding capital stock of the issuing corporation as is set forth in Annex A hereto; (iii) the Limited Liability Interests held by such Pledgor consist of the number and type of interest of the issuing Pledged Limited Liability Company as described in Annex B hereto; (iv) such Limited Liability Company Interests constitute that percentage of the issued and outstanding equity interests of the respective issuing Pledged Limited Liability Company as is set forth in Annex B hereto; and (v) the Partnership Interests held by such Pledgor constitute that percentage of the entire Partnership Interest of the respective Pledged Partnership as is set forth in Annex C hereto for such Pledgor. In the circumstances and to the extent provided in Section 7.15 of the Credit Agreement, the limitation set forth in part (A) of the proviso to clause (i)(y) of this Section 2(a)

and in Section 3.2 hereof shall no longer be applicable and such Pledgor shall duly pledge and deliver to the Pledgee such of the Securities not theretofore required to be pledged hereunder.

(b) All Stock at any time pledged or required to be pledged hereunder is hereinafter called the "Pledged Stock," all Limited Liability Company Interests at any time pledged or required to be pledged hereunder are hereinafter called the "Pledged Limited Liability Company Interests," all Partnership Interests at any time pledged or required to be pledged hereunder are hereinafter called the "Pledged Partnership Interests," all of the Pledged Stock, Pledged Limited Liability Interests and Pledged Partnership Interests together are hereinafter called the "Pledged Securities," which together with (i) all proceeds thereof, including any securities and moneys received and at the time held by the Pledgee hereunder, (ii) the entries on the books of any securities intermediary pertaining to the Pledged Stock, Pledged Limited Liability Company Interests and Pledged Partnership Interests, (iii) all dividends, cash, warrants, rights, instruments and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the Pledged Stock, Pledged Limited Liability Company Interests and Pledged Partnership Interests and (iv) all rights under Sections 3.1(a)(iv) and (v) hereof are hereinafter called the "Collateral".

(c) Notwithstanding anything to the contrary contained in this Agreement, no Pledgor shall be required to pledge hereunder the Securities of a Person as, and to the extent, provided in Section 7.16(a)(B) of the Credit Agreement.

(d) Notwithstanding anything to the contrary contained in this Agreement, Holdings shall not be required to pledge any Collateral hereunder except under the circumstances described in Section 12.18(b) of the Credit Agreement and, in the event that such circumstances exist, Holdings will promptly pledge all Collateral then owned by it (and thereafter acquired by it) in the manner provided in this Agreement without regard to this Section 2(d).

3. PLEDGE OF SECURITIES, ETC.

3.1. Pledge. (a) To secure all Obligations of such Pledgor and for

the purposes set forth in Section 1 hereof, each Pledgor hereby: (i) grants to the Pledgee, and reconfirms its grant to the Pledgee under the Original Pledge Agreement of, a first priority security interest in all of the Collateral owned by such Pledgor; (ii) pledges and deposits as security with the Pledgee the certificated Securities owned by such Pledgor on the date hereof, and delivers to the Pledgee all certificates or instruments therefor, if any, accompanied by undated stock powers duly executed in blank by such Pledgor in the case of Stock, or such other instruments of transfer as are reasonably acceptable to the Pledgee; (iii) assigns, transfers, hypothecates, mortgages, charges and sets over to the Pledgee all of such Pledgor's right, title and interest in and to such Securities (and in and to all certificates or instruments evidencing such Securities), to be held by the Pledgee, upon the terms and conditions set forth in this Agreement; (iv) transfers and assigns to the Pledgee all of such Pledgor's Limited Liability Company Interests (and delivers any certificates or instruments evidencing such limited liability company or membership interests, duly endorsed in blank) and all of such Pledgor's right, title and interest in each limited liability company to which such interests relate, whether now existing or hereafter acquired, including, without limitation:

(A) all the capital thereof and its interest in all profits, losses, Limited Liability Company Assets (as defined below) and other distributions to which such Pledgor shall at any time be entitled in respect of such Limited Liability Company Interests;

(B) all other payments due or to become due to such Pledgor in respect of Limited Liability Company Interests, whether under any limited liability company agreement or otherwise, whether as contractual obligations, damages, insurance proceeds or otherwise;

(C) all of its claims, rights, powers, privileges, authority, options, security interests, liens and remedies, if any, under any limited liability company agreement or operating agreement, or at law or otherwise in respect of such Limited Liability Company Interests (except any rights as managing member of a limited liability company which is not a Wholly-Owned Subsidiary, to the extent the applicable limited liability company agreement or operating agreement prohibits a pledge of such rights);

(D) all present and future claims, if any, of such Pledgor against any Pledged Limited Liability Company for moneys loaned or advanced, for services rendered or otherwise;

(E) subject to Section 5 hereof, all of such Pledgor's rights under any limited liability company agreement or operating agreement or at law to exercise and enforce every right, power, remedy, authority, option and privilege of such Pledgor relating to any Limited Liability Company Interest (except any rights as managing member of a limited liability company which is not a Wholly-Owned Subsidiary, to the extent the applicable limited liability company agreement or operating agreement prohibits a pledge of such rights), including any power to terminate, cancel or modify any limited liability company agreement or operating agreement, to execute any instruments and to take any and all other action on behalf of and in the name of such Pledgor in respect of such Limited Liability Company Interest and any Pledged Limited Liability Company, to make determinations, to exercise any election (including, but not limited to, election of remedies) or option or to give or receive any notice, consent, amendment, waiver or approval, together with full power and authority to demand, receive, enforce, collect or receipt for any of the foregoing or for any Limited Liability Company Assets, to enforce or execute any checks, or other instruments or orders, to file any claims and to take any action in connection with any of the foregoing;

(F) all other property hereafter delivered in substitution for or in addition to any of the foregoing, all certificates and instruments representing or evidencing such other property and all cash, securities, interest, dividends, rights and other property at any time and from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the foregoing; and

(G) to the extent not otherwise included, all proceeds of any or all of the foregoing;

and (v) transfers and assigns to the Pledgee such Pledgor's Partnership Interests (and delivers any certificates or instruments evidencing such partnership interests, duly endorsed in blank) and all of such Pledgor's right, title and interest in each Pledged Partnership including, without limitation:

(A) all of the capital thereof and its interest in all profits, losses, Partnership Assets (as defined below) and other distributions to which such Pledgor shall at any time be entitled in respect of any such Partnership Interests;

(B) all other payments due or to become due to such Pledgor in respect of any such Partnership Interests, whether under any partnership agreement or otherwise, whether as contractual obligations, damages, insurance proceeds or otherwise;

(C) all of its claims, rights, powers, privileges, authority, options, security interests, liens and remedies, if any, under any partnership or other agreement or at law or otherwise in respect of any such Partnership Interests (except any rights as general partner of a limited partnership which is not a Wholly-Owned Subsidiary, to the extent the applicable partnership agreement prohibits a pledge of such rights);

(D) all present and future claims, if any, of such Pledgor against any Pledged Partnership for moneys loaned or advanced, for services rendered or otherwise;

(E) subject to Section 5 hereof, all of such Pledgor's rights under any partnership agreement or at law to exercise and enforce every right, power, remedy, authority, option and privilege of such Pledgor relating to any Partnership Interest (except any rights as general partner of a limited partnership which is not a Wholly-Owned Subsidiary, to the extent the applicable partnership agreement prohibits a pledge of such rights), including any power, if any, to terminate, cancel or modify any general or limited partnership agreement, to execute any instruments and to take any and all other action on behalf of and in the name of such Pledgor in respect of such Partnership Interest and any Pledged Partnership, to make determinations, to exercise any election (including, but not limited to, election of remedies) or option or to give or receive any notice, consent, amendment, waiver or approval, together with full power and authority to demand, receive, enforce, collect or receipt for any of the foregoing or for any Partnership Assets, to enforce or execute any checks, or other instruments or orders, to file any claims and to take any action in connection with any of the foregoing;

(F) all other property hereafter delivered in substitution for or in addition to any of the foregoing, all certificates and instruments representing or evidencing such other property and all cash, securities, interest, dividends, rights and other property at any time and from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all thereof; and

(G) to the extent not otherwise included, all proceeds of any or all of the foregoing.

(b) As used herein, the term "Limited Liability Company Assets" shall mean all assets, whether tangible or intangible and whether real, personal or mixed (including, without limitation, all limited liability company capital and interests in other limited liability companies), at any time owned by any Pledged Limited Liability Company.

(c) As used herein, the term "Partnership Assets" shall mean all assets, whether tangible or intangible and whether real, personal or mixed (including, without limitation, all

partnership capital and interests in other partnerships), at any time owned by any Pledged Partnership.

3.2. Subsequently Acquired Securities. Subject to Section 2(c)

hereof, if any Pledgor shall acquire (by purchase, stock dividend or otherwise) any additional Securities at any time or from time to time after the date hereof, such Securities shall automatically (and without any further action being required to be taken) be subject to the pledge and security interests created pursuant to Section 3.1(a) hereof and, furthermore, such Pledgor will forthwith deliver and deposit such Securities (or any certificates or instruments representing such Securities) as security with the Pledgee and deliver to the Pledgee all certificates therefor or instruments thereof, if any, accompanied by undated stock powers duly executed in blank in the case of certificated Stock, Limited Liability Company Interests or Partnership Interests or such other instruments of transfer as are reasonably acceptable to the Pledgee, and will promptly thereafter deliver to the Pledgee a certificate executed by any Authorized Officer of such Pledgor describing such Securities and certifying that the same have been duly pledged with the Pledgee hereunder. Subject to the last sentence of Section 2(a) hereof, any pledge of Voting Stock of any Foreign Corporation shall be subject to the provisions of part (A) of the proviso to clause (i)(y) of Section 2(a) hereof.

3.3. Uncertificated Securities. If any Securities (whether now owned

or hereafter acquired) are uncertificated securities, the respective Pledgor shall promptly notify the Pledgee thereof, and shall promptly take all actions required to perfect the security interest of the Pledgee under applicable law (including, in any event, under Sections 8-106 and 9-115 of the New York UCC, if applicable). Each Pledgor further agrees to take such actions as the Pledgee deems reasonably necessary or desirable to effect the foregoing and to permit the Pledgee to exercise any of its rights and remedies hereunder, and agrees to provide an opinion of counsel reasonably satisfactory to the Pledgee with respect to any such pledge of uncertificated Securities promptly upon request of the Pledgee.

4. APPOINTMENT OF SUB-AGENTS; ENDORSEMENTS, ETC. The Pledgee shall have the right to appoint one or more sub-agents for the purpose of retaining physical possession of any Pledged Securities that are represented by certificates, which may be held (in the discretion of the Pledgee) in the name of such Pledgor, endorsed or assigned in blank or in favor of the Pledgee or any nominee or nominees of the Pledgee or a sub-agent appointed by the Pledgee. The Pledgee agrees to promptly notify the relevant Pledgor after the appointment of any sub-agent; provided, however, that the failure to give such notice shall not

affect the validity of such appointment.

5. VOTING, ETC., WHILE NO EVENT OF DEFAULT. Unless and until an Event of Default shall have occurred and be continuing, each Pledgor shall be entitled to (i) exercise any and all voting and other consensual rights pertaining to the Pledged Stock and to give all consents, waivers or ratifications in respect thereof and (ii) exercise any and all voting, consent, administration, management and other rights and remedies under (x) any limited liability company agreement or operating agreement or otherwise with respect to the Pledged Limited Liability Interests of such Pledgor and (y) any partnership agreement or otherwise with respect to the Pledged Partnership Interests of such Pledgor, in each case together with all other rights assigned pursuant to Sections 3.1(a)(iv)(E) and 3.1(a)(v)(E) hereof; provided, that no vote shall be

cast or any consent, waiver or ratification given or any other action taken which would violate

or be inconsistent with any of the terms of this Agreement or any other Secured Debt Agreement (as hereinafter defined), or which would have the effect of impairing the rights, priorities or remedies of the Pledgee or any other Secured Creditor under this Agreement or any other Secured Debt Agreement. All such rights of such Pledgor to vote and to give consents, waivers and ratification's shall cease in case an Event of Default shall occur and be continuing, and Section 7 hereof shall become applicable.

6. DIVIDENDS AND OTHER DISTRIBUTIONS. Unless an Event of Default shall have occurred and be continuing and subject to the terms of the Secured Debt Agreements, all cash dividends and other cash distributions payable in respect of the Pledged Securities shall be paid to the respective Pledgor; provided, that all cash dividends and other cash distributions payable in

respect of any Pledged Security which represent in whole or in part an extraordinary, liquidating or other distribution in return of capital shall be paid to the Pledgee and retained by it as part of the Collateral (except as otherwise permitted to be retained or distributed by such Pledgor pursuant to the respective Secured Debt Agreements). The Pledgee shall also be entitled to receive directly (with all necessary endorsements), and to retain as part of the Collateral:

(i) all other or additional stock or other securities or property (other than cash) paid or distributed by way of dividend or otherwise in respect of the Pledged Stock, Pledged Limited Liability Company Interests and Pledged Partnership Interests;

(ii) all other or additional stock or other securities or property (including cash) paid or distributed in respect of the Pledged Stock, Pledged Limited Liability Company Interests or Pledged Partnership Interests by way of stock-split, spin-off, split-up, reclassification, combination of shares or similar rearrangement or in connection with a reduction of capital, capital surplus or paid-in surplus; and

(iii) except as provided in the Secured Debt Agreements, all other or additional stock or other securities or property (including cash) which may be paid in respect of the Collateral by reason of any consolidation, merger, exchange of stock, conveyance of assets, partial or total liquidation or similar corporate reorganization.

Nothing contained in this Section 6 shall limit or restrict in any way the Pledgee's right to receive proceeds of the Collateral in any form in accordance with Section 3 of this Agreement. All dividends, distributions or other payments which are received by the Pledgor contrary to the provisions of this Section 6 and Section 7 below shall be received in trust for the benefit of the Pledgee, shall be segregated from other property or funds of the Pledgor and shall be forthwith paid over to the Pledgee as Collateral in the same form as so received (with any necessary endorsement).

7. REMEDIES IN CASE OF EVENT OF DEFAULT. In case an Event of Default shall have occurred and be continuing, the Pledgee shall be entitled to exercise all of its rights, powers and remedies (whether vested in it by this Agreement, by any other Credit Document, by any HMM Note Document, by any Senior Note Document or, to the extent then in effect and secured hereby, any Interest Rate Protection Agreement or Other Hedging Agreement or any Additional Debt Document (with all of the Documents listed above being herein collectively called the "Secured Debt Agreements") or by law) for the protection and enforcement of its rights in respect of the Collateral, and the Pledgee shall be entitled to exercise all the rights and remedies of a secured party under the UCC and also shall be entitled, without

limitation, to exercise the following rights, which each Pledgor hereby agrees to be commercially reasonable:

- (i) to receive all amounts payable in respect of the Collateral otherwise payable to such Pledgor under Section 6 hereof;
- (ii) to transfer all or any part of the Pledged Securities into the Pledgee's name or the name of its nominee or nominees;
- (iii) to vote all or any part of the Pledged Stock, Pledged Limited Liability Company Interests or Pledged Partnership Interests (whether or not transferred into the name of the Pledgee) and give all consents, waivers and ratifications in respect of the Collateral and otherwise act with respect thereto as though it were the outright owner thereof; and
- (iv) at any time or from time to time to sell, assign and deliver, or grant options to purchase, all or any part of the Collateral, or any interest therein, at any public or private sale, without demand of performance, advertisement or notice of intention to sell or of the time or place of sale or adjournment thereof or to redeem or otherwise (all of which are hereby waived by each Pledgor), for cash, on credit or for other property, for immediate or future delivery without any assumption of credit risk, and for such price or prices and on such terms as the Pledgee in its absolute discretion may determine; provided, that at least 10 Business

Days' notice of the time and place of any such sale shall be given to such Pledgor. Each Pledgor hereby waives and releases to the fullest extent permitted by law any right or equity of redemption with respect to the Collateral, whether before or after sale hereunder, and all rights, if any, of marshalling the Collateral and any other security for the Obligations or otherwise. At any such sale, unless prohibited by applicable law, the Pledgee on behalf of the Secured Creditors may bid for and purchase all or any part of the Collateral so sold free from any such right or equity of redemption. Each purchaser at any such sale shall hold the property sold absolutely free from any claim or right on the part of any Pledgor, and each Pledgor hereby waives (to the extent permitted by law) all rights of redemption, stay and/or appraisal which it now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. The Pledgee may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. Each Pledgor hereby waives any claims against the Pledgee arising by reason of the fact that the price at which any Collateral may have been sold at such a private sale was less than the price which might have been obtained at a public sale, even if the Pledgee accepts the first offer received and does not offer such Collateral to more than one offeree. If the proceeds of any sale or other disposition of the Collateral are insufficient to pay all the Obligations, the Pledgors shall be liable for the deficiency and the fees of any attorneys employed by the Pledgee to collect such deficiency. Neither the Pledgee nor any other Secured Creditor shall be liable for failure to collect or realize upon any or all of the Collateral or for any delay in so doing nor shall any of them be under any obligation to take any action whatsoever with regard thereto.

8. REMEDIES, ETC., CUMULATIVE. Each right, power and remedy of the Pledgee provided for in this Agreement or in any other Secured Debt Agreement or now or hereafter existing at law or in equity or by statute shall be cumulative and concurrent and shall be in addition to every other such right, power or remedy. The exercise or beginning of the exercise by the Pledgee or any other Secured Creditor of any one or more of the rights, powers or remedies provided for in this Agreement or in any other Secured Debt Agreement or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by the Pledgee or any other Secured Creditor of all such other rights, powers or remedies, and no failure or delay on the part of the Pledgee or any other Secured Creditor to exercise any such right, power or remedy shall operate as a waiver thereof. The Secured Creditors agree that this Agreement may be enforced only by the Pledgee acting upon the instructions of the Required Secured Creditors (as defined in Annex G hereto) and that no other Secured Creditor shall have any right individually to seek to enforce or to enforce this Agreement or to realize upon the security to be granted hereby, it being understood and agreed that such rights and remedies may be exercised by the Pledgee for the benefit of the Secured Creditors upon the terms of this Agreement.

9. APPLICATION OF PROCEEDS. (a) All moneys collected by the Pledgee upon any sale or other disposition of the Collateral of each Pledgor, together with all other moneys received by the Pledgee hereunder, shall be applied as follows:

(i) first, to the payment of all Obligations owing to the Pledgee of the type provided in clauses (vi), (vii) and (viii) of the definition of Obligations in Section 1 hereof;

(ii) second, to the extent proceeds remain after the application pursuant to the preceding clause (i), an amount equal to the outstanding Primary Obligations (as hereinafter defined) shall be paid to the Secured Creditors as provided in Section 9(e) hereof, with each Secured Creditor receiving an amount equal to its outstanding Primary Obligations of such Pledgor or, if the proceeds are insufficient to pay in full all such Primary Obligations, its Pro Rata Share (as hereinafter defined) of the amount remaining to be distributed;

(iii) third, to the extent proceeds remain after the application pursuant to the preceding clauses (i) and (ii), an amount equal to the outstanding Secondary Obligations (as hereinafter defined) shall be paid to the Secured Creditors as provided in Section 9(e) hereof, with each Secured Creditor receiving an amount equal to its outstanding Secondary Obligations of such Pledgor or, if the proceeds are insufficient to pay in full all such Secondary Obligations, its Pro Rata Share of the amount remaining to be distributed; and

(iv) fourth, to the extent proceeds remain after the application pursuant to the preceding clauses (i) through (iii), inclusive, and following the termination of this Agreement pursuant to Section 18 hereof, to the relevant Pledgor or to whomever may be lawfully entitled to receive such surplus.

(b) For purposes of this Agreement (x) "Pro Rata Share" shall mean, when calculating a Secured Creditor's portion of any distribution or amount, that amount (expressed as a percentage) equal to a fraction the numerator of which is the then unpaid amount of such

Secured Creditor's Primary Obligations or Secondary Obligations, as the case may be, and the denominator of which is the then outstanding amount of all Primary Obligations or Secondary Obligations, as the case may be, (y) "Primary Obligations" shall mean (i) in the case of the Credit Document Obligations, all Obligations arising out of or in connection with (including, without limitation, as obligor or guarantor, as the case may be) the principal of, and interest on, all Loans, all unreimbursed drawings or payments in respect of any letters of credit (together with all interest accrued thereon), and the aggregate stated amounts of all letters of credit issued under the Credit Agreement, and all regularly accruing fees, (ii) in the case of the HMM Note Obligations, all Obligations secured hereby arising out of or in connection with (including, without limitation, as obligor or guarantor, as the case may be) the principal of, and interest on, the HMM Notes, and all regularly accruing fees, (iii) in the case of the Senior Note Obligations, all Obligations secured hereby arising out of or in connection with (including, without limitation, as obligor or guarantor, as the case may be) the principal of, and interest on, the Senior Notes, and all regularly accruing fees, (iv) in the case of the Additional Debt Obligations, all Obligations secured hereby arising out of or in connection with (including, without limitation, as obligor or guarantor, as the case may be) the principal of, and interest on, the Additional Debt, and all regularly accruing fees, and (v) in the case of the Other Obligations, all Obligations arising out of or in connection with (including, without limitation, as a direct obligor or a guarantor, as the case may be) Interest Rate Protection Agreements or Other Hedging Agreements secured hereby (other than indemnities, fees (including, without limitation, attorneys' fees) and similar obligations and liabilities), and (z) "Secondary Obligations" shall mean all Obligations of such Pledgor secured hereby other than Primary Obligations.

(c) When payments to Secured Creditors are based upon their respective Pro Rata Shares, the amounts received by such Secured Creditors hereunder shall be deemed to be applied (for purposes of making determinations under this Section 9 only) (i) first, to the Primary Obligations and (ii) second, to the Secondary Obligations.

(d) If the Bank Creditors are to receive a distribution in accordance with the procedures set forth above in this Section 9 on account of undrawn amounts with respect to letters of credit issued under the Credit Agreement, such amounts shall be paid to the Administrative Agent under the Credit Agreement and held by it, for the equal and ratable benefit of the Bank Creditors as such. If any amounts are held as cash security pursuant to the immediately preceding sentence, then upon the termination of all outstanding letters of credit, and after the application of all such cash security to the repayment of all Obligations owing to the Bank Creditors after giving effect to the termination of all such letters of credit, if there remains any excess cash, such excess cash shall be returned by the Administrative Agent to the Pledgee for distribution in accordance with Section 9(a) hereof.

(e) Except as set forth in Section 9(d) hereof, all payments required to be made hereunder shall be made (i) if to the Bank Creditors, to the Administrative Agent under the Credit Agreement for the account of the Bank Creditors, and (ii) if to any other Secured Creditors (other than the Pledgee), to the trustee, paying agent or other similar representative (each a "Representative") for such Secured Creditors or, in the absence of such a Representative, directly to the other Secured Creditors.

(f) For purposes of applying payments received in accordance with this Section 9, the Pledgee shall be entitled to rely upon (i) the Administrative Agent under the Credit

Agreement and (ii) the Representative for any other Secured Creditors or, in the absence of such a Representative, upon the respective Secured Creditors for a determination (which the Administrative Agent, each Representative for any other Secured Creditors and the Secured Creditors agree (or shall agree) to provide upon request of the Pledgee) of the outstanding Primary Obligations and Secondary Obligations owed to the Secured Creditors. Unless it has actual knowledge (including by way of written notice from a Representative for any Secured Creditor or directly from a Secured Creditor) to the contrary, the Pledgee, in acting hereunder, shall be entitled to assume that no Interest Rate Protection Agreements or Other Hedging Agreements are in existence.

(g) It is understood and agreed that each Pledgor shall remain liable to the extent of any deficiency between the amount of the proceeds of the Collateral pledged by it hereunder and the aggregate amount of the Obligations of such Pledgor.

10. PURCHASERS OF COLLATERAL. Upon any sale of the Collateral by the Pledgee hereunder (whether by virtue of the power of sale herein granted, pursuant to judicial process or otherwise), the receipt of the Pledgee or the officer making the sale shall be a sufficient discharge to the purchaser or purchasers of the Collateral so sold, and such purchaser or purchasers shall not be obligated to see to the application of any part of the purchase money paid over to the Pledgee or such officer or be answerable in any way for the misapplication or nonapplication thereof.

11. INDEMNITY. Each Pledgor jointly and severally agrees (i) to indemnify and hold harmless the Pledgee in such capacity, each Representative of a Secured Creditor in its capacity as such and each other Secured Creditor that is an indemnitor under Section 6 of Annex G hereto from and against any and all claims, demands, losses, judgments and liabilities of whatsoever kind or nature, and (ii) to reimburse the Pledgee in such capacity, each Representative of a Secured Creditor in its capacity as such and each other Secured Creditor that is an indemnitor under Section 6 of Annex G hereto for all reasonable costs and expenses, including reasonable attorneys' fees, in each case to the extent growing out of or resulting from the exercise by the Pledgee of any right or remedy granted to it hereunder except, with respect to clauses (i) and (ii) above, to the extent arising from the Pledgee's or such other Secured Creditor's gross negligence or willful misconduct. In no event shall the Pledgee be liable, in the absence of gross negligence or willful misconduct on its part, for any matter or thing in connection with this Agreement other than to account for moneys actually received by it in accordance with the terms hereof. If and to the extent that the obligations of the Pledgors under this Section 11 are unenforceable for any reason, each Pledgor hereby agrees to make the maximum contribution to the payment and satisfaction of such obligations which is permissible under applicable law.

12. FURTHER ASSURANCES; POWER OF ATTORNEY. (a) Each Pledgor agrees that it will join with the Pledgee in executing and, at such Pledgor's own expense, file and refile under the applicable UCC or such other law such financing statements, continuation statements and other documents in such offices as the Pledgee may reasonably deem necessary or appropriate and wherever required or permitted by law in order to perfect and preserve the Pledgee's security interest in the Collateral and hereby authorizes the Pledgee to file financing statements and amendments thereto relative to all or any part of the Collateral without the signature of such Pledgor where permitted by law, and agrees to do such further acts and things and to execute and deliver to the Pledgee such additional conveyances, assignments, agreements and

instruments as the Pledgee may reasonably deem necessary or advisable to carry into effect the purposes of this Agreement or to further assure and confirm unto the Pledgee its rights, powers and remedies hereunder.

(b) Each Pledgor hereby appoints the Pledgee such Pledgor's attorney-in-fact, with full authority in the place and stead of such Pledgor and in the name of such Pledgor or otherwise, to act from time to time after the occurrence and during the continuance of an Event of Default in the Pledgee's reasonable discretion to take any action and to execute any instrument which the Pledgee may deem necessary or advisable to accomplish the purposes of this Section 12.

13. THE PLEDGEE AS AGENT. The Pledgee will hold in accordance with this Agreement all items of the Collateral at any time received under this Agreement. It is expressly understood and agreed that the obligations of the Pledgee as holder of the Collateral and interests therein and with respect to the disposition thereof, and otherwise under this Agreement, are only those expressly set forth in this Agreement. The Pledgee shall act hereunder on the terms and conditions set forth herein and in Annex G hereto, the terms of which shall be deemed incorporated herein by reference as fully as if same were set forth herein in their entirety.

14. TRANSFER BY PLEDGORS. No Pledgor will sell or otherwise dispose of, grant any option with respect to, or mortgage, pledge or otherwise encumber any of the Collateral or any interest therein (except in accordance with the terms of this Agreement and as permitted by the terms of the Secured Debt Agreements).

15. REPRESENTATIONS, WARRANTIES AND COVENANTS OF PLEDGORS. (a) Each Pledgor represents, warrants and covenants that:

(i) it is the legal, record and beneficial owner of, and has good title to, all Pledged Securities purported to be owned by such Pledgor (including as shown on Annexes A, B and C hereof), subject to no Lien, except the Liens created by this Agreement;

(ii) it has full power, authority and legal right to pledge all the Pledged Securities;

(iii) this Agreement has been duly authorized, executed and delivered by such Pledgor and constitutes the legal, valid and binding obligation of such Pledgor enforceable in accordance with its terms, except to the extent that the enforceability hereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and by equitable principles (regardless of whether enforcement is sought in equity or at law);

(iv) no consent of any other party (including, without limitation, any stockholder or creditor of such Pledgor or any of its Subsidiaries and any other partners or members of such Pledgor's partnerships or limited liability companies) and no consent, license, permit, approval or authorization of, exemption by, notice or report to, or registration, filing (except any filings required under the UCC, which filings have been made) or declaration with, any governmental authority is required to be obtained by such Pledgor in connection with the execution, delivery or performance of this Agreement, or in connection with the exercise of its rights and remedies pursuant to this Agreement, in each case except those which have been obtained or made or as may be required by laws

affecting the offer and sale of securities generally in connection with the exercise by the Pledgee of certain of its remedies hereunder;

(v) the execution, delivery and performance of this Agreement by such Pledgor does not violate any provision of any applicable law or regulation or of any order, judgment, writ, award or decree of any court, arbitrator or governmental authority, domestic or foreign, or of the certificate of incorporation or by-laws (or analogous organizational documents) of such Pledgor or of any securities issued by such Pledgor or any of its Subsidiaries, or of any mortgage, indenture, lease, deed of trust, credit agreement or loan agreement, or any other material agreement, contract or instrument to which such Pledgor or any of its Subsidiaries is a party or which purports to be binding upon such Pledgor or any of its Subsidiaries or upon any of their respective assets and will not result in the creation or imposition (or the obligation to create or impose) of any lien or encumbrance on any of the assets of such Pledgor or any of its Subsidiaries except as contemplated by this Agreement;

(vi) all the shares of Stock have been duly and validly issued, are fully paid and nonassessable and subject to no options to purchase or similar rights;

(vii) the pledge, assignment and delivery (which delivery has been made) to the Pledgee of the Pledged Stock creates a valid and perfected first priority security interest in such Stock, subject to no prior lien or encumbrance or to any agreement purporting to grant to any third party (except the Secured Creditors) a lien or encumbrance on the property or assets of such Pledgor which would include the Securities;

(viii) each Pledged Partnership Interest and each Pledged Limited Liability Company Interest has been validly acquired and is fully paid for (to the extent applicable) and is duly and validly pledged hereunder;

(ix) each partnership agreement and each limited liability company or operating agreement is the legal, valid and binding obligation of the applicable Pledgor, enforceable in accordance with its terms;

(x) no Pledgor is in default in the payment of any portion of any mandatory capital contribution, if any, required to be made under any general or limited partnership agreement or any limited liability company or operating agreement to which such Pledgor is a party, and no Pledgor is in violation of any other material provisions of any partnership agreement or any limited liability company or operating agreement to which such Pledgor is a party, or is otherwise in default or violation thereunder in any material respect;

(xi) the pledge and assignment of the Pledged Partnership Interests and/or Pledged Limited Liability Company Interests pursuant to this Agreement, together with the relevant filings or recordings under the UCC (or other steps described in any applicable version of the UCC) (which filings, recordings or other steps have been made), create a valid perfected and continuing first priority security interest in such Partnership Interests and/or Limited Liability Company Interests and the proceeds thereof, subject to no prior lien or encumbrance or to any agreement purporting to grant to any third party

(except the Secured Creditors) a lien or encumbrance on the property or assets of such Pledgee or which would include the Securities;

(xii) there are no currently effective financing statements under the UCC covering property which is now or hereafter may be included in the Collateral and such Pledgor will not, without the prior written consent of the Pledgee, execute and, until the Termination Date (as hereinafter defined), there will not ever be on file in any public office any enforceable financing statement or statements covering any or all of the Collateral, except financing statements filed or to be filed in favor of the Pledgee as secured party;

(xiii) each Pledgor shall give the Pledgee prompt notice of any written claim it receives relating to the Collateral; and

(xiv) each Pledgor shall deliver to the Pledgee a copy of each other demand, notice or document received by it which may adversely affect the Pledgee's interest in the Collateral promptly upon, but in any event within 10 days after, such Pledgor's receipt thereof.

Each Pledgor covenants and agrees that it will defend the Pledgee's right, title and security interest in and to the Collateral and the proceeds thereof against the claims and demands of all persons whomsoever; and such Pledgor covenants and agrees that it will have like title to and right to pledge any other property at any time hereafter pledged to the Pledgee as Collateral hereunder and will likewise defend the right thereto and security interest therein of the Pledgee and the other Secured Creditors.

(b) Each Pledgor hereby further represents, warrants and covenants that as of the date hereof, the chief executive office of such Pledgor is located at the address indicated on Annex F hereto for such Pledgor. Such Pledgor will not move its chief executive office except to such new location as such Pledgor may establish in accordance with the last sentence of this Section 15(b). No Pledgor shall establish new locations for such offices until (i) it shall have given to the Pledgee prior written notice of its intention to do so, clearly describing such new location and providing such other information in connection therewith as the Pledgee may reasonably request, (ii) it shall have delivered to the Pledgee a written supplement to Annex F hereto in the form of Annex H-1 hereto as provided in clause (c) below showing the new location of its chief executive office and (iii) with respect to such new location, it shall have taken all action, reasonably satisfactory to the Pledgee, to maintain all security interest of the Pledgee in the Collateral intended to be granted hereby at all times fully perfected and in full force and effect.

(c) Without in any way limiting Section 3.2 hereof, at any time and from time to time that any Pledgor (x) determines that the information with respect to it contained on Annex A, B, C and/or F, as the case may be, is inaccurate or (y) acquires any additional Securities which have not already been pledged hereunder and reflected on Annexes A through C, as appropriate, such Pledgor shall deliver a supplement to this Agreement, substantially in the form of Annex H-1 hereto (each a "Pledge and Security Agreement Supplement") adding (or, in the case of any Securities released pursuant to Section 18 hereof, deleting) such Securities to (from) Annexes A through C hereto, as appropriate. The execution and delivery of any such supplement shall not require the consent of any Pledgor hereunder. It is understood and agreed that the

pledge and security interests granted hereunder shall apply to all Collateral as provided in Section 3.1 hereof regardless of the failure of any Pledgor to deliver, or any inaccurate information stated in, the Pledge and Security Agreement Supplement as otherwise provided above.

(d) Each Pledgor hereby covenants and agrees that with respect to all Partnership Interests or Limited Liability Company Interests, in each case required to be pledged by it hereunder, such Pledgor will deliver to the respective Pledged Partnerships or Pledged Limited Liability Companies, as the case may be (with copies to the Pledgee) a notice (appropriately completed) in the form of Annex D attached hereto (with such changes thereto as may be acceptable to the Pledgee) and by this reference made a part hereof (each such notice a "Partnership/LLC Notice") and such Pledgor will use its reasonable best efforts to cause to be delivered to the Pledgee an acknowledgment in the form set forth as Annex E attached hereto (with such changes thereto as may be acceptable to the Pledgee) (each such acknowledgment, a "Pledge Acknowledgment"), duly executed by the relevant Pledged Partnership and/or Pledged Limited Liability Company, as the case may be, in each case within forty-five days following the date of any pledge of any Pledged Partnership Interests or Pledged Limited Liability Company Interests hereunder.

16. PLEDGORS' OBLIGATIONS ABSOLUTE, ETC. The obligations of each Pledgor under this Agreement shall be absolute and unconditional and shall remain in full force and effect without regard to, and shall not be released, suspended, discharged, terminated or otherwise affected by, any circumstance or occurrence whatsoever, including, without limitation: (i) any renewal, extension, amendment or modification of or addition or supplement to or deletion from any Secured Debt Agreement or any other instrument or agreement referred to therein, or any assignment or transfer of any thereof; (ii) any waiver, consent, extension, indulgence or other action or inaction under or in respect of any such agreement or instrument or this Agreement; (iii) any furnishing of any additional security to the Pledgee or its assignee or any acceptance thereof or any release of any security by the Pledgee or its assignee; (iv) any limitation on any party's liability or obligations under any such instrument or agreement or any invalidity or unenforceability, in whole or in part, of any such instrument or agreement or any term thereof; (v) any limitation on any other Pledgor's liability or obligations under this Agreement or under any other Secured Debt Agreement or any invalidity or unenforceability, in whole or in part, of this Agreement or any other Secured Debt Agreement or any term thereof; or (vi) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to such Pledgor or any Subsidiary of such Pledgor, or any action taken with respect to this Agreement by any trustee or receiver, or by any court, in any such proceeding, whether or not such Pledgor shall have notice or knowledge of any of the foregoing.

17. REGISTRATION, ETC. If at any time when the Pledgee shall determine to exercise its right to sell all or any part of the Pledged Securities pursuant to Section 7 hereof, such Pledged Securities or the part thereof to be sold shall not, for any reason whatsoever, be effectively registered under the Securities Act, as then in effect, the Pledgee may, in its sole and absolute discretion, sell such Pledged Securities or part thereof by private sale in such manner and under such circumstances as the Pledgee may deem necessary or advisable in order that such sale may legally be effected without such registration; provided, that at least 10 Business Days' notice of the time

and place of any such sale shall be given to such Pledgor. Without limiting the

generality of the foregoing, in any such event the Pledgee, in its sole and absolute discretion: (i) may proceed to make such private sale notwithstanding that a registration statement for the purpose of registering such Pledged Securities or part thereof shall have been filed under such Securities Act; (ii) may approach and negotiate with a single possible purchaser to effect such sale; and (iii) may restrict such sale to a purchaser who will represent and agree that such purchaser is purchasing for its own account, for investment, and not with a view to the distribution or sale of such Pledged Securities or part thereof. In the event of any such sale, the Pledgee shall incur no responsibility or liability for selling all or any part of the Pledged Securities at a price which the Pledgee, in its sole and absolute discretion, may in good faith deem reasonable under the circumstances, notwithstanding the possibility that a substantially higher price might be realized if the sale were deferred until after registration as aforesaid.

18. TERMINATION, RELEASE. (a) After the Termination Date (as defined below), this Agreement shall terminate (provided that all indemnities set forth herein including, without limitation, in Section 11 hereof shall survive any such termination) and the Pledgee, at the request and expense of the respective Pledgor, will promptly execute and deliver to such Pledgor a proper instrument or instruments acknowledging the satisfaction and termination of this Agreement, and will duly assign, transfer and deliver to such Pledgor (without recourse and without any representation or warranty) such of the Collateral as may be in the possession of the Pledgee and as has not theretofore been sold or otherwise applied or released pursuant to this Agreement. As used in this Agreement, "Termination Date" shall mean the earlier of (i) the date upon which the Total Commitment and all Interest Rate Protection Agreements and Other Hedging Agreements have been terminated, no Note under the Credit Agreement is outstanding and all other Credit Document Obligations (excluding normal continuing indemnity obligations which survive in accordance with their terms, so long as no amounts are then due and payable in respect thereof) have been indefeasibly paid in full (provided the terms of the other Secured Debt Agreements do not otherwise prohibit the termination hereof), and (ii) the date upon which the Credit Documents are amended to release all Collateral subject to this Agreement.

(b) In the event that any part of the Collateral is sold (other than to any Credit Party) in connection with a sale permitted by the Secured Debt Agreements or is otherwise released in accordance with the terms of Section 7.16(a)(B) of the Credit Agreement or at the direction of the Required Secured Creditors (and, to the extent required by the Credit Agreement, all of the Banks)), the Pledgee, at the request and expense of such Pledgor will promptly execute and deliver to such Pledgor a proper instrument or instruments acknowledging such release, and will duly assign, transfer and deliver to such Pledgor (without recourse and without any representation or warranty) such of the Collateral as is then being (or has been) so sold, distributed or released and as may be in possession of the Pledgee and has not theretofore been released pursuant to this Agreement. Any proceeds of Collateral sold as contemplated by the immediately preceding sentence shall be applied in accordance with, and to the extent required by, the requirements of the applicable Secured Debt Agreements.

(c) At any time that a Pledgor desires that Collateral be released as provided in the foregoing Section 18(a) or (b), it shall deliver to the Pledgee a certificate signed by an Authorized Officer of such Pledgor stating that the release of the respective Collateral is permitted pursuant to Section 18(a) or (b), and the Pledgee shall be entitled (but not required) to conclusively rely thereon.

19. NOTICES, ETC. Except as otherwise specified herein, all notices, requests, demands or other communications to or upon the respective parties hereto shall be deemed to have been given or made when delivered to the party to which such notice, request, demand or other communication is required or permitted to be given or made under this Agreement, addressed as follows:

(a) if to any Pledgor, at:

10400 Fernwood Road
Bethesda, Maryland 20817
Attention: General Counsel,
Asset Management, Dept. 923
Facsimile No.: (301) 380-3588

(b) if to the Pledgee, at:

Bankers Trust Company
130 Liberty Street
New York, New York 10006
Attention: Laura S. Burwick
Telephone No.: (212) 250-2568
Telecopier No.: (212) 669-0743

(c) if to any Bank Creditor (other than the Pledgee), (x) to the Administrative Agent, at the address of the Administrative Agent specified in the Credit Agreement or (y) at such address as such Bank Creditor shall have specified in the Credit Agreement;

(d) if to any other Secured Creditor, (x) to the Representative for such Secured Creditor or (y) if there is no such Representative, at such address as such Secured Creditor shall have specified in writing to each Pledgor and the Pledgee;

or at such other address as shall have been furnished in writing by any Person described above to the party required to give notice hereunder.

20. WAIVER; AMENDMENT. None of the terms and conditions of this Agreement may be changed, waived, modified or varied in any manner whatsoever unless in writing duly signed by each Pledgor directly affected thereby (it being understood that additional Pledgors may be added as parties hereto from time to time in accordance with Section 22 hereof and Pledgors may be released as parties hereto in accordance with Sections 18 and 21 hereof and that no consent of any other Pledgor or of the Secured Creditors shall be required in connection therewith) and the Pledgee (with the written consent of (x) the Required Banks (or all the Banks if required by Section 12.12 of the Credit Agreement) at all times prior to the time at which all Credit Document Obligations have been paid in full and all commitments pursuant to the Credit Agreement have terminated (with such date being herein called the "Credit Document Obligations Termination Date") and (y) thereafter, the holders of at least a majority of the outstanding Other Obligations; provided, that (with

respect to preceding clauses (x) and (y)) the Borrower certifies that any such change, waiver, modification or variance is otherwise permitted by the terms of the respective Secured Debt Agreements or, if not so permitted, that the requisite consents therefor have been obtained (it being understood that the terms of the Additional Debt

Documents as same relate to amending or modifying this Agreement shall be substantially as set forth in the Senior Note Indenture). Notwithstanding anything to the contrary contained above, it is understood and agreed that the Required Banks may agree to modifications to this Agreement for the purpose, among other things, of securing additional extensions of credit (including, without limitation, pursuant to the Credit Agreement or any refinancing or extension thereof), with such changes not being subject to the proviso to the immediately preceding sentence. Furthermore, the proviso to the second preceding sentence shall not apply to any release of Collateral effected in accordance with the requirements of Section 18 of this Agreement, or any other release of Collateral or termination of this Agreement so long as the Borrower certifies that such actions will not violate the terms of any Secured Debt Agreement then in effect.

21. RELEASE OF PLEDGORS. In the event that any Pledgor is permitted to be released from this Agreement as, and to the extent, provided in Section 7.16(a)(B) of the Credit Agreement, such Pledgor (so long as such Pledgor is not the Borrower) shall be released from this Agreement and this Agreement shall, as to such Pledgor only, have no further force or effect.

22. ADDITIONAL PLEDGORS. Pursuant to Section 7.16 of the Credit Agreement, certain Subsidiaries of Holdings or the Borrower may after the date hereof be required to enter into this Agreement as a Pledgor. Upon execution and delivery, after the date hereof, by the Pledgee and such Subsidiary of an instrument in the form of Annex H-2, such Subsidiary shall become a Pledgor hereunder with the same force and effect as if originally named as a Pledgor hereunder. Each Subsidiary which is required to become a party to this Agreement shall so execute and deliver a copy of Annex H-2 to the Pledgee and, at such time, shall execute a Pledge and Security Agreement Supplement in the form of Annex H-1 to this Agreement with respect to all Collateral of such Pledgor required to be pledged hereunder, which Supplement shall be completed in accordance with Annex H-1. The execution and delivery of any such instrument shall not require the consent of any other Pledgor hereunder. Upon the execution and delivery by the Pledgee and such Subsidiary of an instrument in the form of Annex H-2 as provided above, it is understood and agreed that the pledge and security interests hereunder shall apply to all Collateral of such additional Pledgor as provided in Section 3.1 hereof regardless of any failure of any additional Pledgor to deliver, or any inaccurate information stated in, the Pledge and Security Agreement Supplement.

23. RECOURSE. This Agreement is made with full recourse to the Pledgors and pursuant to and upon all representations, warranties, covenants and agreements on the part of the Pledgors contained herein and otherwise in writing in connection herewith.

24. PLEDGEE NOT BOUND. (a) Nothing herein shall be construed to make the Pledgee or any other Secured Creditor liable as a member of any limited liability company or a partner of any partnership and the Pledgee or any other Secured Creditor by virtue of this Agreement or otherwise (except as referred to in the following sentence) shall not have any of the duties, obligations or liabilities of a member of any limited liability company or partner of any partnership. The parties hereto expressly agree that, unless the Pledgee shall become the absolute owner of the respective Pledged Limited Liability Company Interest or Pledged Partnership Interest pursuant hereto, this Agreement shall not be construed as creating a partnership or joint venture among the Pledgee, any other Secured Creditor and/or any Pledgor.

(b) Except as provided in the last sentence of paragraph (a) of this Section 24, the Pledgee, by accepting this Agreement, did not intend to become a member of any limited liability company or partner of any partnership or otherwise be deemed to be a co-venturer with respect to any Pledgor or any limited liability company or partnership either before or after an Event of Default shall have occurred. The Pledgee shall have only those powers set forth herein and shall assume none of the duties, obligations or liabilities of a member of any limited liability company or partnership or any Pledgor.

(c) The Pledgee shall not be obligated to perform or discharge any obligation of any Pledgor as a result of the collateral assignment hereby effected.

(d) The acceptance by the Pledgee of this Agreement, with all the rights, powers, privileges and authority so created, shall not at any time or in any event obligate the Pledgee to appear in or defend any action or proceeding relating to the Collateral to which it is not a party, or to take any action hereunder or thereunder, or to expend any money or incur any expenses or perform or discharge any obligation, duty or liability under the Collateral.

25. CONTINUING PLEDGORS. The rights and obligations of each Pledgor (other than the respective released Pledgor in the case of following clause (y)) hereunder shall remain in full force and effect notwithstanding (x) the addition of any new Pledgor as a party to this Agreement as contemplated by Section 22 hereof or otherwise and/or (y) the release of any Pledgor under this Agreement as contemplated by Section 21 hereof or otherwise.

26. NO FRAUDULENT CONVEYANCE. Each Pledgor hereby confirms that it is its intention that this Agreement not constitute a fraudulent transfer or conveyance for purposes of any bankruptcy, insolvency or similar law, the Uniform Fraudulent Conveyance Act or any similar Federal, state or foreign law. To effectuate the foregoing intention, each Pledgor hereby irrevocably agrees that its obligations and liabilities hereunder shall be limited to the maximum amount as will, after giving effect to such maximum amount and all other (contingent or otherwise) liabilities of such Pledgor that are relevant under such laws, result in the obligations and liabilities of such Pledgor hereunder in respect of such maximum amount not constituting a fraudulent transfer or conveyance.

27. MISCELLANEOUS. This Agreement shall be binding upon the successors and assigns of each Pledgor and shall inure to the benefit of and be enforceable by the Pledgee and its successors and assigns; provided that no Pledgor may assign any of its rights or obligations hereunder without the prior written consent of the Pledgee (with the consent of the Required Banks and, if required by Section 12.12 of the Credit Agreement, all Banks). THIS AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK (WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS). The headings in this Agreement are for purposes of reference only and shall not limit or define the meaning hereof. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which shall constitute one instrument.

* * *

IN WITNESS WHEREOF, each Pledgor has caused this Agreement to be duly executed and delivered by its duly authorized officer on the date first above written.

HOST MARRIOTT CORPORATION,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HOST MARRIOTT, L.P.,
as a Pledgor

By: Host Marriott Corporation,
its General Partner

By: /s/ C.G. Townsend

Title: Senior VP

AIRPORT HOTELS LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HOST OF HOUSTON 1979,
as a Pledgor

By: Airport Hotels LLC,
its General Partner

By: /s/ C.G. Townsend

Title: Senior VP

HOST OF HOUSTON, LTD.,
as a Pledgor
By: Airport Hotels LLC,
its General Partner

By: /s/ C.G. Townsend

Title: Senior VP

HOST OF BOSTON, LTD.,
as a Pledgor
By: Airport Hotels LLC,
its General Partner

By: /s/ C.G. Townsend

Title: Senior VP

CHESAPEAKE FINANCIAL SERVICES LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

CITY CENTER INTERSTATE
PARTNERSHIP LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMC RETIREMENT PROPERTIES L.P.,
as a Pledgor
By: Durbin LLC,
its General Partner

By: /s/ C.G. Townsend

Title: Senior VP

HMH MARINA LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

FARRELL'S ICE CREAM PARLOUR
RESTAURANTS LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMC ATLANTA LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMC BURLINGAME LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMC CALIFORNIA LEASING LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMC CAPITAL LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMC CAPITAL RESOURCES LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMC PARK RIDGE LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMC PARK RIDGE II LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMC PARK RIDGE LP,
as a Pledgor
By: HMC Park Ridge LLC,
its General Partner

By: /s/ C.G. Townsend

Title: Senior VP

HMC PARTNERSHIP HOLDINGS LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HOST PARK RIDGE LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMC SUITES LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMC SUITES LIMITED PARTNERSHIP,
as a Pledgor

By: HMC Suites LLC,
its General Partner

By: /s/ C.G. Townsend

Title: Senior VP

PRM LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

WELLSFORD-PARK RIDGE HOST HOTEL
LIMITED PARTNERSHIP,
as a Pledgor

By: Host Park Ridge LLC,
its General Partner

By: /s/ C.G. Townsend

Title: Senior VP

YBG ASSOCIATES LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMC CHICAGO LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMC DESERT LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMC PALM DESERT LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

MDSM FINANCE LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMC DIVERSIFIED LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMC EAST SIDE II LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMC GATEWAY LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMC GRAND LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMC HANOVER LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMC HARTFORD LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMC HOTEL DEVELOPMENT LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMC HPP LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMC IHP HOLDING LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMC MANHATTAN BEACH LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMC MARKET STREET LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

NEW MARKET STREET LP,
as a Pledgor

By: HMC Market Street LLC,
its General Partner

By: /s/ C.G. Townsend

Title: Senior VP

HMC GEORGIA LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMC MEXPARK LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMC POLANCO LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMC NGL LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMC OLS I L.P.,
as a Pledgor

By: HMC OLS I LLC,
its General Partner

By: /s/ C.G. Townsend

Title: Senior VP

HMC OP BN LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMC PACIFIC GATEWAY LLC,
a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMC PLP LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

CHESAPEAKE HOTEL LIMITED
PARTNERSHIP,
as a Pledgor

By: HMC PLP LLC,
its General Partner

By: /s/ C.G. Townsend

Title: Senior VP

HMC POTOMAC LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMC PROPERTIES I LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMC PROPERTIES II LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMC RTZ LOAN I LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMC RTZ II LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMC SBM TWO LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMC SEATTLE LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMC SFO LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMC SWISS HOLDINGS LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMC WATERFORD LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMH GENERAL PARTNER HOLDINGS LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMH NORFOLK LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMH NORFOLK, L.P.,
as a Pledgor

By: HMH Norfolk LLC,
its General Partner

By: /s/ C.G. Townsend

Title: Senior VP

HMH PENTAGON LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMH RESTAURANTS LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMH RIVERS LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMH RIVERS, L.P.,
as a Pledgor

By: HMH Rivers LLC,
its General Partner

By: /s/ C.G. Townsend

Title: Senior VP

HMH WTC LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMP CAPITAL VENTURES LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMP FINANCIAL SERVICES LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HOST LA JOLLA LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

CITY CENTER HOTEL LIMITED
PARTNERSHIP,
as a Pledgor

By: Host La Jolla LLC,
its General Partner

By: /s/ C.G. Townsend

Title: Senior VP

TIMES SQUARE LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

IVY STREET LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

MARKET STREET HOST LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

MFR OF ILLINOIS LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

MFR OF VERMONT LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

MFR OF WISCONSIN LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

PHILADELPHIA AIRPORT HOTEL LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

PM FINANCIAL LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

PM FINANCIAL LP,
as a Pledgor

By: PM Financial LLC,
its General Partner

By: /s/ C.G. Townsend

Title: Senior VP

HMC PROPERTY LEASING LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

HMC HOST RESTAURANTS LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

SANTA CLARA HMC LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

S.D. HOTELS LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

TIMES SQUARE GP LLC,
as a Pledgor

By: /s/ C.G. Townsend

Title: Senior VP

Accepted and Agreed to:

BANKERS TRUST COMPANY,
as Collateral Agent and Pledgee

By: /s/ Laura Burwick

Title: Principal

ANNEX A
to
PLEDGE AND SECURITY AGREEMENT

LIST OF STOCK

ANNEX B
to
PLEDGE AND SECURITY AGREEMENT

LIST OF LIMITED LIABILITY COMPANY INTERESTS

ANNEX C
to
PLEDGE AND SECURITY AGREEMENT

LIST OF PARTNERSHIP INTERESTS

ANNEX D
to
PLEDGE AND SECURITY AGREEMENT

FORM OF PARTNERSHIP/LLC NOTICE

[Letterhead of Pledgor]

_____, _____, _____

TO: [Name of Pledged Partnership/Limited Liability Company]

Notice is hereby given that pursuant to an Amended and Restated Pledge and Security Agreement (a true and correct copy of which is attached hereto), dated as of August 5, 1998, and amended and restated as of May 31, 2000 (as amended, modified or supplemented from time to time in accordance with the terms thereof, the "Pledge Agreement"), among [NAME OF PLEDGOR] (the "Pledgor"), the other pledgors from time to time party thereto and Bankers Trust Company (the "Pledgee"), as Collateral Agent on behalf of the Secured Creditors described therein, the Pledgor has pledged and assigned to the Pledgee for the benefit of the Secured Creditors, and granted to the Pledgee for the benefit of the Secured Creditors, a continuing security interest in, all right, title and interest of the Pledgor, whether now existing or hereafter arising or acquired, [as a [limited] [general] partner in [NAME OF PLEDGED PARTNERSHIP] (the "Partnership"), and in, to and under the [TITLE OF APPLICABLE PARTNERSHIP AGREEMENT] (the "Partnership Agreement"),] [as a member in [NAME OF PLEDGED LIMITED LIABILITY COMPANY] (the "LLC"), and into and under its Limited Liability Company Agreement (the "Articles")] including, without limitation:

(i) the Pledgor's interest in all of the capital of the Partnership/LLC and the Pledgor's interest in all profits, losses, (as defined in the Pledge Agreement) and other distributions to which the Pledgor shall at any time be entitled in respect of such partnership/limited liability company interest;

(ii) all other payments due or to become due to the Pledgor in respect of such partnership/limited liability company interest, whether under the Partnership Agreement/Articles or otherwise, whether as contractual obligations, damages, insurance proceeds or otherwise;

(iii) all of the Pledgor's claims, rights, powers, privileges, authority, options, security interests, liens and remedies, if any, under the Partnership Agreement/Articles or at law or otherwise in respect of such partnership/limited liability company interest;

(iv) all present and future claims, if any, of the Pledgor against the Partnership/LLC for moneys loaned or advanced, for services rendered or otherwise;

(v) all of the Pledgor's rights under the Partnership Agreement/Articles or at law to exercise and enforce every right, power, remedy, authority, option and privilege of the Pledgor relating to the partnership/limited liability company interest, including any power to terminate, cancel or modify the Partnership Agreement/Articles, to execute any

instruments and to take any and all other action on behalf of and in the name of the Pledgor in respect of the partnership/limited liability company interest and the Partnership/LLC, to make determinations, to exercise any election (including, but not limited, election of remedies) or option or to give or receive any notice, consent, amendment, waiver or approval, together with full power and authority to demand, receive, enforce, collect or receipt for any of the foregoing, to enforce or execute any checks, or other instruments or orders, to file any claims and to take any action in connection with any of the foregoing;

(vi) all other property hereafter delivered to the Pledgor in substitution for or in addition to any of the foregoing, all certificates and instruments representing or evidencing such other property and all cash, securities, interest, dividends, distributions, rights and other property at any time and from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the foregoing; and

(vii) to the extent not otherwise included, all proceeds of any or all of the foregoing.

Pursuant to the Pledge Agreement, the Partnership/LLC is hereby authorized and directed to register the Pledgor's pledge to the Pledgee on behalf of the Secured Creditors of the interest of the Pledgor on the Partnership's/LLC's books.

The Pledgor hereby irrevocably agrees and authorizes and directs the Partnership/LLC that instructions originated by the Pledgee on behalf of the Secured Creditors with respect to the Pledgor's claims, rights, interests, powers, remedies, authorities, options and privileges set forth above shall, unless written notice to the contrary is given by the Pledgee to the Partnership/LLC, be complied with by the Partnership/LLC, without further consent by the Pledgor.

The Pledgor hereby requests the Partnership/LLC to indicate its acceptance of this Notice and consent to and confirmation of its terms and provisions by signing a copy hereof where indicated on the attached page and returning the same to the Pledgee on behalf of the Secured Creditors.

[NAME OF PLEDGOR]

By: _____
Name:
Title:

ANNEX E
to
PLEDGE AND SECURITY AGREEMENT

FORM OF ACKNOWLEDGMENT AND AGREEMENT

[NAME OF PLEDGED PARTNERSHIP/LIMITED LIABILITY COMPANY] (the "Partnership"/"LLC") hereby acknowledges receipt of a copy of the assignment by [NAME OF PLEDGOR] ("Pledgor") of its interest under the [TITLE OF APPLICABLE PARTNERSHIP AGREEMENT/ARTICLES OF ORGANIZATION] (the "Partnership Agreement"/"Articles") pursuant to the terms of the Amended and Restated Pledge and Security Agreement, dated as of August 5, 1998, and amended and restated as of May 31, 2000 (as amended, modified or supplemented from time to time in accordance with the terms thereof, the "Pledge Agreement"), among the Pledgor, the other pledgors from time to time party thereto and Bankers Trust Company (the "Pledgee"), as Collateral Agent on behalf of the Secured Creditors described therein. The undersigned hereby further confirms the registration of the Pledgor's pledge of its interest to the Pledgee on behalf of the Secured Creditors on the Partnership's/LLC's books.

The Partnership/LLC hereby acknowledges the rights of and remedies available to the Secured Creditors under the Pledge Agreement.

The Partnership/LLC hereby irrevocably agrees to comply with the instructions originated by the Pledgee, on behalf of the Secured Creditors, of the type referred to in the penultimate paragraph of the Partnership/LLC Notice dated _____, signed by the Pledgor, without further consent by the Pledgor. The undersigned further hereby irrevocably agrees, except upon the prior written consent of the Pledgee, not to honor any such instructions given by any other person or entity.

Dated: _____, _____, _____

[NAME OF PLEDGED PARTNERSHIP/LLC]

By: _____
Name:
Title:

ANNEX F
to
PLEDGE AND SECURITY AGREEMENT

LIST OF CHIEF EXECUTIVE OFFICES

ANNEX G
to
PLEDGE AND SECURITY AGREEMENT

THE PLEDGEE

1. Appointment. The Secured Creditors, by their acceptance of the

benefits of the Pledge and Security Agreement to which this Annex G is attached (the "Pledge Agreement") hereby irrevocably designate Bankers Trust Company (and any successor Pledgee) to act as specified herein and therein. Unless otherwise defined herein, all capitalized terms used herein (x) and defined in the Pledge Agreement, are used herein as therein defined and (y) not defined in the Pledge Agreement, are used herein as defined in the Credit Agreement referenced in the Pledge Agreement. Each Secured Creditor hereby irrevocably authorizes, and each holder of any Obligation by the acceptance of such Obligation and by the acceptance of the benefits of the Pledge Agreement shall be deemed irrevocably to authorize, the Pledgee to take such action on its behalf under the provisions of the Pledge Agreement and any instruments and agreements referred to therein and to exercise such powers and to perform such duties thereunder as are specifically delegated to or required of the Pledge Agreement by the terms thereof and such other powers as are reasonably incidental thereto. The Pledgee may perform any of its duties hereunder or thereunder by or through its authorized agents, sub-agents or employees.

2. Nature of Duties. (a) The Pledgee shall have no duties or

responsibilities except those expressly set forth herein or in the Pledge Agreement. The duties of the Pledgee shall be mechanical and administrative in nature; the Pledgee shall not have by reason of the Pledge Agreement or any other Secured Debt Agreement a fiduciary relationship in respect of any Secured Creditor; and nothing in the Pledge Agreement or any other Secured Debt Agreement, expressed or implied, is intended to or shall be so construed as to impose upon the Pledgee any obligations in respect of the Pledge Agreement except as expressly set forth herein and therein.

(b) The Pledgee shall not be responsible for insuring the Collateral or for the payment of taxes, charges or assessments or discharging of Liens upon the Collateral or otherwise as to the maintenance of the Collateral.

(c) The Pledgee shall not be required to ascertain or inquire as to the performance by any Pledgor of any of the covenants or agreements contained in the Pledge Agreement or any other Secured Debt Agreement.

(d) The Pledgee shall be under no obligation or duty to take any action under, or with respect to, the Pledge Agreement if taking such action (i) would subject the Pledgee to a tax in any jurisdiction where it is not then subject to a tax or (ii) would require the Pledgee to qualify to do business, or obtain any license, in any jurisdiction where it is not then so qualified or licensed or (iii) would subject the Pledgee to in personam jurisdiction in any locations where it is not then so subject.

(e) Notwithstanding any other provision of this Annex G, neither the Pledgee nor any of its officers, directors, employees, affiliates or agents shall, in its individual capacity, be personally liable for any action taken or omitted to be taken by it in accordance with, or pursuant

to this Annex G or the Pledge Agreement except for its own gross negligence or willful misconduct.

3. Lack of Reliance on the Pledgee. Independently and without

reliance upon the Pledgee, each Secured Creditor, to the extent it deems appropriate, has made and shall continue to make (i) its own independent investigation of the financial condition and affairs of each Pledgor and its Subsidiaries in connection with the making and the continuance of the Obligations and the taking or not taking of any action in connection therewith, and (ii) its own appraisal of the creditworthiness of each Pledgor and its Subsidiaries, and the Pledgee shall have no duty or responsibility, either initially or on a continuing basis, to provide any Secured Creditor with any credit or other information with respect thereto, whether coming into its possession before the extension of any Obligations or the purchase of any notes or at any time or times thereafter. The Pledgee shall not be responsible in any manner whatsoever to any Secured Creditor for the correctness of any recitals, statements, information, representations or warranties herein or in any document, certificate or other writing delivered in connection herewith or for the execution, effectiveness, genuineness, validity, enforceability, perfection, collectibility, priority or sufficiency of the Pledge Agreement or the security interests granted hereunder or the financial condition of any Pledgor or any Subsidiary of any Pledgor or be required to make any inquiry concerning either the performance or observance of any of the terms, provisions or conditions of the Pledge Agreement, or the financial condition of any Pledgor or any Subsidiary of any Pledgor, or the existence or possible existence of any default or Event of Default. The Pledgee makes no representations as to the value or condition of the Collateral or any part thereof, or as to the title of any Pledgor thereto or as to the security afforded by the Pledge Agreement.

4. Certain Rights of the Pledgee. (a) No Secured Creditor shall

have the right to cause the Pledgee to take any action with respect to the Collateral, with only the Required Secured Creditors having the right to direct the Pledgee to take any such action. If the Pledgee shall request instructions from the Required Secured Creditors, with respect to any act or action (including failure to act) in connection with the Pledge Agreement, the Pledgee shall be entitled to refrain from such act or taking such action unless and until it shall have received instructions from the Required Secured Creditors and to the extent requested, appropriate indemnification in respect of actions to be taken, and the Pledgee shall not incur liability to any Person by reason of so refraining. Without limiting the foregoing, no Secured Creditor shall have any right of action whatsoever against the Pledgee as a result of the Pledgee acting or refraining from acting hereunder in accordance with the instructions of the Required Secured Creditors. As used herein, the term "Required Secured Creditors" shall mean (i) at all times prior to the occurrence of the Credit Document Obligations Termination Date (as defined in the Pledge and Security Agreement), the holders of at least a majority of the then outstanding Credit Document Obligations and HMH Note Obligations (acting together as one class) and (ii) at all times after the Credit Document Obligations Termination Date, the holders of at least a majority of the then outstanding Obligations entitled to be secured hereby. Notwithstanding anything to the contrary contained in clause (i) or (ii) of the immediately preceding sentence, if at any time the principal of any Obligations secured hereby has been accelerated, or the final maturity date with respect to any such principal Obligations has occurred, and as a result thereof one or more payment Events

of Default (where the aggregate principal amount of such Obligations accelerated or not paid at final maturity equals or exceeds \$50,000,000), which payment Events of Default shall have continued in existence for at least 60 consecutive days after the date of such acceleration or final maturity, and the Required Secured Creditors (or the Representative thereof) at such time (determined without regard to this sentence) have not directed the Pledgee to commence enforcement proceedings pursuant to the Pledge Agreement, then so long as such payment Event of Default is continuing the Secured Creditors (or the Representative thereof) holding at least a majority of the outstanding Obligations secured hereby subject to such payment Event of Default shall constitute the Required Secured Creditors for purposes of causing the Pledgee to commence enforcement proceedings pursuant to the Pledge Agreement, provided that

in such event the Secured Creditors who would constitute the Required Secured Creditors in the absence of this sentence shall have the right to direct the manner and method of enforcement so long as such directions do not materially delay or impair the taking of enforcement action.

(b) Notwithstanding anything to the contrary contained herein, the Pledgee is authorized, but not obligated, (i) to take any action reasonably required to perfect or continue the perfection of the liens on the Collateral for the benefit of the Secured Creditors and (ii) when instructions from the Required Secured Creditors have been requested by the Pledgee but have not yet been received, to take any action which the Pledgee, in good faith, believes to be reasonably required to promote and protect the interests of the Secured Creditors in the Collateral; provided that once instructions have been received,

the actions of the Pledgee shall be governed thereby and the Pledgee shall not take any further action which would be contrary thereto.

(c) Notwithstanding anything to the contrary contained herein or in the Pledge Agreement, the Pledgee shall not be required to take any action that exposes or, in the good faith judgment of the Pledgee may expose, the Pledgee or its officers, directors, agents or employees to personal liability, unless the Pledgee shall be adequately indemnified as provided herein, or that is, or in the good faith judgment of the Pledgee may be, contrary to the Pledge Agreement, any Secured Debt Agreement or applicable law.

5. Reliance. The Pledgee shall be entitled to rely, and shall be

fully protected in relying, upon, any note, writing, resolution, notice, statement, certificate, telex, teletype or telescopes message, cablegram, radiogram, order or other document or telephone message signed, sent or made by the proper Person or entity, and, with respect to all legal matters pertaining hereto or to the Pledge Agreement and its duties thereunder and hereunder, upon advice of counsel selected by it.

6. Indemnification. To the extent the Pledgee is not reimbursed and

indemnified by the Pledgors under the Pledge Agreement, the Secured Creditors (other than the HMM Noteholders, the Senior Noteholders and the Additional Debtholders to the extent that the Additional Debt held by such Additional Debtholders is in the form of notes or bonds registered under the Securities Act or issued pursuant to Rule 144A thereunder) will reimburse and indemnify the Pledgee, in proportion to their respective outstanding principal amounts (including, for this purpose, any unpaid Primary Obligations in respect of Interest Rate Protection Agreements or Other Hedging Agreements, as outstanding principal) of Obligations, for and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments,

suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against the Pledgee in performing its duties hereunder, or in any way relating to or arising out of its actions as Pledgee in respect of the Pledge Agreement except for those resulting solely from the Pledgee's own gross negligence or willful misconduct. The indemnities set forth in this Section 6 shall survive the repayment of all Obligations, with the respective indemnification at such time to be based upon the outstanding principal amounts (determined as described above) of Obligations at the time of the respective occurrence upon which the claim against the Pledgee is based or, if same is not reasonably determinable, based upon the outstanding principal amounts (determined as described above) of Obligations as in effect immediately prior to the termination of the Pledge Agreement. The indemnities set forth in this Section 6 are in addition to any indemnities provided by the Banks to the Pledgee pursuant to the Credit Agreement, with the effect being that the Banks shall be responsible for indemnifying the Pledgee to the extent the Pledgee does not receive payments pursuant to this Section 6 from the Secured Creditors (although in such event, and upon the payment in full of all such amounts owing to the Pledgee by the Banks, the Banks shall be subrogated to the rights of the Pledgee to receive payment from the Secured Creditors).

7. The Pledgee in its Individual Capacity. With respect to its

obligations as a lender under the Credit Agreement and any other Credit Documents to which the Pledgee is a party, and to act as agent under one or more of such Credit Documents, the Pledgee shall have the rights and powers specified therein and herein for a "Bank", or the "Administrative Agent", as the case may be, and may exercise the same rights and powers as though it were not performing the duties specified herein; and the terms "Banks," "Required Banks," "holders of Notes," or any similar terms shall, unless the context clearly otherwise indicates, include the Pledgee in its individual capacity. The Pledgee and its affiliates may accept deposits from, lend money to, and generally engage in any kind of banking, investment banking, trust or other business with any Pledgor or any Affiliate or Subsidiary of any Pledgor as if it were not performing the duties specified herein or in the other Credit Documents, and may accept fees and other consideration from the Pledgors for services in connection with the Credit Agreement, the other Credit Documents and otherwise without having to account for the same to the Secured Creditors.

8. Holders. The Pledgee may deem and treat the payee of any note as

the owner thereof for all purposes hereof unless and until written notice of the assignment, transfer or endorsement thereof, as the case may be, shall have been filed with the Pledgee. Any request, authority or consent of any person or entity who, at the time of making such request or giving such authority or consent, is the holder of any note, shall be final and conclusive and binding on any subsequent holder, transferee, assignee or endorsee, as the case may be, of such note or of any note or notes issued in exchange therefor.

9. Resignation by the Pledgee. (a) The Pledgee may resign from the

performance of all of its functions and duties hereunder and under the Pledge Agreement at any time by giving 15 Business Days' prior or written notice to the Borrower, the Banks and Representatives for the other Secured Creditors or, if there is no such Representative, directly to

such Secured Creditors. Such resignation shall take effect upon the appointment of a successor Pledgee pursuant to clause (b) or (c) below.

(b) If a successor Pledgee shall not have been appointed within said 15 Business Day period by the Required Secured Creditors, the Pledgee, with the consent of the Borrower, which consent shall not be unreasonably withheld or delayed, shall then appoint a successor Pledgee who shall serve as Pledgee hereunder or thereunder until such time, if any, as the Required Secured Creditors appoint a successor Pledgee as provided above.

(c) If no successor Pledgee has been appointed pursuant to clause (b) above by the 20th Business Day after the date of such notice of resignation was given by the Pledgee, as a result of a failure by the Borrower to consent to the appointment of such a successor Pledgee, the Required Secured Creditors shall then appoint a successor Pledgee who shall serve as Pledgee hereunder or thereunder until such time, if any, as the Required Secured Creditors appoint a successor Pledgee as provided above.

ANNEX H-1
to
PLEDGE AND SECURITY AGREEMENT

FORM OF
PLEDGE AND SECURITY AGREEMENT SUPPLEMENT

PLEDGE AND SECURITY SUPPLEMENT, dated as of _____ (this "Supplement"), made by _____, a _____ (the "Pledgor"), in favor of BANKERS TRUST COMPANY, as pledgee and as collateral agent (in such capacities, the "Pledgee") for the Secured Creditors (such term and each other capitalized term used but not defined having the meaning given in the Pledge and Security Agreement referred to below).

1. Reference is hereby made to that certain Amended and Restated Pledge and Security Agreement, dated as of August 5, 1998, and amended and restated as of May 31, 2000 (as amended, supplemented or otherwise modified as of the date hereof, the "Pledge Agreement"), made by the Pledgors party thereto in favor of the Pledgee for the benefit of the Secured Creditors described therein.

2. The Pledgor hereby confirms and reaffirms the security interest in the Collateral granted to the Pledgee for the benefit of the Secured Creditors under the Pledge Agreement, and, as additional collateral security for the prompt and complete payment when due (whether at stated maturity, by acceleration or otherwise) of the Obligations and in order to induce the Secured Creditors to make loans and other extensions of credit constituting Obligations, the Pledgor hereby delivers to the Pledgee, for the benefit of the Secured Creditors, [(i) all of the issued and outstanding shares of capital stock listed in Schedule I hereto, together with all stock certificates, options, or rights of any nature whatsoever which may be issued or granted in respect of such stock while the Pledge Agreement, as supplemented hereby, is in force (the "Additional Pledged Stock"; as used in the Pledge Agreement as supplemented by this Supplement, "Pledged Stock" shall be deemed to include the Additional Pledged Stock)], [(ii) all limited liability company interests listed on Schedule II hereto (the "Additional Pledged Limited Liability Company Interests" as used in the Pledge Agreement as supplemented by this Supplement, "Pledged Limited Liability Company Interests" shall be deemed to include the Additional Pledged Limited Liability Company Interests)], [(iii) all partnership interests listed on Schedule III hereto (the "Additional Pledged Partnership Interests"; as used in the Pledge Agreement as supplemented by this Supplement, "Pledged Partnership Interests" shall be deemed to include Additional Pledged Partnership Interests)], and hereby grants to the Pledgee, for the benefit of the Secured Creditors, a first priority security interest in the Additional Pledged Stock, Additional Pledged Partnership Interests and/or Additional Pledged Limited Liability Company Interests, as the case may be, and all proceeds thereof.

3. The Pledgor hereby represents and warrants that the representations and warranties contained in Section 15 of the Pledge Agreement are true and correct on the date of this Supplement [with references therein to the "Pledged Stock" to include the Additional Pledged Stock,] [with references therein to the "Pledged Partnership Interests" to include the Additional Pledged Partnership Interests,] [with references therein to the "Pledged Limited Liability Company Interests" to include the Additional Pledged Limited Liability Company Interests,] and with references therein to the "Pledge Agreement" to mean the Pledge Agreement as supplemented by this Supplement.

4. The Pledgor hereby represents and warrants that, as of the date hereof, the chief executive office of the Pledgor is located at the address indicated on Schedule IV hereto.

5. This Supplement is supplemental to the Pledge Agreement, forms a part thereof and is subject to the terms thereof and the Pledge Agreement is hereby supplemented as provided herein. Without limiting the foregoing, Annex A to the Pledge Agreement shall hereby be deemed to include each item listed on Schedule I to this Supplement, Annex B to the Pledge Agreement shall hereby be deemed to include each item listed on Schedule II to this Supplement, Annex C to the Pledge Agreement shall hereby be deemed to include each term listed on Schedule III to this Supplement and Annex F to the Pledge Agreement shall be deemed to include the location listed on Schedule IV to this Supplement.

* * *

IN WITNESS WHEREOF, the Pledgor and the Pledgee have caused this Supplement to be duly executed and delivered on the date first set forth above.

[PLEDGOR]

By: _____

Name:

Title:

BANKERS TRUST COMPANY, as Pledgee

By: _____

Name:

Title:

SCHEDULE I
to
PLEDGE AND SECURITY AGREEMENT SUPPLEMENT

PLEDGED STOCK

Pledgor	Issuer	Pledged Stock	Ownership
-----	-----	-----	-----
			Interest

SCHEDULE II
to
PLEDGE AND SECURITY AGREEMENT SUPPLEMENT

PLEDGED LIMITED LIABILITY COMPANY INTERESTS

Pledged Limited ----- Liability Company ----- Interests -----	Percentage Owned -----
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SCHEDULE III
to
PLEDGE AND SECURITY AGREEMENT SUPPLEMENT

PLEDGED PARTNERSHIP INTERESTS

Pledged Partnership -----	Percentage Owned -----	Type of Partnership -----
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SCHEDULE IV
to
PLEDGE AND SECURITY AGREEMENT SUPPLEMENT

CHIEF EXECUTIVE OFFICE

ANNEX H-2
to
PLEDGE AND SECURITY AGREEMENT

SUPPLEMENT NO. _____ dated as of _____, to the Amended and Restated Pledge and Security Agreement dated as of August 5, 1998, and as amended and restated as of May 31, 2000 (the "Pledge Agreement"), among the Pledgors party thereto (immediately before giving effect to this Supplement) and BANKERS TRUST COMPANY as collateral agent and as pledgee (in such capacities, the "Pledgee") for the Secured Creditors (such term and each other capitalized term used but not defined having the meaning given it in the Pledge Agreement referred to below).

A. The Pledgors have entered into the Pledge Agreement in order to induce the Secured Creditors to make loans and other extensions of credit constituting Obligations as defined in the Pledge Agreement. Pursuant to Section 7.16 of the Credit Agreement, certain Subsidiaries of Holdings or the Borrower are, after the date of the Pledge Agreement, required to enter into the Pledge Agreement as a Pledgor. Section 22 of the Pledge Agreement provides that additional Subsidiaries may become Pledgors under the Pledge Agreement by execution and delivery of an instrument in the form of this Supplement. The undersigned (the "New Pledgor") is a Subsidiary of Holdings and is executing this Supplement in accordance with the requirements of the Credit Agreement and/or the Pledge Agreement to become a Pledgor under the Pledge Agreement in order to induce the Secured Creditors to extend, or maintain, Obligations.

Accordingly, the Pledgee and the New Pledgor agree as follows:

SECTION 1. The New Pledgor by its signature below becomes a Pledgor under the Pledge Agreement with the same force and effect as if originally named therein as a Pledgor and the New Pledgor hereby agrees to all the terms and provisions of the Pledge Agreement applicable to it as a Pledgor thereunder. Each reference to a "Pledgor" in the Pledge Agreement shall be deemed to include the New Pledgor. The Pledge Agreement is hereby incorporated herein by reference.

SECTION 2. The New Pledgor represents and warrants to the Secured Creditors that this Supplement has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, subject to the effects of applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally and equitable principles of general applicability.

SECTION 3. This Supplement may be executed in two or more counterparts, each of which shall constitute an original, but all of which, when taken together, shall constitute but one instrument. This Supplement shall become effective when the Pledgee shall have received counterparts of this Supplement that, when taken together, bear the signatures of the New Pledgor and the Pledgee.

SECTION 4. Except as expressly supplemented hereby, the Pledge Agreement shall remain in full force and effect.

SECTION 5. THIS SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 6. In case any one or more of the provisions contained in this Supplement should be held invalid, illegal or unenforceable in any respect, neither party hereto shall be required to comply with such provision for so long as such provision is held to be invalid, illegal or unenforceable, but the validity, legality and enforceability of the remaining provisions contained herein and in the Pledge Agreement shall not in any way be affected or impaired. The parties hereto shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 7. All communications and notices hereunder shall be in writing and given as provided in the Pledge Agreement. All communications and notices hereunder to the New Pledgor shall be given to it at the address set forth under its signature, with a copy to the Borrower.

* * *

IN WITNESS WHEREOF, the New Pledgor and the Pledgee have duly executed this Supplement to the Pledge Agreement as of the day and year first above written.

[NAME OF NEW PLEDGOR]

By:_____

Name:

Title:

Address:

BANKERS TRUST COMPANY,

as Pledgee

By:_____

Name:

Title: