Marriott International Reports Second Quarter EPS of $0.50, Up 19% from $0.42 a Year Ago

MARRIOTT INTERNATIONAL REPORTS SECOND QUARTER EPS OF $0.50, UP 19% FROM $0.42 A YEAR AGO

Domestic REVPAR Surges 7.6 Percent

WASHINGTON, D.C. – July 6, 2000 – Marriott International, Inc. (NYSE:MAR) today reported diluted earnings per share of $0.50 for the second quarter ended June 16, 2000, up 19 percent from $0.42 in the year earlier time period. Net income increased 11 percent over the prior year's second quarter to $126 million. Reported sales totaled $2.4 billion, an increase of 17 percent compared to the 1999 second quarter. Systemwide sales, which include sales of managed and franchised properties, grew 13 percent to $4.8 billion.

J.W. Marriott, Jr., chairman and chief executive officer of Marriott International, said the company's second quarter operating results exceeded expectations. "We saw substantial improvement in demand during the second quarter across all of our brands, resulting in outstanding growth in REVPAR (revenue per available room) over last year. We had particularly exciting results in several major markets, including New York, Boston, San Francisco and Hong Kong. In addition, summer travel trends continue to look quite favorable.

"Internet bookings year-to-date have already surpassed 1999 full year levels. In addition, we are on track to open over 38,000 hotel rooms and timesharing villas in our worldwide lodging portfolio in 2000," Mr. Marriott continued.

MARRIOTT LODGING reported a 16 percent increase in operating profit and 12 percent sales growth in the 2000 second quarter. Results reflect gains in both room rates and occupancy. Lodging profit also benefited from contributions from new properties worldwide and higher interval sales for vacation ownership resorts. International lodging profit reflected strong demand in the Middle East, Asia, and Europe.

Across all of Marriott's lodging brands, REVPAR for comparable company-operated U.S. properties increased 7.6 percent in the 2000 second quarter, reflecting strength in both transient and group demand. Among the company's full-service lodging brands (Marriott, Renaissance and Ritz-Carlton), REVPAR climbed 8.2 percent. Average room rates for these hotels rose by 5.6 percent, while occupancy increased almost two full percentage points to 81.6 percent. REVPAR for select service and extended stay properties increased 6.1 percent, driven by an increase in average room rates of 5.2 percent and nearly one percentage point higher occupancy.

Marriott Vacation Club International's contract sales increased 26 percent in the second quarter relative to a year ago, reflecting continued strong demand for timeshares, particularly at Marriott Vacation Club resorts in Hawaii, Aruba and California. Strong contract sales reflect growing interest in the division's newest timeshare brands, Horizons in Orlando and Ritz-Carlton Club resorts in St. Thomas and Aspen.

The Marketplace by Marriott, the company's hospitality procurement business, reported a 45 percent increase in revenues in the second quarter. Late this year, Marketplace will be combined with Rosemont Purchasing, Hyatt's affiliated procurement business, to form the largest, most comprehensive electronic procurement network in the hospitality industry.

The company added 227 hotels and timeshare resorts (34,500 rooms) to its worldwide lodging portfolio over the past 12 months, while 29 properties (6,500 rooms) exited the system. A net total of 42 hotels and resorts (5,500 rooms) were added in the 2000 second quarter.

During the quarter, Marriott announced an agreement to sell 10 extended stay and select service hotels for $145 million while retaining long-term management agreements. Eight of the hotels were sold during the quarter for approximately $90 million. The remaining two hotels are expected to be sold by the end of the year.

Marriott plans to open 175,000 rooms across its lodging brands over a five-year period (1999-2003). At quarter-end, 70% of the planned rooms had opened or were under development.

MARRIOTT DISTRIBUTION SERVICES reported a 47 percent increase in sales in the 2000 second quarter, benefiting from the addition of three large restaurant chains to its customer base since the beginning of the year. Profits increased 20 percent to $6 million compared to a year ago, reflecting the contribution of this new business.

MARRIOTT SENIOR LIVING SERVICES posted 21 percent sales growth in the 2000 second quarter, reflecting the opening of 25 communities in the last 12 months. The division posted an operating loss of $3 million resulting from start-up inefficiencies for new properties, preopening expenses ($2 million) and write-offs relating to cancellations of development at eight development sites ($2 million). Occupancy for comparable communities was 87 percent in the quarter.

The company opened four assisted living communities during the 2000 second quarter, and now operates 149 facilities totaling 25,300 residential units. Four additional communities are expected to open by the end of this year.

During the second quarter, 15 Brighton Gardens assisted living communities were sold for $204 million while the company retained long-term management agreements on those properties.

CORPORATE EXPENSES decreased 11 percent in the 2000 second quarter, primarily due to a non-cash foreign exchange gain. Interest expense was up $16 million to $27 million as a result of borrowings to finance growth and share repurchases, as well as higher interest rates. Marriott International acquired 1.5 million shares of its common stock during the 2000 second quarter and is authorized to repurchase an additional 20.8 million shares.

The company's effective income tax rate decreased to approximately 37.0 percent in the second quarter of 2000, compared to 37.5 percent in the 1999 second quarter.

Note: This press release contains "forward-looking statements" within the meaning of federal securities law, including statements concerning the number of lodging properties expected to be added in future years, business strategies and their intended results, and similar statements concerning anticipated future events and expectations that are not historical facts. The forward-looking statements in this press release are subject to numerous risks and uncertainties, including the effects of economic conditions; supply and demand changes for hotel rooms, vacation ownership intervals, corporate housing and senior living accommodations; competitive conditions in the lodging, senior living and food service distribution industries; relationships with clients and property owners; the impact of government regulations, and the availability of capital to finance growth, which could cause actual results to differ materially from those expressed in or implied by the statements herein.

[To obtain the 2nd quarter financial tables, please contact Marriott Communications - (301) 380-7770]

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