SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

OR

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

For the Quarter Ended March 22, 2002 — Commission File No. 1-13881

MARRIOTT INTERNATIONAL, INC.

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

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

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

Yes |X| No |_|

Class	Shares outstanding at April 12, 2002
Class A Common Stock, $0.01 par value	242,851,180

MARRIOTT INTERNATIONAL, INC.

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Forward-Looking Statements

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

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

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

- competition for each of our business segments;
- business strategies and their intended results;
- the balance between supply of and demand for hotel rooms, timeshare units, senior living accommodations and corporate apartments;
- our continued ability to obtain new operating contracts and franchise agreements;
- our ability to develop and maintain positive relations with current and potential hotel and senior living community owners;
- our ability to obtain adequate property and liability insurance to protect against losses or to obtain such insurance at reasonable rates;
- the effect of international, national and regional economic conditions including the duration and severity of the current economic downturn in the United States and the pace of the lodging industry's recovery in the aftermath of the terrorist attacks on New York and Washington;
- our ability to recover our loan and guaranty fundings from hotel operations or from owners through the proceeds of hotel sales, refinancing of debt or otherwise;
- the availability of capital to allow us and potential hotel owners to fund investments;
- the effect that internet reservation channels may have on the rates that we are able to charge for hotel rooms and timeshare intervals; and
- other risks described from time to time in our filings with the Securities and Exchange Commission (the SEC).

PART I -- FINANCIAL INFORMATION

Item 1. Financial Statements

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

	Twelve weeks ended	
	March 22, 2002	March 23, 2001
SALES		
Management and franchise fees	$ 176	$ 204
Distribution services	376	361
Other	460	481
	1,012	1,046
Other revenues from managed and franchised properties	1,352	1,415
	2,364	2,461
OPERATING COSTS AND EXPENSES		
Distribution services	382	359
Other	483	461
	865	820
Other costs from managed and franchised properties	1,352	1,415
	2,217	2,235
OPERATING PROFIT BEFORE CORPORATE EXPENSES AND INTEREST	147	226
Corporate expenses	(29)	(30)
Interest expense	(19)	(22)
Interest income	19	16
INCOME BEFORE INCOME TAXES	118	190
Provision for income taxes	(36)	(69)
NET INCOME	$ 82	$ 121
DIVIDENDS DECLARED PER SHARE	$ .065	$ .060
EARNINGS PER SHARE		
Basic Earnings Per Share	$ .34	$ .50
Diluted Earnings Per Share	$ .32	$ .47

See notes to condensed consolidated financial statements.

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

	March 22, 2002	December 28, 2001
ASSETS		
Current assets		
Cash and equivalents	$ 190	$ 817
Accounts and notes receivable	645	611
Inventory	99	96
Other	576	606
	1,510	2,130
Property and equipment	2,962	2,930
Goodwill	1,092	1,092
Other intangibles	477	672
Investments in affiliates	1,062	823
Notes and other receivables	1,030	1,038
Other	420	422
	$ 8,553	$ 9,107
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 658	$ 697
Other	1,029	1,105
	1,687	1,802
Long-term debt	1,775	2,408
Other long-term liabilities	1,036	1,012
Convertible debt	407	407
Shareholders' equity		
ESOP preferred stock	-	-
Class A Common Stock, 255.6 million shares issued	3	3
Additional paid-in capital	3,213	3,378
Retained earnings	993	941
Unearned ESOP shares	(66)	(291)
Treasury stock, at cost	(443)	(503)
Accumulated other comprehensive income	(52)	(50)
	3,648	3,478
	$ 8,553	$ 9,107

See notes to condensed consolidated financial statements.

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

	Twelve weeks ended	
	March 22, 2002	March 23, 2001
OPERATING ACTIVITIES		
Net income	$ 82	$ 121
Adjustments to reconcile to cash provided by operations:		
Depreciation and amortization	39	46
Income taxes and other	50	60
Timeshare activity, net	(29)	(107)
Working capital changes	(87)	(94)
Cash provided by operations	55	26
INVESTING ACTIVITIES		
Dispositions	99	241
Capital expenditures	(87)	(125)
Note advances	(33)	(35)
Note collections and sales	7	7
Other	(36)	(52)
Cash (used in) provided by investing activities	(50)	36
FINANCING ACTIVITIES		
Commercial paper activity, net	277	(298)
Issuance of other long-term debt	8	299
Repayment of other long-term debt	(918)	(4)
Issuance of Class A common stock	17	31
Dividends paid	(16)	(15)
Purchase of treasury stock	-	(39)
Cash used in financing activities	(632)	(26)
(DECREASE) INCREASE IN CASH AND EQUIVALENTS	(627)	36
CASH AND EQUIVALENTS, beginning of period	817	334
CASH AND EQUIVALENTS, end of period	$ 190	$ 370

See notes to condensed consolidated financial statements.

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

1. Basis of Presentation

The accompanying condensed consolidated financial statements present the results of operations, financial position and cash flows of Marriott International, Inc. (together with its subsidiaries, we, us or the Company).

The accompanying condensed consolidated financial statements have not been audited. We have condensed or omitted certain information and footnote disclosures normally included in financial statements presented in accordance with accounting principles generally accepted in the United States. We believe the disclosures made are adequate to make the information presented not misleading. However, you should read the condensed consolidated financial statements in conjunction with the consolidated financial statements and notes to those financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 28, 2001. Capitalized terms not otherwise defined in this quarterly report have the meanings specified in our Annual Report.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements, the reported amounts of sales and expenses during the reporting period and the disclosures of contingent liabilities. Accordingly, ultimate results could differ from those estimates.

In our opinion, the accompanying condensed consolidated financial statements reflect all normal and recurring adjustments necessary to present fairly our financial position as of March 22, 2002 and December 28, 2001 and the results of operations and cash flows for the twelve weeks ended March 22, 2002 and March 23, 2001. Interim results may not be indicative of fiscal year performance because of seasonal and short-term variations. We have eliminated all material intercompany transactions and balances between entities included in these financial statements.

Revenue Recognition

Our sales include (1) management and franchise fees, (2) sales from our distribution services business, (3) sales from lodging properties and senior living communities owned or leased by us, and sales made by our other businesses; and (4) certain other revenues from properties franchised or managed by us. Management fees comprise a base fee, which is a percentage of the revenues of hotels or senior living communities, and an incentive fee, which is generally based on unit profitability. Franchise fees comprise initial application fees and continuing royalties generated from our franchise programs, which permit the hotel owners and operators to use certain of our brand names. Other revenues from managed and franchised properties include direct and indirect costs that are reimbursed to us by lodging and senior living community owners for properties that we manage or franchise. Other revenues include revenues from hotel properties and senior living communities that we own or lease, along with sales from our timeshare and ExecuStay businesses.

Management Fees: We recognize base fees as revenue when earned in accordance with the contract. In interim periods and at year end we recognize incentive fees that would be due as if the contract were to terminate at that date, exclusive of any termination fees payable or receivable by us. As of March 22, 2002 we have recognized $32 million of incentive management fees, retention of which is dependent on achievement of hotel profitability for the balance of the year at levels specified in a number of our management contracts.

Distribution Services: We recognize revenue from our distribution services business when goods have been shipped and title passes to the customer in accordance with the terms of the applicable distribution contract.

Timeshare: We recognize revenue from timeshare interest sales in accordance with Financial Accounting Standards (FAS) No. 66, "Accounting for Sales of Real Estate." We recognize sales when a minimum of 10 percent of the purchase price for the timeshare interval has been received, the period of cancellation with refund has expired, receivables are deemed collectible and certain minimum sales and construction levels have been attained. For sales that do not meet these criteria, we defer all revenue using the percentage of completion or the deposit method as applicable.

Owned and Leased Units: We recognize room sales and revenues from guest services for our owned and leased units, including ExecuStay, when rooms are occupied and services have been rendered.

Franchise Revenue: We recognize franchise fee revenues in accordance with FAS No. 45, "Accounting for Franchise Fee Revenue." Franchise fees are recognized as revenue in each accounting period as fees are earned and become receivable from the franchisee.

Other Revenues from Managed and Franchised Properties: We recognize other revenues from managed and franchised properties when we incur the related reimbursable costs.

Synthetic Fuel: We recognize revenue from the Synthetic Fuel business when the synthetic fuel is produced and sold.

We recognized sales and operating profit in the twelve weeks ended March 22, 2002 and March 23, 2001 as shown in the following table. Lodging includes our Full-Service, Select-Service, Extended-Stay and Timeshare business segments.

	Twelve weeks ended March 22, 2002				
	Lodging	Senior Living Services	Distribution Services	Synthetic Fuel	Total
Sales ($ in millions)					
Management and franchise fees	$ 168	$ 8	$ -	$ -	$ 176
Other	373	82	376	5	836
	541	90	376	5	1,012
Other revenues from managed and franchised properties	1,262	90	-	-	1,352
	1,803	180	376	5	2,364
Operating costs and expenses					
Operating costs	388	84	382	11	865
Other costs from managed and franchised properties	1,262	90	-	-	1,352
	1,650	174	382	11	2,217
Operating profit (loss) before corporate expenses and interest	$ 153	$ 6	$ (6)	$ (6)	$ 147

	Twelve weeks ended March 23, 2001				
	Lodging	Senior Living Services	Distribution Services	Synthetic Fuel	Total
Sales ($ in millions)					
Management and franchise fees	$ 196	$ 8	$ -	$ -	$ 204
Other	405	76	361	-	842
	601	84	361	-	1,046
Other revenues from managed and franchised properties	1,334	81	-	-	1,415
	1,935	165	361	-	2,461
Operating costs and expenses					
Operating costs	378	83	359	-	820
Other costs from managed and franchised properties	1,334	81	-	-	1,415
	1,712	164	359	-	2,235
Operating profit before corporate expenses and interest	$ 223	$ 1	$ 2	$ -	$ 226

2. Earnings Per Share

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

	Twelve weeks ended	
	March 22, 2002	March 23, 2001
Computation of Basic Earnings Per Share		
Net income	$ 82	$ 121
Weighted average shares outstanding	241.9	243.7
Basic Earnings Per Share	$ .34	$ .50
Computation of Diluted Earnings Per Share		
Net income	$ 82	$ 121
Weighted average shares outstanding	241.9	243.7
Effect of Dilutive Securities		
Employee stock option plan	7.5	8.7
Deferred stock incentive plan	4.9	5.2
Shares for diluted earnings per share	254.3	257.6
Diluted Earnings Per Share	$ .32	$ .47

We compute the effect of dilutive securities using the treasury stock method and average market prices during the period. The calculation of diluted earnings per share for 2002 excludes 5.9 million options, most of which were granted in 2001, $2 million of after-tax interest expense on convertible debt and 6.4 million shares issuable upon conversion of convertible debt, the inclusion of which would have an antidilutive impact for the period. The calculation of diluted earnings per share for 2001 excludes 5.7 million options granted in 2001, the inclusion of which would have had an antidilutive impact for the period. No convertible debt was outstanding in the twelve weeks ended March 23, 2001.

3. Marriott Rewards

We defer revenue received from managed, franchised, and Marriott-owned/ leased hotels and program partners equal to the fair value of our future redemption obligation. We recognize the component of revenue from program partners that corresponds to program maintenance services over the expected life of the points awarded. Upon the redemption of points, we recognize as revenue the amounts previously deferred, and recognize the corresponding expense relating to the cost of the awards redeemed. The liability for the Marriott Rewards program was $652 million at March 22, 2002 and $631 million at December 28, 2001, of which $399 million and $380 million, respectively, are included in other long-term liabilities in the accompanying condensed consolidated balance sheet.

4. Dispositions

In the first quarter of 2002, we closed on sales of four hotels for cash proceeds of $97 million, resulting in gains of $13 million. The gains have been deferred and will be recognized as certain contingencies in the sales contract expire. We will continue to operate the hotels under long-term management agreements.

5. Comprehensive Income

Total comprehensive income was $80 million and $115 million, for the twelve weeks ended March 22, 2002 and March 23, 2001, respectively. In 2002 and 2001 the difference between net income and total comprehensive income includes changes in the market value of investments available for sale. The difference in 2002 also includes foreign currency translation adjustments.

6. New Accounting Standards

In the first quarter of 2002, we adopted Financial Accounting Standard (FAS) No. 144, "Financial Statement Treatment Issues Relating to Assets Held for Sale." The adoption of FAS No. 144 did not have a financial statement impact. The assets held for sale as of December 28, 2001 continue to be accounted for in accordance with FAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of."

We adopted FAS No. 142, "Goodwill and other Intangible Assets," in the first quarter of 2002. The new rules require that goodwill is not amortized, but is reviewed annually for impairment. The adoption of FAS No. 142 resulted in an increase in net income of approximately $7 million in the first quarter of 2002. We are in the process of testing goodwill for impairment in connection with the adoption of FAS No. 142.

The impact of the adoption of FAS No. 142 on our net income, basic earnings per share, and diluted earnings per share for the twelve weeks ended March 22, 2002 and March 23, 2001, as if the adoption took place in the first quarter of 2001, is presented in the following tables (in millions except per share amounts):

	Twelve weeks ended	
	March 22, 2002	March 23, 2001
Reported net income	$ 82	$ 121
Add back: Goodwill amortization	-	7
Adjusted net income	82	128
Reported basic earnings per share	$ .34	$ .50
Goodwill amortization	-	.03
Adjusted basic earnings per share	.34	.53
Reported diluted earnings per share	$ .32	$ .47
Goodwill amortization	-	.03
Adjusted diluted earnings per share	$ .32	$ .50

7. Business Segments

We are a diversified hospitality company with operations in seven business segments:

- Full-Service Lodging, which includes Marriott Hotels, Resorts and Suites; The Ritz-Carlton Hotels; Renaissance Hotels, Resorts and Suites; and Ramada International;
- Select-Service Lodging, which includes Courtyard, Fairfield Inn and SpringHill Suites;
- Extended-Stay Lodging, which includes Residence Inn, TownePlace Suites, Marriott ExecuStay and Marriott Executive Apartments;
- Timeshare, which includes the operation, ownership, development and marketing of Marriott's timeshare properties under the Marriott Vacation Club International, The Ritz-Carlton Club, Horizons and Marriott Grand Residence Club brands;
- Senior Living Services, which includes our operation, ownership and development of senior living communities;
- Distribution Services, which includes our wholesale food distribution business; and
- Synthetic Fuel, which includes the operation of our new coal-based synthetic fuel production facilities.

We evaluate the performance of our segments based primarily on operating profit before corporate expenses and interest. We do not allocate income taxes at the segment level.

We have aggregated the brands and businesses presented within each of our segments considering their similar economic characteristics, types of customers, distribution channels, and the regulatory business environment of the brands and operations within each segment.

($ in millions)	Twelve weeks ended March 22, 2002	Twelve weeks ended March 23, 2001
Sales		
Full-Service	$ 1,221	$ 1,349
Select-Service	207	213
Extended-Stay	121	139
Timeshare	254	234
Total Lodging	1,803	1,935
Senior Living Services	180	165
Distribution Services	376	361
Synthetic Fuel	5	-
	$ 2,364	$ 2,461
Operating profit (loss) before corporate expenses and interest		
Full-Service	$ 86	$ 117
Select-Service	28	44
Extended-Stay	8	19
Timeshare	31	43
Total Lodging	153	223
Senior Living Services	6	1
Distribution Services	(6)	2
Synthetic Fuel	(6)	-
	$ 147	$ 226

Sales from Distribution Services exclude sales (made at market terms and conditions) to our other business segments of $26 million and $39 million for the twelve weeks ended March 22, 2002 and March 23, 2001, respectively.

8. Contingencies

We issue guarantees to lenders and other third parties in connection with financing transactions and other obligations. These guarantees were limited, in the aggregate, to $571 million at March 22, 2002, including guarantees involving major customers. In addition, we have made a physical completion guarantee relating to one hotel property with minimal expected funding. As of March 22, 2002, we had extended

approximately $619 million of loan commitments to owners of lodging properties and senior living communities under which we expect to fund approximately $171 million by January 3, 2003, and $318 million in total. Letters of credit outstanding on our behalf at March 22, 2002, totaled $97 million, the majority of which related to our self-insurance programs. At March 22, 2002, we had repurchase obligations of $55 million related to notes receivable from timeshare interval purchasers, which have been sold with limited recourse.

Third-parties have severally indemnified us for guarantees by us of leases with minimum annual payments of approximately $57 million.

On March 30, 2001, Green Isle Partners, Ltd., S.E. (Green Isle) filed a 63-page complaint in Federal district court in Delaware against The Ritz-Carlton Hotel Company, L.L.C., The Ritz-Carlton Hotel Company of Puerto Rico, Inc. (Ritz-Carlton Puerto Rico), Marriott International, Inc., Marriott Distribution Services, Inc., Marriott International Capital Corp. and Avendra L.L.C. (Green Isle Partners, Ltd. S.E., v. The Ritz-Carlton Hotel Company, L.L.C., et al, civil action no. 01-202). Ritz-Carlton Puerto Rico manages The Ritz-Carlton San Juan Hotel, Spa and Casino located in San Juan, Puerto Rico under an operating agreement with Green Isle dated December 15, 1995 (the Operating Agreement).

The claim asserts 11 causes of action: three Racketeer Influenced and Corrupt Organizations Act (RICO) claims, together with claims based on the Robinson-Patman Act, breach of contract, breach of fiduciary duty, aiding and abetting a breach of fiduciary duty, breach of implied duties of good faith and fair dealing, common law fraud and intentional misrepresentation, negligent misrepresentation, and fiduciary accounting. The complaint does not request termination of the Operating Agreement.

The claim includes allegations of: (i) national, non-competitive contracts and attendant kick-back schemes; (ii) concealing transactions with affiliates; (iii) false entries in the books and manipulation of accounts payable and receivable; (iv) excessive compensation schemes and fraudulent expense accounts; (v) charges of prohibited overhead costs to the project; (vi) charges of prohibited procurement costs; (vii) inflation of Group Service Expense; (viii) the use of prohibited or falsified revenues; (ix) attempts to oust Green Isle from ownership; (x) creating a financial crisis and then attempting to exploit it by seeking an economically oppressive contract in connection with a loan; and (xi) providing incorrect cash flow figures and failing appropriately to reveal and explain revised cash flow figures.

The complaint seeks as damages the $140 million, which Green Isle claims to have invested in the hotel (which includes $85 million in third party debt), which the plaintiffs seek to treble to $420 million under RICO and the Robinson-Patman Act.

On May 25, 2001, defendants moved to dismiss the complaint or, alternatively, to stay or transfer. Briefing of the motion is complete but oral argument has not yet been scheduled. On June 25, 2001, Green Isle filed its Chapter 11 Bankruptcy Petition in the Southern District of Florida. On November 11, 2001, the court granted defendants' motion to transfer and subsequently did transfer the matter to the United States District Court for the District of Puerto Rico. In that proceeding, Green Isle's motion to reject the Ritz-Carlton operating agreement was dismissed without prejudice.

On April 8, 2002, The Company and its subsidiary, Renaissance Hotel Operating Company (RHOC), initiated an arbitration proceeding against CTF Hotel Holdings, Inc. (CTF) and CTF's affiliate, Hotel Property Investments (B.V.I.) Ltd. (HPI), in connection with a dispute over procurement issues for certain Renaissance hotels and resorts that RHOC manages for CTF and HPI. On April 12, 2002, CTF filed a lawsuit under seal in U.S. District Court in Delaware against The Company, RHOC and Avendra LLC, alleging that, in connection with procurement at 20 of those hotels, The Company and RHOC engaged in improper acts of self-dealing, and claiming breach of fiduciary, contractual and other duties; fraud; misrepresentation; and violations of the RICO and Robinson-Patman acts. CTF seeks various remedies, including a stay of the arbitration proceedings against CTF and unspecified actual, treble and punitive damages.

We believe that the Green Isle and CTF lawsuits are without merit and we intend to vigorously defend against the claims being made against us. However, we cannot assure you as to the outcome of either lawsuit nor can we currently estimate the range of any potential loss to the Company.

In addition to the foregoing, we are from time to time involved in legal proceedings which could, if adversely decided, result in losses to the Company.

9. Convertible Debt

On May 8, 2001 we received cash proceeds of $405 million from the sale of zero-coupon convertible senior notes due 2021, known as LYONs.

The LYONs have a face value of $470 million, are convertible into approximately 6.4 million shares of our Class A Common Stock and carry a yield to maturity of 0.75 percent. We may not redeem the LYONs prior to May 8, 2004, but may at the option of the holders be required to purchase the LYONs at their accreted value on May 8 of each of 2002, 2004, 2011 and 2016. We may choose to pay the purchase price for redemptions or repurchases in cash and/or shares of our Class A Common Stock. If we are required to repurchase any of the LYONS in May 2002, we will pay the purchase price in cash. The accreted value of the LYONs and the redemption price on the May 8, 2002 redemption date will be approximately $408 million.

We are amortizing the issuance costs of the LYONs into interest expense over the one-year period ending May 8, 2002. The LYONs are classified as long-term based on our ability and intent to refinance the obligation with long-term debt if we are required to repurchase the LYONs.

10. Marriott and Cendant Corporation Joint Venture

In the first quarter of 2002, Marriott and Cendant Corporation (Cendant) completed the formation of a joint venture to further develop and expand the Ramada and Days Inn brands in the United States. We contributed the domestic Ramada license agreements and related intellectual property to the joint venture at their carrying value of approximately $200 million. We also contributed a $205 million note receivable from us and the joint venture assumed a $205 million note payable to us, which eliminate upon consolidation. Cendant

contributed the Days Inn license agreement and related intellectual property with a carrying value of approximately $205 million. We each own approximately 50 percent of the joint venture, with Cendant having the slightly larger interest. We will account for our interest in the joint venture using the equity method. The joint venture can be dissolved at any time with the consent of both members and is scheduled to terminate in March 2012. In the event of dissolution, the joint venture's assets will generally be distributed in accordance with each member's capital account. In addition, during certain periods of time commencing in March 2004, first the joint venture and later Marriott will have a brief opportunity to cause a mandatory redemption of Marriott's joint venture equity.

11. Restructuring Costs and Other Charges

In 2001 the Company experienced a significant decline in demand for hotel rooms in the aftermath of the September 11, 2001 attacks on New York and Washington and the subsequent dramatic downturn in the economy. This decline resulted in reduced management and franchise fees, cancellation of development projects, and anticipated losses under guarantees and loans. The Company responded by implementing certain companywide cost-saving measures. As a result of our restructuring plan, in the fourth quarter of 2001 we recorded pretax restructuring costs of $124 million, including (1) $16 million in severance costs; (2) $20 million, primarily associated with a loss on a sublease of excess space arising from the reduction in personnel; (3) $28 million related to the write-off of capitalized costs relating to development projects no longer deemed viable; and (4) $60 million related to the write-down of the Village Oaks brand of companion-style senior living communities, which are now classified as held for sale, to their estimated fair value. We also incurred $147 million of other charges including (1) $85 million related to reserves for guarantees and loan losses; (2) $17 million related to accounts receivable reserves; (3) $13 million related to the write-down of properties held for sale; and (4) $32 million related to the impairment of technology related investments and other write-offs.

A summary of the remaining restructuring liability is as follows:

	Restructuring costs and other charges liability at March 22, 2002	Restructuring costs and other charges liability at December 28, 2001
Severance	$ 6	$ 8
Facilities exit costs	16	18
Total restructuring costs	22	26
Reserves for guarantees	32	33
Other	1	1
Total	$ 55	$ 60

12. Assets Held for Sale

Included in other current assets at March 22, 2002 and December 28, 2001, are $290 million and $324 million, respectively, of assets held for sale. At March 22, 2002, assets held for sale consisted of $285 million of property, plant and equipment and $5 million of other related assets. Included in other liabilities at March 22, 2002, are $9 million related to the assets held for sale.

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

RESULTS OF OPERATIONS

The following discussion presents an analysis of results of our operations for the twelve weeks ended March 22, 2002 and March 23, 2001. Revenue per available room (REVPAR) is calculated by dividing room sales for comparable properties by room nights available to guests for the period. We consider REVPAR to be a meaningful indicator of our performance because it measures the period over period change in room revenues for comparable properties. REVPAR may not be comparable to similarly titled measures such as revenues. Comparable REVPAR, room rate and occupancy statistics used throughout this report are based upon U.S. properties operated by us, except that data for Fairfield Inn, TownePlace Suites and SpringHill Suites also include comparable franchised units.

Twelve Weeks Ended March 22, 2002 Compared to Twelve Weeks Ended March 23, 2001

We reported net income of $82 million for the 2002 first quarter on sales of $2,364 million. This represents a 32 percent decrease in net income and a 4 percent decrease in sales compared to the first quarter of 2001. Diluted earnings per share of $.32 for the quarter decreased 32 percent compared to the 2001 amount. The overall earnings decline in 2002 is primarily due to weaker hotel results and losses in our distribution services business, partially offset by the lower tax rate associated with our Synthetic Fuel business.

Marriott Lodging, which includes our Full-Service, Select-Service, Extended-Stay, and Timeshare segments, reported a 31 percent decrease in operating profit on 7 percent lower sales. Systemwide lodging sales decreased to $4.6 billion.

We added a total of 34 lodging properties (7,000 units) during the first quarter of 2002, and deflagged 4 properties (216 rooms), increasing our total properties to 2,428 (442,767 rooms). Properties by brand as of March 22, 2002 (excluding 5,363 rental units relating to Marriott ExecuStay) are as indicated in the following table.

Brand	Company-operated Properties	Company-operated Rooms	Franchised Properties	Franchised Rooms
Full-Service Lodging				
Marriott Hotels, Resorts and Suites	247	108,783	181	50,537
The Ritz-Carlton Hotels	46	15,365	-	-
Renaissance Hotels, Resorts and Suites	86	33,081	38	12,049
Ramada International	5	1,068	132	18,822
Select-Service Lodging				
Courtyard	287	45,432	275	35,105
Fairfield Inn	2	890	485	45,858
SpringHill Suites	19	3,023	68	6,952
Extended-Stay Lodging				
Residence Inn	133	17,874	262	28,824
TownePlace Suites	34	3,667	65	6,593
Marriott Executive Apartments	11	1,969	1	99
Timeshare				
Marriott Vacation Club International	44	6,287	-	-
Horizons	2	146	-	-
The Ritz-Carlton Club	4	144	-	-
Marriott Grand Residence Club	1	199	-	-
Total	921	237,928	1,507	204,839

Across our Lodging brands, REVPAR for comparable U.S. properties declined by an average of 12.7 percent in the first quarter of 2002. Average room rates for these hotels declined 7.7 percent and occupancy declined 3.8 percentage points. Management and franchise fees decreased 14 percent compared to the first quarter 2001. The operating results reflect the impact of a weaker economy, offset by the $6 million reduction in amortization expense resulting from the adoption of Financial Accounting Standard (FAS) No. 142, "Goodwill and Other Intangible Assets," in the first quarter of 2002. Occupancy, average daily rate and REVPAR for each of our principal established brands are shown in the following table.

	Twelve weeks ended March 22, 2002	Change vs. 2001
Marriott Hotels, Resorts and Suites		
Occupancy	69.4%	-3.5% pts.
Average daily rate	$ 142.25	-8.2%
REVPAR	$ 98.70	-12.7%
The Ritz-Carlton Hotels		
Occupancy	67.1%	-1.9% pts.
Average daily rate	$ 248.86	-11.6%
REVPAR	$ 166.91	-14.0%
Renaissance Hotels, Resorts and Suites		
Occupancy	64.5%	-5.7% pts.
Average daily rate	$ 134.70	-7.8%
REVPAR	$ 86.83	-15.3%
Courtyard		
Occupancy	65.8%	-7.2% pts.
Average daily rate	$ 97.01	-5.8%
REVPAR	$ 63.85	-15.1%
Fairfield Inn		
Occupancy	60.9%	-2.4% pts.
Average daily rate	$ 63.76	-1.4%
REVPAR	$ 38.82	-5.2%
SpringHill Suites		
Occupancy	67.7%	+1.6% pts.
Average daily rate	$ 79.92	-5.7%
REVPAR	$ 54.10	-3.4%
Residence Inn		
Occupancy	74.2%	-5.0% pts.
Average daily rate	$ 99.38	-10.0%
REVPAR	$ 73.76	-15.6%
TownePlace Suites		
Occupancy	69.9%	+3.3% pts.
Average daily rate	$ 62.67	-10.2%
REVPAR	$ 43.78	-5.8%

Across Marriott's domestic full-service lodging brands (Marriott Hotels, Resorts and Suites; Renaissance Hotels, Resorts and Suites; and The Ritz-Carlton Hotels), REVPAR for comparable company-operated U.S. properties declined 13.2 percent. Average room rates for these hotels declined 8.4 percent and occupancy decreased 3.8 percentage points to 68.5 percent.

Our domestic select-service and extended-stay brands (Fairfield Inn, Courtyard, Residence Inn, SpringHill Suites and TownePlace Suites) had average REVPAR declines of 12 percent, occupancy declines of 3.9 percentage points and average room rate declines of 6.7 percent.

Results for international lodging operations declined, reflecting the impact of the decrease in international travel, the unfavorable impact of foreign currency rates principally in Egypt and Australia, partially offset by higher margins.

Our Timeshare business achieved an 11 percent increase in contract sales in the quarter. Sales growth was strong at timeshare resorts in Colorado, Hawaii, and California, but remained soft in Orlando. Profits for the quarter in the timeshare business declined 28 percent largely as a result of higher sales and marketing expenses. Note sale gains of approximately $13.5 million were flat compared to 2001. At March 22, 2002, 28 resorts were in active sales, 21 resorts were sold out and an additional two resorts were under development.

Senior Living Services posted a 9 percent increase in sales and a $5 million increase in operating profit in the first quarter of 2002. Operating profit was impacted by the recognition of a $2 million one-time payment associated with the sale of the Crestline Senior Living Communities to an unaffiliated third-party, the result of the implementation of cost containment initiatives, $1 million of lower depreciation expense due to the classification of the Village Oaks Communities as assets held for sale and $1 million of lower amortization expense associated with the adoption of FAS No. 142, slightly offset by higher casualty insurance cost. Occupancy for comparable communities was 83 percent in the quarter, stable with a year ago. As of March 22, 2002, we operated 156 facilities (26,218 units).

Distribution Services (MDS) posted a 4 percent increase in sales in the first quarter of 2002, reflecting the commencement of new contracts since the first quarter of 2001, which include the distribution of higher value, lower margin items. The $6 million operating loss resulted from an overall decline in the number of cases shipped and a $2 million write-off of an investment in a customer contract, due to a change in an agreement with one of our customers. We continue to strategically review the MDS business segment, and we expect to complete that review in 2002.

Corporate Expenses, Interest and Taxes. Interest expense decreased $3 million reflecting lower borrowings and lower interest rates. Interest income increased $3 million as a result of higher average loan balances compared to the first quarter 2001 and interest earned on excess cash reserves. Corporate expenses decreased 3 percent, reflecting the first quarter 2001 reversal of a $10 million insurance reserve related to a lawsuit at one of our hotels, the $5 million accrual in 2002 of a payment expected to be made in connection with the sale of a land parcel, offset by the $6 million 2001 write-off of an investment in a technology partner, $3 million recorded in 2001 associated with the start-up of Avendra LLC and the continued favorable impact of our cost containment initiatives. The effective income tax rate decreased from 36.5 percent to 30.5 percent primarily

due to the impact of the tax credits arising from our Synthetic Fuel business, the elimination of nondeductible goodwill amortization, partially offset by the 2001 sale of the affordable housing tax credits.

Synthetic Fuel. In October 2001, we acquired four coal-based synthetic fuel production facilities (the Facilities) for $46 million in cash. The synthetic fuel produced at the Facilities qualifies for tax credits based on Section 29 of the Internal Revenue Code. Under Section 29, tax credits are not available for synthetic fuel produced after 2007. We began operating these Facilities in the first quarter of 2002. We anticipate that the operation of the Facilities, together with the benefit arising from the tax credits, will be significantly accretive to our net income. Although we expect that the Facilities will produce significant operating losses, we anticipate that these will be offset by the tax credits generated under Section 29, which we expect to reduce our income tax expense. In the first quarter of 2002 our Synthetic Fuel business reflected sales of $5 million and an operating loss of $6 million, resulting in tax credits of nearly $6 million.

LIQUIDITY AND CAPITAL RESOURCES

We have credit facilities, which support our commercial paper program and letters of credit. At March 22, 2002, our cash balances combined with our available borrowing capacity under the credit facilities was over $2 billion. We consider these resources, together with cash expected to be generated by operations, adequate to meet our short-term and long-term liquidity requirements, to finance our long-term growth plans, and to meet debt service and other cash requirements. We monitor the status of the capital markets, and regularly evaluate the effect that changes in capital market conditions may have on our ability to execute our announced growth plans. We expect that part of our financing and liquidity needs will continue to be met through commercial paper borrowings and access to long-term committed credit facilities. If the lodging industry recovers more slowly than we anticipate, our ability to obtain commercial paper borrowings at competitive rates may be impaired.

Cash and equivalents totaled $190 million at March 22, 2002, a decrease of $627 million from year end 2001. Net income is stated after recording depreciation expense of $28 million and $29 million for the twelve weeks ended March 22, 2002 and March 23, 2001, respectively, and after amortization expense of $11 million and $17 million, respectively, for the same time periods. Earnings before interest expense, income taxes, depreciation and amortization (EBITDA) for the twelve weeks ended March 22, 2002 decreased by $82 million, or 32 percent, to $176 million. EBITDA is an indicator of operating performance, which can be used to measure our ability to service debt, fund capital expenditures and expand our business. However, EBITDA is not an alternative to net income, operating profit, cash from operations, or any other operating or liquidity measure prescribed by accounting principles generally accepted in the United States.

Net cash used in investing activities totaled $50 million for the twelve weeks ended March 22, 2002, and consisted primarily of capital expenditures, notes receivable advances and equity investments, partially offset by the disposition of four lodging properties.

In April 1999, January 2000, and January 2001, we filed "universal shelf" registration statements with the Securities and Exchange Commission in the amounts of $500 million, $300 million and $300 million, respectively. As of March 22, 2002, we had offered and sold to the public under these registration statements, $300 million of debt securities at 7 7/8%, due 2009 and $300 million at 8 1/8%, due 2005, leaving a balance of $500 million available for future offerings.

In January 2001, we issued, through a private placement, $300 million of 7 percent senior unsecured notes, due 2008, and received net proceeds of $297 million. We agreed to make and complete a registered exchange offer for these notes and completed that exchange offer on January 15, 2002.

On May 8, 2001, we issued zero-coupon convertible senior notes due 2021, known as LYONs, and received cash proceeds of $405 million. The LYONs have a face value of $470 million, are convertible into approximately 6.4 million shares of our Class A common stock and carry a yield to maturity of 0.75 percent. We may not redeem the LYONs prior to May 8, 2004, but may at the option of the holders be required to purchase the LYONs at their accreted value on May 8 of each of 2002, 2004, 2011 and 2016. We may choose to pay the purchase price for redemptions or

repurchases in cash and/or shares of our Class A Common Stock. If we are required to repurchase any of the LYONS in May 2002, we will pay the purchase price in cash. The accreted value of the LYONs and the redemption price on the May 8, 2002 redemption date will be approximately $408 million.

Our contractual obligations and commitments are as summarized in the following tables:

Contractual Obligations	Total	Before January 3, 2003	1 - 3 years	4 - 5 years	After 5 years
	Payments Due by Period				
($ in millions)					
Debt..............................	$ 1,819	$ 37	$ 260	$ 809	$ 713
Operating Leases					
Recourse.......................	1,433	133	262	198	840
Non-recourse...................	715	8	82	119	506
Total Contractual Cash Obligations....................	$ 3,967	$ 178	$ 604	$ 1,126	$ 2,059

The $1,819 million of debt is recorded in the condensed consolidated balance sheet as long-term debt of $1,775 million and current liabilities of $44 million, which reflects the portion of debt becoming due by March 28, 2003. The $1,819 million of debt excludes the $407 million obligation associated with the LYONs.

Other Commercial Commitments	Total Amounts Committed	Before January 3, 2003	1 - 3 years	4 - 5 years	After 5 years
		Amount of Commitment Expiration Per Period			
($ in millions)					
Guarantees........................	$ 571	$ 84	$ 129	$ 261	$ 97
Timeshare note repurchase obligations....................	55	-	1	-	54
Total.............................	$ 626	$ 84	$ 130	$ 261	$ 151

Total unfunded loan commitments amounted to $619 million at March 22, 2002. We expect to fund $171 million by January 3, 2003, $137 million in one to three years, and $10 million in four to five years. We do not expect to fund the remaining $301 million of commitments, which expire as follows: $31 million by January 3, 2003; $6 million in one to three years; $0 million in four to five years; and $264 million after five years.

Share Repurchases

We did not purchase any shares of our Class A Common Stock during the twelve weeks ended March 22, 2002. As of March 22, 2002, we were authorized by our Board of Directors to repurchase 13.5 million shares.

Relationship with Host Marriott

In recognition of the significant changes in the lodging industry over the last ten years and the age of our agreements with Host Marriott, many provisions of which predate our 1993 Spinoff, we and Host Marriott concluded that we could mutually enhance the long term strength and growth of both companies by updating our existing relationship. Accordingly, we are currently negotiating certain changes to our management agreements for Host Marriott-owned hotels. The modifications under discussion would, if made, be effective as of the beginning of our 2002 fiscal year and

would remain subject to the consent of various lenders to the properties and other third parties. If made, these changes would, among other things,

- Provide Host Marriott with additional approval rights over budgets and capital expenditures;
- Extend the effective management agreement termination dates for several hotels;
- Expand the pool of hotels that Host Marriott could sell with franchise agreements to one of our approved franchisees and revise the method of determining the number of hotels that may be sold without a management agreement or franchise agreement;
- Lower the incentive management fees payable to us by amounts dependent in part on underlying hotel profitability at eight hotels;
- Reduce certain expenses to the properties and lower Host Marriott's working capital requirements;
- Confirm that we and our affiliates may earn a profit (in addition to what we earn through management fees) on certain transactions relating to Host Marriott-owned properties, and establish the specific conditions under which we may profit on future transactions; and
- Terminate our existing right to purchase up to 20 percent of Host Marriott's outstanding common stock upon certain changes of control and clarify our rights in each of our management agreements to prevent either a sale of the hotel to our major competitors or specified changes in control of Host Marriott involving our major competitors.

We cannot assure you that these negotiations will be successful, that the changes will be substantially as we have described above, or that the consents necessary to implement these changes will be obtained. The monetary effect of the anticipated changes will depend on future events such as the operating results of the hotels. We do not expect these modifications to have a material financial impact on us.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes to our exposures to market risk since December 28, 2001.

PART II -- OTHER INFORMATION

Item 1. Legal Proceedings

Incorporated by reference to the description of legal proceedings in the "Contingencies" footnote in the financial statements set forth in Part I, "Financial Information."

Item 2. Changes in Securities

None.

Item 3. Defaults Upon Senior Securities

None.

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

None.

Item 5. Other Information

The following holders of our Liquid Yield Option Notes (Zero Coupon--Senior) due 2021 ("LYONs") bearing CUSIP No. 571903AA1, and the shares of our Class A common stock, par value $0.01 per share, issuable upon conversion or redemption of the LYONs have notified us that they beneficially own the principal amount at maturity of LYONs shown below, which they may from time to time offer and sell pursuant to our Registration Statement under the Securities Act of 1933, as amended, on Form S-3 (File No. 333-66406) relating to the LYONs and the Prospectus dated December 12, 2001, as supplemented from time to time, included therein (the "Prospectus"):

Name	Aggregate Principal Amount of LYONs at Maturity that May be Sold	Percentage of LYONs Outstanding	Number of Shares of Common Stock that May be Sold(1)	Percentage of Common Stock Outstanding(2)
Dodeca Fund, L.P.	$3,000,000	*	40,585	*
Quattro Fund Ltd.	1,250,000	*	16,211	*
S.A.C. Capital Associates, LLC	4,000,000	*	54,114	*
Zurich Institutional Benchmarks Management c/o Quattro Fund	1,000,000	*	13,529	*

* Less than 1%.

1. Assumes conversion of all of the holder's LYONs at a conversion rate of 13.5285 shares of common stock per $1,000 principal amount at maturity of the LYONs, rounded down to the nearest whole number of shares. However, this conversion rate will be subject to adjustment as described in the Prospectus under the caption "Description of LYONs--Conversion Rights." As a result, the amount of common stock issuable upon conversion of the LYONs may increase or decrease in the future.

2. Calculated based on Rule 13d-3(d)(i) of the Securities Exchange Act of 1934 using 242,851,180 shares of common stock outstanding as of April 12, 2002. In calculating this amount for each holder, we treated as outstanding the number of shares of common stock issuable upon conversion of all of that holder's LYONs but did not assume conversion of any other holder's LYONs.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit No.	Description
12	Statement of Computation of Ratio of Earnings to Fixed Charges.
99	Forward-Looking Statements.

(b) Reports on Form 8-K

On February 1, 2002, we filed a report on Form 8-K listing certain holders of our Liquid Yield Option Notes (LYONs) and indicating that we had been notified that the listed holders from time to time offer and sell the LYONs pursuant to Marriott's Registration Statement under the Securities Act of 1933, as amended, on Form S-3.

SIGNATURES

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

MARRIOTT INTERNATIONAL, INC.

24th day of April, 2002

/s/ Arne M. Sorenson

Arne M. Sorenson
Executive Vice President and
Chief Financial Officer

/s/ Linda A. Bartlett

Linda A. Bartlett
Vice President and Controller
(Principal Accounting Officer)

Exhibit 12

MARRIOTT INTERNATIONAL, INC.
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
($ in millions, except ratio)

	Twelve weeks ended March 22, 2002
Income/(loss) before income taxes	$ 118
Loss/(income) related to equity method investees	5
	123
Add/(deduct):	
Fixed charges	48
Interest capitalized	(13)
Distributed income of equity method investees	--
Earnings available for fixed charges	$ 158
Fixed charges:	
Interest expensed and capitalized(1)	$ 32
Estimate of the interest within rent expense	16
Total fixed charges	$ 48
Ratio of earnings to fixed charges	3.3

(1) "Interest expensed and capitalized" includes amortized premiums, discounts and capitalized expenses related to indebtedness.

EXHIBIT 99

Forward-Looking Statements

The following factors, among others, could cause actual results to differ materially from those contained in forward-looking statements made in this report or presented elsewhere by management.

Dependence on others: Our present growth strategy for development of additional facilities entails entering into and maintaining various arrangements with present and future property owners, including Host Marriott Corporation and New World Development Company Limited. There can be no assurance that any of our current strategic arrangements will continue, or that we will be able to enter into future collaborations.

Contract terms for new units: The terms of the operating contracts, distribution agreements, franchise agreements and leases for each of our lodging facilities and senior living communities are influenced by contract terms offered by our competitors at the time such agreements are entered into. Accordingly, we cannot assure you that contracts entered into or renewed in the future will be on terms that are as favorable to us as those under existing agreements.

Competition: The profitability of hotels, vacation timeshare resorts, senior living communities, corporate apartments, and distribution centers we operate is subject to general economic conditions, competition, the desirability of particular locations, the relationship between supply of and demand for hotel rooms, vacation timeshare resorts, senior living facilities, corporate apartments, distribution services, and other factors. We generally operate in markets that contain numerous competitors and our continued success will depend, in large part, upon our ability to compete in such areas as access, location, quality of accommodations, amenities, specialized services, cost containment and, to a lesser extent, the quality and scope of food and beverage services and facilities.

Supply and demand: The lodging industry may be adversely affected by (1) supply additions, (2) international, national and regional economic conditions, including the present economic downturn in the United States (3) changes in travel patterns, (4) taxes and government regulations which influence or determine wages, prices, interest rates, construction procedures and costs, and (5) the availability of capital to allow us and potential hotel owners to fund investments. Our timeshare and senior living service businesses are also subject to the same or similar uncertainties and, accordingly, we cannot assure you that the present downturn in demand for hotel rooms in the United States will not continue, become more severe, or spread to other regions; that the present level of demand for timeshare intervals and senior living communities will continue, or that there will not be an increase in the supply of competitive units, which could reduce the prices at which we are able to sell or rent units. Weaker hotel and senior living community performance could give rise to losses under loans, guarantees and minority equity investments that we have made in connection with hotels and senior living communities that we manage.

Internet reservation channels: Some of our hotel rooms are booked through internet travel intermediaries such as Travelocity, Expedia and Priceline. As this percentage increases, these intermediaries may be able to obtain higher commissions, reduced room rates or other significant

contract concessions from us. Moreover, some of these internet travel intermediaries are attempting to commoditize hotel rooms, by increasing the importance of price and general indicators of quality (such as "three-star downtown hotel") at the expense of brand identification. These agencies hope that consumers will eventually develop brand loyalties to their reservations system rather than to our lodging brands. Although most of our business is expected to be derived from traditional channels, if the amount of sales made through internet intermediaries increases significantly, our business and profitability may be significantly harmed.

The pace of the lodging industry's recovery from September 11, 2001 attacks will continue to impact our financial results and growth: Both the Company and the lodging industry have been adversely affected in the aftermath of the terrorist attacks on New York and Washington. Domestic and international business and leisure travel, which already had been adversely affected by the recent economic downturn in the United States and internationally, have decreased further and have remained depressed as some potential travelers reduced or avoided discretionary air and other travel in light of the increased safety concerns and travel delays. The attacks have also decreased consumer confidence, and a resulting further decline in the U.S. and global economies has reduced travel. Weaker hotel performance has reduced management and franchise fees and given rise to fundings or losses under loans, guarantees and minority investments that we have made in connection with hotels that we manage, which has, in turn, had a material adverse impact on our financial performance. Timeshare sales have also been impacted negatively. Adverse economic conditions have also resulted in decreased and delayed development of new hotel properties, which will lead to decreased growth in management and franchise fees. Although both the lodging and travel industries have begun to recover from the September 11 attacks, it remains unclear whether, at what pace, and to what extent, that recovery will continue, and adverse impacts on our business can be expected to continue for an unknown period of time.