SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

[X] ANNUAL 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 Fiscal Year Ended December 28, 2001 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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Class A Common Stock, $0.01 par value (241,570,904 shares outstanding as of January 31, 2002)	New York Stock Exchange Chicago Stock Exchange Pacific Stock Exchange Philadelphia Stock Exchange

The aggregate market value of shares of common stock held by non-affiliates at January 31, 2002, was $7,772,203,883.

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 [_]

Indicate by check mark if disclosure by delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [_]

Documents Incorporated by Reference

Portions of the Proxy Statement prepared for the 2002 Annual Meeting of Shareholders are incorporated by reference into Part III of this report.

Index to Exhibits is located on pages 68 through 70.

PART I

Throughout this report, we refer to Marriott International, Inc., together with its subsidiaries, as "we," "us," or "the Company."

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 annual 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, refinances 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).

ITEMS 1 and 2. BUSINESS AND PROPERTIES

We are a worldwide operator and franchisor of hotels and related lodging facilities, an operator of senior living communities, and a provider of distribution services. Our operations are grouped into six business segments, Full-Service Lodging, Select-Service Lodging, Extended-Stay Lodging, Timeshare, Senior Living Services and Distribution Services, which represented 52, 9, 6, 10, 7 and 16 percent, respectively, of total sales in the fiscal year ended December 28, 2001.

In our Lodging business, we operate, develop and franchise hotels under 14 separate brand names and we operate, develop and market Marriott timeshare properties under four separate brand names. Our lodging business includes the Full-Service, Select-Service, Extended-Stay and Timeshare segments.

In our Senior Living Services segment, we develop and operate 156 senior living communities offering independent living, assisted living and skilled nursing care for seniors in the United States.

Marriott Distribution Services (MDS) supplies food and related products to external customers and to internal lodging and senior living services operations throughout the United States.

Financial information by industry segment and geographic area as of December 28, 2001 and for the three fiscal years then ended, appears in the Business Segments note to our Consolidated Financial Statements included in this annual report.

Lodging

We operate or franchise 2,398 lodging properties worldwide, with 435,983 rooms as of December 28, 2001. In addition, we provide 6,121 furnished corporate housing units. We believe that our portfolio of lodging brands is the broadest of any company in the world, and that we are the leader in the quality tier of the vacation timesharing business. Consistent with our focus on management and franchising, we own very few of our lodging properties. Our lodging brands include:

Full-Service Lodging

- Marriott Hotels, Resorts and Suites
- Marriott Conference Centers
- JW Marriott Hotels
- Renaissance Hotels, Resorts and Suites
- Ramada International Hotels and Resorts (Europe, Middle East and Asia/Pacific)
- Bvlgari Hotels and Resorts /1/
- The Ritz-Carlton Hotel

Select-Service Lodging

- Courtyard
- Fairfield Inn
- SpringHill Suites

Extended-Stay Lodging

- Residence Inn
- TownePlace Suites
- Marriott Executive Apartments
- ExecuStay by Marriott

Timeshare

- Marriott Vacation Club International
- Horizons by Marriott Vacation Club
- The Ritz-Carlton Club
- Marriott Grand Residence Club

/1 As part of our ongoing strategy to expand our reach through partnerships with preeminent, world-class companies, in early 2001, we announced our plans to launch a joint venture with Bulgari SpA to introduce a distinctive new luxury hotel brand - Bvlgari Hotels and Resorts. The first property is expected to open in 2003.

Company-Operated Lodging Properties

At December 28, 2001, we operated a total of 916 properties (235,102 rooms) under long-term management or lease agreements with property owners (together, the Operating Agreements) or as owned.

Terms of our management agreements vary, but typically we earn a management fee which comprises a base fee, which is a percentage of the revenues of the hotel, and an incentive management fee, which is based on the profits of the hotel. Our management agreements also typically include reimbursement of costs (both direct and indirect) of operations. Such agreements are generally for initial periods of 20 to 30 years, with options to renew for up to 50 additional years. Our lease agreements also vary, but typically include fixed annual rentals plus additional rentals based on a percentage of annual revenues in excess of a fixed amount. Many of the Operating Agreements are subordinated to mortgages or other liens securing indebtedness of the owners. Additionally, a number of the Operating Agreements permit the owners to terminate the agreement if financial returns fail to meet defined levels and we have not cured such deficiencies.

For lodging facilities that we manage, we are responsible for hiring, training and supervising the managers and employees required to operate the facilities and for purchasing supplies, for which we generally are reimbursed by the owners. We provide centralized reservation services, and national advertising, marketing and promotional services, as well as various accounting and data processing services. For lodging facilities that we manage, we prepare and implement annual operating budgets that are subject to owner review and approval.

Franchised Lodging Properties

We have franchising programs that permit the use of certain of our brand names and our lodging systems by other hotel owners and operators. Under these programs, we generally receive an initial application fee and continuing royalty fees, which typically range from four percent to six percent of room revenues for all brands, plus two percent to three percent of food and beverage revenues for certain full-service hotels. In addition, franchisees contribute to our national marketing and advertising programs, and pay fees for use of our centralized reservation systems. At December 28, 2001, we had 1,482 franchised properties (200,881 rooms).

Summary of Properties by Brand

As of December 28, 2001 we operated or franchised the following properties by brand (excluding 6,121 corporate housing rental units):

	Company-operated		Franchised	
Brand	Properties	Rooms	Properties	Rooms
Full-Service Lodging				
Marriott Hotels, Resorts and Suites	245	108,139	179	49,973
Ritz-Carlton	45	14,826	--	--
Renaissance Hotels, Resorts and Suites	85	32,713	38	12,060
Ramada International	5	1,068	128	18,114
Select-Service Lodging				
Courtyard	286	45,046	267	33,739
Fairfield Inn	2	855	478	45,040
SpringHill Suites	18	2,868	66	6,724
Extended-Stay Lodging				
Residence Inn	132	17,524	260	28,539
TownePlace Suites	34	3,668	65	6,593
Marriott Executive Apartments and other	10	1,797	1	99
Timeshare				
Marriott Vacation Club International	48	6,147	--	--
Horizons	2	146	--	--
Ritz-Carlton Club	3	106	--	--
Marriott Grand Residence Club	1	199	--	--
Total	916	235,102	1,482	200,881

We plan to open over 150 hotels (25,000 - 30,000 rooms) during 2002. We believe that we have access to sufficient financial resources to finance our growth, as well as to support our ongoing operations and meet debt service and other cash requirements. Nonetheless, our ability to sell properties that we develop, and the ability of hotel developers to build or acquire new Marriott properties, which are important parts of our growth plans, is partially dependent on the availability and price of capital.

Full-Service Lodging

Marriott Hotels, Resorts and Suites (including JW Marriott Hotels & Resorts and Marriott Conference Centers) primarily serve business and leisure travelers and meeting groups at locations in downtown and suburban areas, near airports and at resort locations. Most Marriott full-service hotels contain from 300 to 500 rooms, and typically have swimming pools, gift shops, convention and banquet facilities, a variety of restaurants and lounges and parking facilities. Marriott resort hotels have additional recreational facilities, such as tennis courts and golf courses. The 13 Marriott Suites (approximately 3,400 rooms) are full-service suite hotels that typically contain approximately 260 suites, each consisting of a living room, bedroom and bathroom. Marriott Suites have limited meeting space. Unless otherwise indicated, references throughout this report to Marriott Hotels, Resorts and Suites include JW Marriott Hotels & Resorts and Marriott Conference Centers.

JW Marriott Hotels & Resorts is a world-class collection of distinctive hotels that cater to accomplished, discerning travelers seeking an elegant environment and personal service. These 20 hotels and resorts are located in gateway cities and upscale resort locations throughout the world. In addition to the features found in a typical Marriott full-service hotel, the facilities and amenities in the JW Marriott Hotels & Resorts include larger guestrooms, more luxurious decor and furnishings, upgraded in-room amenities, "on-call" housekeeping, upgraded executive business centers and fitness centers/spas, and 24-hour room service.

We operate 13 conference centers (3,259 rooms), throughout the United States. Some of the centers are used exclusively by employees of sponsoring organization, while others are marketed to outside meeting groups and individuals. The centers typically include meeting room space, dining facilities, guestrooms and recreational facilities.

Room operations contributed the majority of hotel sales for fiscal year 2001, with the remainder coming from food and beverage operations, recreational facilities and other services. Although business at many resort properties is seasonal depending on location, overall hotel profits are usually relatively stable and include only moderate seasonal fluctuations. In 2001, however, we experienced significant declines as a result of the downturn in the economy.

Marriott Hotels, Resorts and Suites Geographic Distribution at December 28, 2001	Hotels	
United States (41 states and the District of Columbia) ...	279	(115,366 rooms)
Non-U.S. (53 countries and territories)		
Americas (Non-U.S.)	31	
Continental Europe	27	
United Kingdom	47	
Asia	24	
Africa and the Middle East	12	
Australia	4	
Total Non-U.S.	145	(42,746 rooms)

Ritz-Carlton hotels and resorts are renowned for their distinctive architecture and for the quality of their facilities, dining and guest service. Most Ritz-Carlton hotels have 250 to 350 guest rooms and typically include meeting and banquet facilities, a variety of restaurants and lounges, gift shops, swimming pools and parking facilities. Guests at most of the Ritz-Carlton resorts have access to additional recreational amenities, such as tennis courts and golf courses.

Ritz-Carlton Hotels and Resorts Geographic Distribution at December 28, 2001	Hotels	
United States (12 states and the District of Columbia) ...	26	(8,796 rooms)
Non-U.S. (17 countries and territories)	19	(6,030 rooms)

Renaissance is a global quality-tier brand, which targets business travelers, group meetings and leisure travelers. Renaissance hotels are generally located in downtown locations of major cities, in suburban office parks, near major gateway airports and in destination resorts. Most hotels contain 300 to 500 rooms; however, a few of the convention hotels are larger, and some hotels in non-gateway markets, particularly in Europe, are smaller. Renaissance hotels typically include an all-day dining restaurant, a specialty restaurant, club floors and a lounge, boardrooms, and convention and banquet facilities. Renaissance resorts have additional recreational facilities including golf, tennis and water sports.

Renaissance Hotels, Resorts and Suites Geographic Distribution at December 28, 2001	Hotels	
United States (22 states and the District of Columbia) ...	58	(22,929 rooms)
Non-U.S. (28 countries and territories)		
Americas (Non-U.S.)	9	
Continental Europe	17	
United Kingdom	7	
Asia	22	
Africa and the Middle East	9	
Australia	1	
Total Non-U.S.	65	(21,844 rooms)

Ramada International is a moderately-priced brand targeted at business and leisure travelers. Each full-service Ramada International property includes a restaurant, a cocktail lounge and full-service meeting and banquet facilities. Ramada International hotels are located primarily in Europe in major and secondary cities, near major international airports and suburban office park locations. We also receive a royalty fee from Cendant Corporation and Ramada Franchise Canada Limited for the use of the Ramada name in the United States and Canada, respectively. In 2001, we converted 57 Jarvis hotels in Great Britain to the Ramada brand name.

Ramada International Hotels and Resorts Geographic Distribution at December 28, 2001	Hotels	
Americas (Non-U.S.)	3	
Continental Europe	55	
Asia	14	
Africa and the Middle East	4	
United Kingdom	57	
Total (16 countries and territories)	133	(19,182 rooms)

Select-Service Lodging

Courtyard is our moderate-price select-service hotel product. Aimed at individual business and leisure travelers as well as families, Courtyard hotels maintain a residential atmosphere and typically have 90 to 150 rooms. Well landscaped grounds include a courtyard with a pool and social areas. Most hotels feature meeting rooms, limited restaurant and lounge facilities, and an exercise room. The operating systems developed for these hotels allow Courtyard to be price-competitive while providing better value through superior facilities and guest service.

Courtyard Geographic Distribution at December 28, 2001	Hotels	
United States (44 states and the District of Columbia) ...	508	(71,035 rooms)
Non-U.S. (9 countries)	45	(7,750 rooms)

Fairfield Inn and Fairfield Inn & Suites is our hotel brand that competes in the lower moderate price-tier. Aimed at value-conscious individual business and leisure travelers, a typical Fairfield Inn or Fairfield Inn & Suites has 60 to 140 rooms and offers a swimming pool, complimentary continental breakfast and free local phone calls. At December 28, 2001, 480 Fairfield Inns (45,895 rooms) were located in 48 states.

SpringHill Suites is our all-suite brand in the moderate-price tier of lodging products. SpringHill Suites typically have 90 to 165 rooms. They feature suites that are 25 percent larger than a typical hotel guest room and offer a broad range of amenities, including complimentary continental breakfast and exercise facilities. At December 28, 2001, 84 properties (9,592 rooms) were located in 28 states and Canada.

Extended-Stay Lodging

Residence Inn is the U.S. market leader among extended-stay lodging products, which caters primarily to business, government and family travelers who stay more than five consecutive nights. Residence Inns generally have 80 to 150 rooms, with a mix of studio, one-bedroom and two-bedroom suites. Most inns feature a series of residential style buildings with landscaped walkways, courtyards and recreational areas. The inns do not have restaurants but offer a complimentary breakfast buffet. Each suite contains a fully equipped kitchen, and many suites have wood-burning fireplaces.

Residence Inn Geographic Distribution at December 28, 2001	Hotels	
United States (46 states and the District of Columbia) ...	382	(44,692 rooms)
Canada	9	(1,295 rooms)
Mexico	1	(76 rooms)

TownePlace Suites is a moderately priced, extended-stay hotel product that is designed to appeal to business and leisure travelers. The typical TownePlace Suites hotel contains 100 high quality studio and two-bedroom suites. Each suite has a fully equipped kitchen and separate living area. Each hotel provides housekeeping services and has on-site exercise facilities, an outdoor pool, 24-hour staffing and laundry facilities. At December 28, 2001, 99 TownePlace Suites (10,261 rooms) were located in 30 states.

We provide temporary housing (serviced apartments) for business executives and others who need quality accommodations outside their home country, usually for 30 or more days. Some serviced apartments operate under the Marriott Executive Apartments brand, which is designed specifically for the long-term international traveler. At December 28, 2001, ten serviced apartment properties (1,896 units), including six Marriott Executive Apartments, were located in six countries and territories. All Marriott Executive Apartments are located outside the United States.

ExecuStay provides furnished corporate apartments for stays of one month or longer nationwide. ExecuStay owns no residential real estate and provides units primarily through short-term lease agreements with apartment owners and managers.

Timeshare

Marriott Vacation Club International develops, sells and operates vacation timesharing resorts. Revenues are generated from three primary sources: (1) selling fee simple and other forms of timeshare intervals, (2) operating the resorts and (3) financing consumer purchases of timesharing intervals.

Many timesharing resorts are located adjacent to Marriott hotels, and timeshare owners have access to certain hotel facilities during their vacation. Owners can trade their annual interval for intervals at other Marriott timesharing resorts or for intervals at certain timesharing resorts not otherwise sponsored by Marriott through an affiliated exchange company. Owners also can trade their unused interval for points in the Marriott Rewards frequent stay program, enabling them to stay at over 2,000 Marriott hotels worldwide.

In 2001 we launched the Marriott Grand Residence Club, our "fractional share" business line, with sales initiated in Lake Tahoe, California. In this new business line, fractional share owners purchase the right to stay at their property up to thirteen weeks each year. In addition, we continued to grow The Ritz-Carlton Club timeshare business line (launched in 2000) by initiating sales in both Bachelor Gulch, Colorado, and Jupiter, Florida. Lastly, we initiated sales at three new Marriott Vacation Club International locations: Waiohai Beach Club, Hawaii, Ko Olina, Hawaii, and Phuket Beach Club, Asia. We continue to offer timeshare intervals through Horizons by Marriott Vacation Club (Horizons), our moderate tier vacation ownership business line.

Marriott Vacation Club International's owner base continues to expand, with 195,000 owners at year end 2001, compared to 182,000 in 2000.

Marriott Vacation Club International (all brands) Geographic Distribution at December 28, 2001	Resorts	Units
Continental United States	44	5,255
Hawaii	4	576
Caribbean	3	305
Europe	2	408
Asia	1	54
Total	54	6,598

Other Activities

Marriott Golf manages 26 golf course facilities for us and for other golf course owners.

We operate 18 systemwide hotel reservation centers, 11 of them in the U.S. and Canada and seven internationally, that handle reservation requests for Marriott lodging brands worldwide, including franchised properties. We own one of the U.S. facilities and lease the others.

Our Architecture and Construction Division assists in the design, development, construction and refurbishment of lodging properties and senior living communities and is paid a fee by the property owners.

Competition

We encounter strong competition both as a lodging operator and as a franchisor. There are over 650 lodging management companies in the United States, including several that operate more than 100 properties. These operators are primarily private management firms, but also include several large national chains that own and operate their own hotels and also franchise their brands. Management contracts are typically long-term in nature, but most allow the hotel owner to replace the management firm if certain financial or performance criteria are not met.

Affiliation with a national or regional brand is prevalent in the U.S. lodging industry. In 2001, over two-thirds of U.S. hotel rooms were brand-affiliated. Most of the branded properties are franchises, under which the operator pays the franchisor a fee for use of its hotel name and reservation system. The franchising business is fairly concentrated, with the three largest franchisors operating multiple brands accounting for a significant proportion of all U.S. rooms.

Outside the United States branding is much less prevalent, and most markets are served primarily by independent operators. We believe that chain affiliation will increase in overseas markets as local economies grow, trade barriers are reduced, international travel accelerates and hotel owners seek the economies of centralized reservation systems and marketing programs.

Based on lodging industry data, we have nearly an eight percent share of the U.S. hotel market (based on number of rooms), and less than a one percent share of the lodging market outside the United States. We believe that our hotel brands are attractive to hotel owners seeking a management company or franchise affiliation, because our hotels typically generate higher occupancies and Revenue per Available Room (REVPAR) than direct competitors in most market areas. We attribute this performance premium to our success in achieving and maintaining strong customer preference. Approximately 32 percent of our ownership resort sales come from additional purchases by or referrals from existing owners. We believe that the location and quality of our lodging facilities, our marketing programs, reservation systems and our emphasis on guest service and satisfaction are contributing factors across all of our brands.

Properties that we operate or franchise are regularly upgraded to maintain their competitiveness. Our management, lease, and franchise agreements provide for the allocation of funds, generally a fixed percentage of revenue, for periodic renovation of buildings and replacement of furnishings. We believe that the ongoing refurbishment program is adequate to preserve the competitive position and earning power of the hotels. We also strive to update and improve the products and services we offer. We believe that by operating a number of hotels in each of our brands, we stay in direct touch with customers and react to changes in the marketplace more quickly than chains which rely exclusively on franchising.

Marriott Rewards is a frequent guest program with a total of nearly 16 million members, and nine participating Marriott brands. The Marriott Rewards program yields repeat guest business due to rewarding frequent stays with points toward free hotel stays and other rewards, or airline miles with any of 20 participating airline programs. We believe that Marriott Rewards generates substantial repeat business that might otherwise go to competing hotels.

Marriott Senior Living Services

In our Senior Living Services business, we develop and operate both "independent full-service" and "assisted living" senior living communities and provide related senior care services. Most are rental communities with monthly rates that depend on the amenities and services provided. We are one of the largest U.S. operators of senior living communities in the quality tier.

At December 28, 2001 we operated 156 senior living communities in 31 states.

	Communities	Units (1)
Independent full-service		
- owned	3	1,193
- operated under long-term agreements	45	11,972
	48	13,165
Assisted living		
- owned	47	5,198
- operated under long-term agreements	61	7,924
	108	13,122
Total senior living communities	156	26,287

(1) Units represent independent living apartments plus beds in assisted living and nursing centers.

At December 28, 2001, we operated 48 independent full-service senior living communities, which offer both independent living apartments and personal assistance units for seniors. Most of these communities also offer licensed nursing care.

At December 28, 2001, we also operated 108 assisted living senior living communities principally under the names "Brighton Gardens by Marriott," "Marriott MapleRidge, " and "Village Oaks." Assisted living communities are for seniors who benefit from assistance with daily activities such as bathing, dressing or medication. Brighton Gardens is a quality-tier assisted living concept which generally has 90 assisted living suites and in certain locations, 30 to 45 nursing beds in a community. In some communities, separate on-site centers also provide specialized care for residents with Alzheimer's or other memory-related disorders. Marriott MapleRidge assisted living communities consist of a cluster of six or seven 14-room cottages which offer residents a smaller scale, more intimate setting and family-like living at a moderate price. Management has begun to actively engage in efforts to sell all of the Village Oaks senior living communities.

The assisted living concepts typically include three meals per day, linen and housekeeping services, security, transportation, and social and recreational activities. Additionally, skilled nursing and therapy services are generally available to Brighton Gardens residents.

Terms of the senior living services management agreements vary but typically include base management fees, ranging from four to six percent of revenues, central administrative services reimbursements and incentive management fees. Such agreements are generally for initial periods of five to 30 years, with options to renew for up to 25 additional years. Under the leases covering certain of the communities, we pay the owner fixed annual rent plus additional rent equal to a percentage of the amount by which annual revenues exceed a fixed amount.

Our Senior Living Services business competes mostly with local and regional providers of long-term health care and senior living services, although there are some national providers in the assisted living market. We compete by operating well-maintained facilities, and by providing quality health care, food service and other services at competitive prices. The reputation for service, quality care and know how associated with the Marriott name is also attractive to residents and their families. We have focused on developing relationships with professionals who often refer seniors to senior living communities, such as hospital discharge planners and physicians.

Marriott Distribution Services

MDS is a United States limited-line distributor of food and related supplies, carrying an average of 3,000 product items per distribution center. This segment originally focused on purchasing, warehousing and distributing food and supplies to other Marriott businesses. However, MDS has increased its third-party business to about 93 percent of total sales volume for the year ended December 28, 2001. Through MDS, we compete with numerous national, regional and local distribution companies in the $163 billion U.S. food distribution industry.

MDS operated a nationwide network of 13 distribution centers at December 28, 2001. Leased facilities are generally built to our specifications, and utilize a narrow aisle concept and technology to enhance productivity.

Employee Relations

At December 28, 2001, we had approximately 140,000 employees. Approximately 7,000 employees were represented by labor unions. We believe relations with our employees are positive.

Other Properties

In addition to the operating properties discussed above, we lease two office buildings with combined space of 1,025,000 square feet in Bethesda, Maryland, where we are headquartered.

We believe our properties are in generally good physical condition with the need for only routine repairs and maintenance.

ITEM 3. LEGAL PROCEEDINGS

Legal proceedings are incorporated by reference to the "Contingent Liabilities" footnote in the financial statements set forth in Part II, Item 8, "Financial Statements and Supplementary Data."

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

Part II

ITEM 5. MARKET FOR THE COMPANY'S COMMON STOCK AND RELATED SHAREHOLDER MATTERS

The range of prices of our common stock and dividends declared per share for each quarterly period within the last two years are as follows:

		Stock Price		Dividends Declared Per Share
		High	Low	
2000	First Quarter	$ 34 3/4	$ 26 1/8	$ 0.055
	Second Quarter	38	29 1/2	0.060
	Third Quarter	42 3/8	34 5/8	0.060
	Fourth Quarter	43 1/2	34 1/8	0.060

		Stock Price		Dividends Declared Per Share
		High	Low	
2001	First Quarter	$ 47.81	$ 37.25	$ 0.060
	Second Quarter	50.50	38.13	0.065
	Third Quarter	49.72	40.50	0.065
	Fourth Quarter	41.50	27.30	0.065

At January 31, 2002, there were 241,570,904 shares of Class A Common Stock outstanding held by 54,656 shareholders of record. Our Class A Common Stock is traded on the New York Stock Exchange, Chicago Stock Exchange, Pacific Stock Exchange and Philadelphia Stock Exchange.

ITEM 6. SELECTED HISTORICAL FINANCIAL DATA

The following table presents summary selected historical financial data for the Company derived from our financial statements as of and for the five fiscal years ended December 28, 2001.

Since the information in this table is only a summary and does not provide all of the information contained in our financial statements, including the related notes, you should read "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our Consolidated Financial Statements. Per share data and Shareholders' Equity have not been presented prior to 1998 because we were not a publicly held company during that time.

	Fiscal Year				
	2001	2000	1999	1998	1997
	($ in millions, except per share data)				
Income Statement Data:					
Sales	$10,152	$10,080	$ 8,739	$ 7,968	$ 7,236
Operating Profit Before Corporate Expenses and Interest	590	922	830	736	609
Net Income	236	479	400	390	324
Per Share Data:					
Diluted Earnings Per Share	.92	1.89	1.51	1.46	
Cash Dividends Declared	.255	.235	.215	.195	
Balance Sheet Data (at end of year):					
Total Assets	9,107	8,237	7,324	6,233	5,161
Long-Term and Convertible Debt	2,815	2,016	1,676	1,267	422
Shareholders' Equity	3,478	3,267	2,908	2,570	
Other Data:					
Systemwide Sales /1/	$20,000	$19,781	$17,684	$16,024	$13,196

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/1 Systemwide sales comprise revenues generated from guests at managed, franchised, owned, and leased hotels and senior living communities, together with sales generated by our other businesses. We consider systemwide sales to be a meaningful indicator of our performance because it measures the growth in revenues of all of the properties that carry one of the Marriott brand names. Our growth in profitability is in large part driven by such overall revenue growth. Nevertheless, systemwide sales should not be considered an alternative to revenues, operating profit, net income, cash flows from operations, or any other operating measure prescribed by accounting principles generally accepted in the United States. In addition, systemwide sales may not be comparable to similarly titled measures, such as sales and revenues, which do not include gross sales generated by managed and franchised properties.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General

The following discussion presents an analysis of results of our operations for fiscal years ended December 28, 2001, December 29, 2000, and December 31, 1999. 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 on U.S. properties operated by us except for Fairfield Inn, which data also include franchised units. Systemwide sales and statistics include data from our franchised properties, in addition to our owned, leased and managed properties. Systemwide statistics are based on comparable worldwide units and reflect the impact of foreign exchange rates.

Consolidated Results

Restructuring Costs and Other Charges

The Company has 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 has resulted in reduced management and franchise fees, cancellation of development projects, and anticipated losses under guarantees and loans. We have responded by implementing certain companywide cost-saving measures, although we do not expect significant changes to the scope of our operations. 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. Detailed information related to the restructuring costs and other charges, which were recorded in the fourth quarter of 2001 as a result of the economic downturn and the unfavorable lodging environment, is provided below.

Restructuring Costs

Severance

Our restructuring plan resulted in the reduction of approximately 1,700 employees (the majority of which were terminated by December 28, 2001) across our operations. We recorded a workforce reduction charge of $16 million related primarily to severance and fringe benefits. The charge does not reflect amounts billed out separately to owners for property-level severance costs. In addition, we delayed filling vacant positions and reduced staff hours.

Facilities Exit Costs

As a result of the workforce reduction and delay in filling vacant positions, we consolidated excess corporate facilities. We recorded a restructuring charge of approximately $15 million for excess corporate facilities, primarily related to lease terminations and noncancelable lease costs in excess of estimated sublease income. In addition, we recorded a $5 million charge for lease terminations resulting from cancellations of leased units by our corporate apartment business, primarily in downtown New York City.

Development Cancellations and Elimination of Product Line

We incur certain costs associated with the development of properties, including legal costs, the cost of land and planning and design costs. We capitalize these costs as incurred and they become part of the cost basis of the property once it is developed. As a result of the dramatic downturn in the economy in the aftermath of the September 11, 2001 attacks, we decided to cancel development projects that were no longer deemed viable. As a result, we expensed $28 million of previously capitalized costs. In addition, management has begun to actively engage in efforts to sell 25 Village Oaks senior living communities. These communities offer companion living and are significantly different from our other senior living brands. As a result of the plan to exit this line of business, the assets associated with the 25 properties have been reclassified as assets held for sale and have accordingly been recorded at their estimated fair value, resulting in an impairment charge of $60 million.

Other Charges

Reserves for Guarantees and Loan Losses

We issue guarantees to lenders and other third parties in connection with financing transactions and other obligations. We also advance loans to some owners of properties that we manage. As a result of the downturn in the economy, certain hotels have experienced significant declines in profitability and the owners have not been able to meet debt service obligations to the Company or in some cases, to other third-party lending institutions. As a result, based upon cash flow projections, we expect to fund under certain guarantees, which are not deemed recoverable, and we expect that several of the loans made by us will not be repaid according to their original terms. Due to the expected guarantee fundings deemed non-recoverable and the expected loan losses, we recorded charges of $85 million in the fourth quarter of 2001.

Accounts Receivable - Bad Debts

In the fourth quarter of 2001, we reserved $17 million of accounts receivable following an analysis of these accounts which we deemed uncollectible, generally as a result of the unfavorable hotel operating environment.

Asset Impairments

The Company recorded a charge related to the impairment of an investment in a technology-related joint venture ($22 million), losses on the anticipated sale of three lodging properties ($13 million), write-offs of investments in management contracts and other assets ($8 million), and the write-off of capitalized software costs arising from a decision to change a technology platform ($2 million).

A summary of the restructuring costs and other charges recorded in the fourth quarter of 2001 is detailed as follows ($ in millions):

	Total charge	Non-cash charge	Cash payments in fourth quarter 2001	Restructuring costs and other charges liability at December 28, 2001
Severance	$ 16	$ 2	$ 6	$ 8
Facilities exit costs	20	--	2	18
Development cancellations and elimination of product line	88	88	--	--
Total restructuring costs	124	90	8	26
Reserves for guarantees and loan losses	85	52	--	33
Accounts receivable - bad debts	17	17	--	--
Write-down of properties held for sale	13	13	--	--
Impairment of technology-related investments and other	32	31	--	1
Total	$ 271	$ 203	$ 8	$ 60

The remaining liability related to the workforce reduction and fundings under guarantees will be substantially paid by the end of 2002. The amounts related to the space reduction and resulting lease expense due to the consolidation of facilities will be paid over the respective lease terms through 2012.

Further detail regarding the charges is shown below:

Operating Profit Impact ($ in millions)

	Full-Service	Select-Service	Extended-Stay	Timeshare	Senior Living Services	Distribution Services	Total
Severance	$ 7	$ 1	$ 1	$ 2	$--	$ 1	$ 12
Facilities exit costs	--	--	5	--	--	1	6
Development cancellations and elimination of product line	19	4	5	--	60	--	88
Total restructuring costs	26	5	11	2	60	2	106
Reserves for guarantees and loan losses	30	3	3	--	--	--	36
Accounts receivable - bad debts	11	1	--	--	2	3	17
Write-down of properties held for sale	9	4	--	--	--	--	13
Impairment of technology-related investments and other	8	--	2	--	--	--	10
Total	$84	$13	$16	$ 2	$62	$ 5	$182

Non-operating Impact ($ in millions)

	Corporate expenses	Provision for loan losses	Interest income	Total corporate expenses and interest
Severance	$ 4	$--	$--	$ 4
Facilities exit costs	14	--	--	14
Total restructuring costs	18	--	--	18
Reserves for guarantees and loan losses	--	43	6	49
Impairment of technology-related investments and other	22	--	--	22
Total	$40	$43	$ 6	$89

2001 Compared to 2000

Net income and diluted earnings per share decreased 51 percent to $236 million and $.92, respectively. Net income was primarily impacted by pretax restructuring and other charges totaling $271 million and lower lodging operating profits due to the decline in hotel performance.

Sales of $10 billion in 2001 were flat compared to last year, reflecting a decline in hotel performance, partially offset by revenue from new Lodging and Distribution Services business and contributions from established Senior Living communities. Systemwide sales increased slightly to $20 billion.

2000 Compared to 1999

Net income increased 20 percent to $479 million and diluted earnings per share advanced 25 percent to $1.89. Profit growth was driven by our strong U.S. lodging operations, lower system-related costs associated with the year 2000 and the impact on the 1999 financial results of a $39 million pretax charge to reflect a litigation settlement. Results were also impacted by a $15 million one-time write-off of a contract investment in our Distribution Services segment in the first quarter of 2000.

Sales increased 15 percent to $10 billion in 2000, reflecting strong revenue resulting from new and established hotels, contributions from established Senior Living communities, as well as new customers in our Distribution Services business. Systemwide sales increased by 12 percent to $19.8 billion in 2000.

Marriott Lodging

($ in millions)	2001	2000	1999	Annual Change 2001/2000	2000/1999
Sales	$7,786	$7,911	$7,041	-2%	+12%
Operating profit before restructuring costs and other charges	756	936	827	-19%	+13%
Restructuring costs	(44)	--	--	nm	--
Other charges	(71)	--	--	nm	--
Operating profit, as reported	$ 641	$ 936	$ 827	-32%	+13%

2001 Compared to 2000

Marriott Lodging, which includes our Full-Service, Select-Service, Extended-Stay, and Timeshare segments, reported a 32 percent decrease in operating profit and 2 percent lower sales in 2001. Results reflected restructuring costs of $44 million and other charges of $71 million, including a $36 million reserve for third-party guarantees we expect to fund and not recover out of future cash flow, $12 million of reserves for accounts receivable deemed uncollectible, a write-off of two investments in management contracts and other assets of $8 million, $13 million of losses on the anticipated sale of three lodging properties, and a $2 million write-off associated with capitalized software costs arising from a decision to change a technology platform. Results also reflect lower fees due to the decline in demand for hotel rooms, partially offset by increased revenue associated with new properties. Lodging management and franchise fee revenue declined 12 percent in 2001. Incentive fee revenue declined 36 percent, base fees revenue declined 3 percent, and franchise fee revenue increased 6 percent. Lodging operating profit in 2001 (including overhead but excluding restructuring costs and other charges) was attributable to base management fees (33 percent of total), franchise fees (21 percent) and land rent (3 percent) that are based on fixed dollar amounts or percentages of sales. The balance was attributable to our timesharing business (20 percent), and to incentive management fees and other income based on the profits of the underlying properties (23 percent).

Across our Lodging brands, REVPAR for comparable company-operated U.S. properties declined by an average of 10.4 percent in 2001. Average room rates for these hotels declined 2 percent and occupancy declined 6.7 percentage points. Occupancy, average daily rate and REVPAR for each of our principal established brands are shown in the following table.

	Comparable U.S. properties		Comparable Systemwide	
	2001	Change vs. 2000	2001	Change vs. 2000
Marriott Hotels, Resorts and Suites				
Occupancy	70.4%	-7.1% pts.	68.8%	-5.9% pts.
Average daily rate	$142.96	-2.9%	$132.55	-2.4%
REVPAR	$100.62	-11.8%	$ 91.19	-10.1%
Ritz-Carlton				
Occupancy	66.9%	-10.4% pts.	67.6%	-8.1% pts.
Average daily rate	$249.94	+2.3%	$226.58	+4.1%
REVPAR	$167.21	-11.5%	$153.25	-7.0%
Renaissance Hotels, Resorts and Suites				
Occupancy	65.6%	-7.7% pts.	66.2%	-4.4% pts.
Average daily rate	$137.79	-2.9%	$112.51	-4.3%
REVPAR	$ 90.39	-13.1%	$ 74.43	-10.4%
Residence Inn				
Occupancy	77.8%	-5.1% pts.	77.9%	-3.9% pts.
Average daily rate	$105.46	-1.4%	$102.71	-0.3%
REVPAR	$ 82.05	-7.5%	$ 80.02	-5.0%
Courtyard				
Occupancy	71.6%	-6.4% pts.	71.0%	-4.9% pts.
Average daily rate	$ 99.45	+1.2%	$ 94.68	+1.1%
REVPAR	$ 71.24	-7.0%	$ 67.21	-5.6%
Fairfield Inn				
Occupancy	66.3%	-3.2% pts.	66.3%	-3.2% pts.
Average daily rate	$ 64.70	+2.1%	$ 64.70	+2.1%
REVPAR	$ 42.91	-2.6%	$ 42.91	-2.7%

Marriott Vacation Club International contributed over 20 percent of lodging operating profit in 2001, after the impact of restructuring and other charges. Operating profit increased 7 percent, reflecting a 22 percent increase in contract sales, the 2001 acquisition of the Grand Residence Club in Lake Tahoe, California, and note sale gains in 2001 of $40 million compared to $22 million in 2000, partially offset by higher marketing and selling expenses and severance expenses of nearly $2 million associated with the Company's restructuring plan.

International Lodging reported a decrease in the results of operations, reflecting the impact of the decline in international travel and restructuring and other charges, partially offset by sales associated with new rooms. Over 35 percent of rooms added in 2001 were outside the United States.

Lodging Development

Marriott Lodging opened 313 properties totaling nearly 50,000 rooms across its brands in 2001, while 14 hotels (approximately 3,700 rooms) exited the system. Highlights of the year included:

- Over 35 percent of new rooms opened were outside the United States. These include our first hotels in Belgium, Denmark and Ireland.
- Development of a new Marriott Vacation Club International resort in Phuket, Thailand, the EuroDisney resort, and the acquisition of The Grand Residence Club property in Lake Tahoe, California.
- One hundred and fifty properties (19,100 rooms) were added to our select-service and extended-stay brands.
- One hundred and forty-four properties (19,300 rooms), 39 percent of our total room additions for the year, were conversions from other brands.

At year-end 2001, we had over 300 hotel properties and more than 55,000 rooms under construction or approved for development. We expect to open over 150 hotels and timesharing resorts (25,000 - 30,000 rooms) in 2002. These growth plans are subject to numerous risks and uncertainties, many of which are outside our control. See "Forward-Looking Statements" above and "Liquidity and Capital Resources" below.

Marriott Lodging reported a 13 percent increase in operating profit on 12 percent higher sales in 2000. Results reflected solid room rate growth at U.S. hotels and contributions from new properties worldwide. Lodging operating profit in 2000 was attributable to base management fees (28 percent of total), franchise fees (17 percent), land rent and other income (3 percent), resort timesharing (15 percent), and incentive management fees and other profit participations (37 percent).

Across our 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 grew by an average of 7.2 percent in 2000. Average room rates for these hotels rose 6.3 percent, while occupancy increased slightly to 77.4 percent. In 2000, as a result of the termination of two Ritz-Carlton management agreements, we wrote off our $3 million investment in these contracts. In addition, due to the bankruptcy of the owner of one hotel, we reserved $6 million of our investment in that management agreement.

Our domestic select-service and extended-stay brands (Residence Inn, Courtyard, Fairfield Inn, TownePlace Suites and SpringHill Suites) added a total of 161 properties (18,870 rooms) and deflagged seven properties (1,500 rooms), primarily franchises, during the 2000 fiscal year. REVPAR for comparable properties increased 5.5 percent.

	Comparable U.S. properties		Comparable Systemwide	
	2000	Change vs. 1999	2000	Change vs. 1999
Marriott Hotels, Resorts and Suites				
Occupancy	78.2%	+0.4% pts.	75.7%	+0.4% pts.
Average daily rate	$149.50	+6.2%	$136.37	+4.9%
REVPAR	$116.95	+6.8%	$103.27	+5.5%
Ritz-Carlton				
Occupancy	77.5%	+0.1% pts.	77.5%	+2.0% pts.
Average daily rate	$242.26	+9.2%	$228.01	+8.9%
REVPAR	$187.75	+9.4%	$176.75	+11.9%
Renaissance Hotels, Resorts and Suites				
Occupancy	73.3%	+2.0% pts.	70.9%	+2.7% pts.
Average daily rate	$142.27	+4.5%	$119.95	+3.0%
REVPAR	$104.35	+7.5%	$ 85.07	+7.0%
Residence Inn				
Occupancy	83.5%	+0.7% pts.	82.2%	+0.8% pts.
Average daily rate	$104.88	+5.1%	$102.25	+4.3%
REVPAR	$ 87.61	+6.1%	$ 84.10	+5.3%
Courtyard				
Occupancy	78.9%	-- pts.	77.0%	+0.2% pts.
Average daily rate	$ 97.68	+5.7%	$ 93.51	+4.9%
REVPAR	$ 77.05	+5.7%	$ 71.96	+5.1%
Fairfield Inn				
Occupancy	69.7%	-1.0% pts.	69.7%	-1.0% pts.
Average daily rate	$ 61.32	+3.8%	$ 61.32	+3.8%
REVPAR	$ 42.75	+2.4%	$ 42.75	+2.4%

Results for international lodging operations were favorable in 2000, despite a decline in the value of the euro against the U.S. dollar, reflecting strong demand in the Middle East, Asia, Europe and the Caribbean region.

Marriott Vacation Club International also posted favorable profit growth in 2000, reporting a 34 percent increase in contract sales. The increase in contract sales reflects interest in our newest brands, Horizons by Marriott Vacation Club in Orlando, Florida, and The Ritz-Carlton Club resorts in St. Thomas, U.S. Virgin Islands, and Aspen, Colorado, as well as continued strong demand for our timeshare properties in Hawaii, Aruba and California. The profit growth in 2000 was impacted by a $6 million decline in gains from the sale of notes receivable arising from lower note sale volume. At the end of the year, 24 resorts were in active sales, 23 resorts were sold out and an additional 13 resorts were under development.

The Marketplace by Marriott (Marketplace), our hospitality procurement business, launched as an independent company. In January 2001, Marriott and Hyatt Corporation formed a joint venture, Avendra LLC, and we each merged our respective procurement businesses into it. Avendra LLC is an independent professional procurement services company serving the North American hospitality market and related industries. Bass Hotels & Resorts, Inc., ClubCorp USA Inc. and Fairmont Hotels & Resorts, Inc. joined Avendra LLC in March 2001.

Marriott Senior Living Services

($ in millions)	2001	2000	1999	Annual Change 2001/2000	Annual Change 2000/1999
Sales	$ 729	$ 669	$ 559	+9%	+20%
Operating profit (loss) before restructuring costs and other charges	17	(18)	(18)	nm	--
Restructuring costs	(60)	--	--	nm	--
Other charges	(2)	--	--	nm	--
Operating loss, as reported	$ (45)	$ (18)	$ (18)	nm	--

2001 Compared to 2000

Marriott Senior Living Services posted a 9 percent increase in sales in 2001, as we added a net total of three new communities (369 units) during the year. Occupancy for comparable communities increased by nearly 2 percent to 85.3 percent in 2001.

The division reported an operating loss of $45 million, reflecting restructuring and other charges of $62 million, primarily related to the $60 million write-down of 25 senior living communities held for sale to their estimated fair value and the write-off of a $2 million receivable no longer deemed collectible. These charges were partially offset by the favorable impact of the increase in comparable occupancy and the new units.

2000 Compared to 1999

Marriott Senior Living Services posted a 20 percent increase in sales in 2000, reflecting the net addition of nine properties during the year and a 4 percentage point increase in occupancy for comparable communities to 88 percent. Despite the increase in sales, profitability was impacted by start-up inefficiencies for new properties, higher administrative expenses, pre-opening costs for new communities, costs related to debt associated with facilities developed by unaffiliated third parties, and charges associated with our decision to limit new construction until the market improves, resulting in a loss of $18 million.

Senior Living Services Development

Due to oversupply conditions in some senior housing markets, we decided in 1999 to dramatically slow development of planned communities. Consequently, a number of projects in the early stages of development were postponed or canceled. Additional projects were canceled in 2000.

Marriott Distribution Services

($ in millions)	2001	2000	1999	Annual Change 2001/2000	Annual Change 2000/1999
Sales	$1,637	$1,500	$1,139	+9%	+32%
Operating (loss) Profit before restructuring costs and other charges	(1)	4	21	nm	-81%
Restructuring costs	(2)	--	--	nm	--
Other charges	(3)	--	--	nm	--
Operating (loss) profit, as reported	$ (6)	$ 4	$ 21	nm	-81%

2001 Compared to 2000

Operating results for Marriott Distribution Services (MDS) reflect the impact of an increase in sales related to the commencement of new contracts in 2001 and increased sales from contracts established in 2000. The impact of higher sales on the operating results was more than offset by the decline in business from one significant customer, transportation inefficiencies and restructuring and other charges of $5 million, including severance costs and the write-off of an accounts receivable balance from a customer that filed for bankruptcy in the fourth quarter of 2001. The Company commenced a strategic review of this business in January 2002.

2000 Compared to 1999

Marriott Distribution Services posted a 32 percent increase in sales for 2000, reflecting the commencement of service to three large restaurant chains in the year. Operating profit declined $17 million as a result of start-up inefficiencies associated with the new business and a $15 million pretax write-off of an investment in a contract with Boston Chicken, Inc. and its Boston Market-controlled subsidiaries, a major customer that filed for bankruptcy in October 1998. McDonald's Corporation (McDonald's) acquired Boston Market in 2000, and during the first quarter of 2000, MDS entered into an agreement with McDonald's to continue providing distribution services to Boston Market restaurants (refer to the "Intangible Assets" footnote in the financial statements set forth in Part II, Item 8, "Financial Statements and Supplementary Data").

Corporate Expenses, Interest and Taxes

Corporate Expenses

($ in millions)	2001	2000	1999	Annual Change 2001/2000	Annual Change 2000/1999
Corporate expenses before restructuring costs and other charges	$117	$120	$164	-3%	-27%
Restructuring costs	18	-	-	nm	-
Other charges	22	-	-	nm	-
Corporate expenses, as reported ..	$157	$120	$164	+31%	-27%

2001 Compared to 2000

Corporate expenses increased $37 million reflecting the impact of restructuring charges of $18 million related to severance costs and facilities exit costs, and other charges related to the fourth quarter write-off of a $22 million investment in one of our technology partners. In addition to these items, we also recorded $8 million of foreign exchange losses and in prior quarters we recorded a $13 million write-off of two investments in technology partners. These charges were partially offset by $11 million in gains from the sale of affordable housing tax credit investments, the favorable impact of cost containment action plans, and the reversal of a long-standing $10 million insurance reserve related to a lawsuit at one of our managed hotels. The reversal of the insurance reserve was the result of us being approached in the first quarter by the plaintiffs' counsel, who indicated that a settlement could be reached in an amount that would be covered by insurance. We determined that it was no longer probable that the loss contingency would result in a material outlay by us and accordingly, we reversed the reserve during the first quarter of 2001.

2000 Compared to 1999

Corporate expenses decreased $44 million in 2000 to $120 million primarily due to a $39 million pretax charge in 1999 associated with a litigation settlement and systems-related costs associated with Year 2000 that were incurred in 1999, offset by costs incurred in 2000 associated with new corporate systems and a $3 million charge due to a change in our vacation accrual policy.

Interest Expense

2001 Compared to 2000

Interest expense increased $9 million to $109 million reflecting the impact of the issuance of Series E Notes in January 2001 and borrowings under our revolving credit facilities, partially offset by lower interest resulting from the payoff of commercial paper.

2000 Compared to 1999

Interest expense increased $39 million as a result of borrowings to finance growth outlays and share repurchases.

Interest Income and Income Tax

2001 Compared to 2000

Interest income increased $34 million, before reflecting reserves of $48 million for loans deemed uncollectible as a result of certain hotels experiencing significant declines in profitability and the owners not being able to meet debt service obligations. The change in interest income was impacted by income associated with higher loan balances, including the loans made to the Courtyard joint venture in the fourth quarter of 2000, offset by $5 million of expected guarantee fundings and the impact of $14 million of income recorded in 2000 associated with an international loan that was previously deemed uncollectible.

Our effective income tax rate decreased to 36.2 percent in 2001 from 36.8 percent in 2000 as a result of modifications related to our deferred compensation plan and the impact of increased income in countries with lower effective tax rates.

2000 Compared to 1999

Interest income increased $23 million primarily due to the collection of $14 million of interest associated with an international loan that was previously reserved for and increased advances and loan fundings made during 2000.

Our effective income tax rate decreased to approximately 36.8 percent in 2000 from 37.3 percent in 1999 primarily due to increased income in countries with lower effective tax rates.

Liquidity and Capital Resources

We have credit facilities which support our commercial paper program and letters of credit. At December 28, 2001, our cash balances combined with our available borrowing capacity under the credit facilities was nearly $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 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 from Operations

Cash from operations was $400 million in 2001, $850 million in 2000, and $711 million in 1999. Net income is stated after depreciation expense of $142 million in 2001, $123 million in 2000, and $96 million in 1999, and after amortization expense of $80 million in 2001, $72 million in 2000, and $66 million in 1999. While our timesharing business generates strong operating cash flow, annual amounts are affected by the timing of cash outlays for the acquisition and development of new resorts, and cash received from purchaser financing. We include timeshare interval sales we finance in cash from operations when we collect cash payments or the notes are sold for cash.

Earnings before interest expense, income taxes, depreciation and amortization (EBITDA) decreased to $701 million in 2001 compared to $1,052 million in 2000, and $860 million in 1999.

We consider EBITDA to be an indicator of our operating performance because it can be used to measure our ability to service debt, fund capital expenditures and expand our business. Nevertheless, you should not consider EBITDA an alternative to net income, operating profit, cash flows from operations, or any other operating or liquidity measure prescribed by accounting principles generally accepted in the United States.

A substantial portion of our EBITDA is based on fixed dollar amounts or percentages of sales. These include lodging base management fees, franchise fees and land rent. With over 2,500 hotels and senior living communities in the Marriott system, no single property or region is critical to our financial results.

Our ratio of current assets to current liabilities was 1.2 at December 28, 2001, compared to .9 at December 29, 2000. Each of our businesses minimizes working capital through cash management, strict credit-granting policies, aggressive collection efforts and high inventory turnover.

In 2001 we securitized $199 million of notes by selling notes receivable originated by our timeshare business to special purpose entities. We recognized gains on these sales of $40 million in the year ended December 28, 2001. Our ability to continue to sell notes to such off-balance sheet entities depends on the continued ability of the capital markets to provide financing to the entities buying the notes. Also, our ability to continue to consummate such securitizations would be impacted if the underlying quality of the notes receivable originated by us were to deteriorate, although we do not expect such a deterioration. In connection with these securitization transactions, at December 28, 2001, we had repurchase obligations of $46 million related to previously sold notes receivable, although we expect to incur no material losses in respect of those obligations. We retain interests in the securitizations which are accounted for as interest only strips, and in the year ended December 28, 2001, we received cash flows of $30 million arising from those retained interests. At December 28, 2001, the special purpose entities that had purchased notes receivable from us had aggregate assets of $499 million.

While our timesharing business generates strong operating cash flow, annual amounts are affected by the timing of cash outlays for the acquisition and development of new resorts, and cash received from purchaser financing. We include interval sales we finance in cash from operations when we collect cash payments or when the notes are sold for cash.

Investing Activities Cash Flows

Acquisitions. We continually seek opportunities to enter new markets, increase market share or broaden service offerings through acquisitions.

Dispositions. Asset sales generated proceeds of $554 million in 2001, $742 million in 2000 and $436 million in 1999. Proceeds in 2001 are net of $109 million of financing and joint venture investments made by us in connection with the sales transactions. In 2001 we closed on the sales of 18 hotels and one senior living community, most of which we continue to operate under long-term operating agreements.

Capital Expenditures and Other Investments. Capital expenditures of $560 million in 2001, $1,095 million in 2000, and $929 million in 1999 included development and construction of new hotels and senior living communities and acquisitions of hotel properties. Over time, we have sold certain lodging and senior living properties under development, or to be developed, while continuing to operate them under long-term agreements. The ability of third-party purchasers to raise the necessary debt and equity capital depends on the perceived risks inherent in the lodging industry, and other constraints inherent in the capital markets as a whole. Although we expect to continue to consummate such real estate sales, if we were unable to do so, our liquidity could decrease and we could have increased exposure to the operating risks of owning real estate. 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 also expect to continue to make other investments to grow our businesses, including loans, minority equity investments and development of new timeshare resorts in connection with adding units to our lodging business.

On February 23, 2000, we entered into an agreement to resolve litigation involving certain limited partnerships formed in the mid- to late 1980s. Under the agreement, we paid $31 million to partners in four limited partnerships and acquired, through an unconsolidated joint venture (the Courtyard Joint Venture) with affiliates of Host Marriott Corporation (Host Marriott), substantially all of the limited partners' interests in two other limited partnerships, Courtyard by Marriott Limited Partnership (CBM I) and Courtyard by Marriott II Limited Partnership (CBM II). These partnerships own 120 Courtyard by Marriott hotels. The Courtyard Joint Venture was financed with equity contributed in equal shares by us and affiliates of Host Marriott and approximately $200 million in mezzanine debt provided by us. Our total investment in the joint venture, including mezzanine debt, is approximately $300 million.

In early 2000, the Company estimated the amount of the planned investment in the Courtyard Joint Venture based upon (1) estimated post acquisition cash flows, including anticipated changes in the related hotel management agreements to be made contemporaneously with the investment; (2) the investee's new capital structure; and (3) estimates of prevailing discount rates and capitalization rates reflected in the market at that time. The investment in the Courtyard Joint Venture was consummated late in the fourth quarter of 2000. For purposes of purchase accounting, the Courtyard Joint Venture valued its investment in the partnership units based on (1) pre-acquisition cash flows; (2) the pre-acquisition capital structure; and (3) prevailing discount rates and capitalization rates in December 2000.

Due to a number of factors, the equity values used in the purchase accounting for the Courtyard Joint Venture's investment were different than limited partner unit estimates included in the CBM I and CBM II Purchase Offer and Consent Solicitations (the Solicitations). At a 20 percent discount rate, the combined CBM I and CBM II estimates reflected in the Solicitations totaled $254 million. In the purchase accounting, the corresponding equity value in the Courtyard Joint Venture totaled $372 million. The principal differences between these two amounts are attributed to the following: (1) the investment was consummated almost one year subsequent to the time the original estimates were prepared ($30 million); and (2) a lower discount rate (17 percent) and capitalization rate reflecting changes in market conditions versus the date at which the estimates in the solicitations were prepared ($79 million). The Company assessed its potential investment and any potential loss on settlement based on post-acquisition cash flows. The purchase accounting was based on pre-acquisition cash flows and capital structure. As a result, the factors giving rise to the differences outlined above did not materially impact the Company's previous assessment of any expense related to litigation. The post-settlement equity of the Joint Venture is considerably lower then the pre-acquisition equity due to additional indebtedness post-acquisition and the impact of changes to the management agreements made contemporaneously with the transaction.

Fluctuations in the values of hotel real estate generally have little impact on the overall results of our Lodging businesses because (1) we own less than 1 percent of the total number of hotels that we operate or franchise; (2) management and franchise fees are generally based upon hotel revenues and profits versus hotel sales values; and (3) our management agreements generally do not terminate upon hotel sale.

We have made loans to owners of hotels and senior living communities that we operate or franchise. Loans outstanding under this program, excluding timeshare notes, totaled $860 million at December 28, 2001, $592 million at December 29, 2000, and $295 million at December 31, 1999. The balance at December 28, 2001, is stated net of the reserve arising from the $43 million charge discussed in the restructuring costs and other charges note. Unfunded commitments aggregating $669 million were outstanding at December 28, 2001, of which $187 million are expected to be funded in 2002 and $334 million are expected to be funded in total. We participate in a program with an unaffiliated lender in which we may partially guarantee loans made to facilitate third-party ownership of hotels and senior living services communities that we operate or franchise.

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 currently plan to commence operation of the Facilities in 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. The operations of the Facilities are expected to produce significant operating losses, although we anticipate that these will be offset by the tax credits generated under Section 29, which we expect to reduce our income tax expense. We expect that the

Facilities will be disclosed as a separate segment in our consolidated financial statements while operating in 2002 through 2007, and at that point we do not expect to report the Facilities as a separate segment as we do not expect it to be material.

Cash from Financing Activities

Long-term debt, including convertible debt, increased by $799 million in 2001 and $340 million in 2000, primarily due to borrowings to finance our capital expenditure and share repurchase programs, and to maintain excess cash reserves totaling $645 million in the aftermath of the September 11, 2001 terrorist attacks on New York and Washington.

Our financial objectives include diversifying our financing sources, optimizing the mix and maturity of our long-term debt and reducing our working capital. At year-end 2001, our long-term debt, excluding convertible debt, had an average interest rate of 5.2 percent and an average maturity of approximately 5.2 years. The ratio of fixed rate long-term debt to total long-term debt was .58 as of December 28, 2001.

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 January 31, 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.

We are a party to revolving credit agreements that provide for borrowings of $1.5 billion expiring in July 2006, and $500 million expiring in February 2004, which support our commercial paper program and letters of credit. Loans of $923 million were outstanding at December 28, 2001, under these facilities. The large balance under these facilities at year-end was due in part to our decision to draw down funds due to our desire to maintain excess cash reserves in the aftermath of the September 11, 2001 terrorist attacks. Such fluctuations in the availability of the commercial paper market do not affect our liquidity because of the flexibility provided by our credit facilities. Borrowings under these facilities bear interest at LIBOR plus a spread, based on our public debt rating.

In 1999 we called for mandatory redemption of Liquid Yield Option Notes (LYONs) that were issued in 1996. Approximately 64 percent of LYONs holders elected to convert their notes to common stock, for which we issued 6.1 million shares. The other 36 percent of LYONs holders received cash totaling $120 million, which reduced by 3.4 million common shares the dilutive impact of these convertible debt securities issued by a predecessor company in 1996. Nine percent of the cash redemption price was reimbursed to us by our predecessor company (Sodexho Marriott Services, Inc.).

On May 8, 2001, we issued zero-coupon convertible senior notes due 2021, also known as LYONs, and received cash proceeds of $405 million. The LYONs are convertible into approximately 6.4 million shares of our Class A common stock and carry a yield to maturity of 0.75 percent. Holders of the LYONs have the option to redeem them on May 8 of each of 2002, 2004, 2011 and 2016 at their then accreted value. We have adequate credit facilities committed to satisfy this obligation if it occurs in 2002. We may choose to pay the purchase price for redemptions or repurchases in cash and/or shares of our Class A Common Stock.

We determine our debt capacity based on the amount and variability of our cash flows. EBITDA coverage of gross interest cost was 4.1 times in 2001, and we met the cash flow requirements under our loan agreements. At December 28, 2001, we had long-term public debt ratings of BBB+ and Baa2 from Standard and Poor's and Moody's, respectively.

Our contractual obligations and commitments are as summarized in the following tables ($ in millions):

		Payments Due by Period			
Contractual Obligations	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
($ in millions)					
Long-Term Debt	$2,451	$ 43	$255	$1,433	$ 720
Operating Leases					
Recourse	1,473	173	262	198	840
Non-recourse	717	10	82	119	506
Total Contractual Cash Obligations	$4,641	$226	$599	$1,750	$2,066

		Amount of Commitment Expiration Per Period			
Other Commercial Commitments	Total Amounts Committed	Less than 1 year	1-3 years	4-5 years	After 5 years
($ in millions)					
Guarantees	$574	$93	$139	$327	$15
Timeshare note repurchase obligations	46	--	1	--	45
Total	$620	$93	$140	$327	$60

Total unfunded loan commitments amounted to $669 million at December 28, 2001. We expect to fund $187 million within one year, $124 million in one to three years, and $23 million in four to five years. We do not expect to fund the remaining $335 million commitments, which expire as follows: $15 million within one year; $16 million in one to three years; $4 million in four to five years; and $300 million after five years.

Share Repurchases. We periodically repurchase our common stock to replace shares needed for employee stock plans and for other corporate purposes. We purchased 6.1 million of our shares in 2001 at an average price of $38.20 per share and 10.8 million of our shares in 2000 at an average price of $31 per share. As of December 28, 2001, we had been authorized by our Board of Directors to repurchase an additional 13.5 million shares.

Dividends. In May 2001, our Board of Directors increased the quarterly cash dividend by 8 percent to $.065 per share.

Other Matters

Inflation

Inflation has been moderate in recent years, and has not had a significant impact on our businesses.

Critical Accounting Policies

Certain of our critical accounting policies require the use of judgment in their application or require estimates of inherently uncertain matters. Our accounting policies are in compliance with principles generally accepted in the United States, although a change in the facts and circumstances of the underlying transactions could significantly change the application of the accounting policy and the resulting financial statement impact. We have listed below those policies which we believe are critical and require the use of complex judgment in their application.

Incentive Fees

We recognize base fees as revenue when earned in accordance with the terms of the management contract. In interim periods, we recognize as income the incentive fees that would be due to us as if the contract were to terminate at that date, exclusive of any termination fees payable or receivable by us. If we recognized incentive fees only after the underlying full-year performance thresholds were certain, the revenue recognized for each year would be unchanged, but no incentive fees for any year would be recognized until the fourth quarter. We recognized incentive fees revenue of $202 million, $316 million and $268 million in 2001, 2000 and 1999, respectively.

Other Revenues from Managed Properties

For properties that we manage, we are responsible to employees for salaries and wages and to subcontractors and other creditors for materials and services. We also have the discretionary responsibility to procure and manage the resources in performing our services under these contracts. We, therefore, include these costs and the reimbursement of the costs as part of our expenses and revenues. We recorded other revenues from properties managed by us of $5.6 billion in both 2001 and 2000 and $5.2 billion in 1999.

Real Estate Sales

We account for the sales of real estate in accordance with Statement of Financial Accounting Standards (FAS) No. 66, "Accounting for Sales of Real Estate." Gains on sales of real estate are reduced by the maximum exposure to loss if we have continuing involvement with the property and do not transfer substantially all of the risks and rewards of ownership. We reduced gains on sales of real estate due to maximum exposure to loss by $16 million in 2001, $18 million in 2000 and $8 million in 1999. Our ongoing ability to achieve sale accounting under FAS No. 66 depends on our ability to negotiate the structure of the sales transactions to comply with these rules.

Timeshare Sales

We also recognize revenue from the sale of timeshare interests in accordance with FAS No. 66. 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.

Costs Incurred to Sell Real Estate Projects

We capitalize direct costs incurred to sell real estate projects attributable to and recoverable from the sales of timeshare interests until the sales are recognized. Costs eligible for capitalization follow the guidelines of FAS No. 67, "Accounting for Costs and Initial Rental Operations of Real Estate Projects." Selling and marketing costs capitalized under this approach were approximately $126 million and $95 million at December 28, 2001, and December 29, 2000, respectively, and are included in other assets in the accompanying consolidated balance sheets. If a contract is canceled, unrecoverable direct selling and marketing costs are charged to expense, and deposits forfeited are recorded as income.

Interest Only Strips

We periodically sell notes receivable originated by our timeshare business in connection with the sale of timeshare intervals. We retain servicing assets and interests in the assets transferred to special purpose entities which are accounted for as interest only strips. The interest only strips are treated as "Trading" or "Available for Sale" securities under the provisions of FAS No. 115 "Accounting for Certain Investments in Debt and Equity Securities." We report changes in the fair values of the interest only strips through the accompanying consolidated statement of income for trading securities and through the accompanying consolidated statement of comprehensive income for available-for-sale securities. We had interest only strips of $87 million at December 28, 2001 and $67 million at December 29, 2000.

Loan Loss Reserves

We measure loan impairment based on the present value of expected future cash flows discounted at the loan's original effective interest rate or the estimated fair value of the collateral. For impaired loans, we establish a specific impairment reserve for the difference between the recorded investment in the loan and the present value of the expected future cash flows or the estimated fair value of the collateral. We apply our loan impairment policy individually to all loans in the portfolio and do not aggregate loans for the purpose of applying such policy. For loans that we have determined to be impaired, we recognize interest income on a cash basis. At December 28, 2001, our recorded investment in impaired loans was $110 million. Prior to the fourth quarter of 2001 our allowance for credit losses was $16 million. Following the charges recorded in the fourth quarter of 2001 (see the "Restructuring Costs and Other Charges" footnote) we have a $59 million allowance for credit losses, leaving $51 million of our investment in impaired loans for which there is no related allowance for credit losses.

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 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk from changes in interest rates. We manage our exposure to this risk by monitoring available financing alternatives and through development and application of credit granting policies. Our strategy to manage exposure to changes in interest rates is unchanged from December 29, 2000. Furthermore, we do not foresee any significant changes in our exposure to fluctuations in interest rates or in how such exposure is managed in the near future.

The following sensitivity analysis displays how changes in interest rates affect our earnings and the fair values of certain instruments we hold.

We hold notes receivable that earn interest at variable rates. Hypothetically, an immediate 1 percentage point change in interest rates would change annual interest income by $5 million and $3 million, based on the respective balances of these notes receivable at December 28, 2001 and December 29, 2000.

Changes in interest rates also impact the fair value of our long-term fixed rate debt and long-term fixed rate notes receivable. Based on the balances outstanding at December 28, 2001 and December 29, 2000, a hypothetical immediate 1 percentage point change in interest rates would change the fair value of our long-term fixed rate debt by $53 million and $50 million, respectively, and would change the fair value of long-term fixed rate notes receivable by $22 million in each year.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following financial information is included on the pages indicated:

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders of Marriott International, Inc.:

We have audited the accompanying consolidated balance sheet of Marriott International, Inc. and subsidiaries as of December 28, 2001 and December 29, 2000, and the related consolidated statements of income, cash flows, comprehensive income and shareholders' equity for each of the three fiscal years in the period ended December 28, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Marriott International, Inc. and subsidiaries as of December 28, 2001 and December 29, 2000, and the results of their operations and their cash flows for each of the three fiscal years in the period ended December 28, 2001 in conformity with accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP

Vienna, Virginia
February 15, 2002

MARRIOTT INTERNATIONAL, INC.
CONSOLIDATED STATEMENT OF INCOME
Fiscal Years Ended December 28, 2001, December 29, 2000 and December 31, 1999
($ in millions, except per share amounts)

	2001	2000	1999
SALES			
Management and franchise fees	$ 829	$ 940	$ 823
Distribution services	1,637	1,500	1,139
Other	2,087	2,002	1,593
	4,553	4,442	3,555
Other revenues from managed properties	5,599	5,638	5,184
	10,152	10,080	8,739
OPERATING COSTS AND EXPENSES			
Distribution services	1,641	1,496	1,118
Other	2,216	2,024	1,607
Restructuring costs	106	--	--
	3,963	3,520	2,725
Other costs from managed properties	5,599	5,638	5,184
	9,562	9,158	7,909
OPERATING PROFIT BEFORE CORPORATE EXPENSES AND INTEREST	590	922	830
Corporate expenses	(139)	(120)	(164)
Interest expense	(109)	(100)	(61)
Interest income	94	60	37
Provision for loan losses	(48)	(5)	(5)
Restructuring costs	(18)	--	--
INCOME BEFORE INCOME TAXES	370	757	637
Provision for income taxes	134	278	237
NET INCOME	$ 236	$ 479	$ 400
Basic Earnings Per Share	$ 0.97	$ 1.99	$ 1.62
Diluted Earnings Per Share	$ 0.92	$ 1.89	$ 1.51

See Notes To Consolidated Financial Statements

MARRIOTT INTERNATIONAL, INC.
CONSOLIDATED BALANCE SHEET
December 28, 2001 and December 29, 2000
($ in millions)

	December 28, 2001	December 29, 2000
ASSETS		
Current assets		
Cash and equivalents	$ 817	$ 334
Accounts and notes receivable	611	728
Inventories, at lower of average cost or market	96	97
Prepaid taxes	223	197
Other	383	289
	2,130	1,645
Property and equipment	2,930	3,011
Intangible assets	1,764	1,833
Investments in affiliates	823	747
Notes and other receivables	1,038	661
Other	422	340
	$ 9,107	$ 8,237
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 697	$ 660
Accrued payroll and benefits	358	440
Self-insurance	22	27
Other payables and accruals	725	790
	1,802	1,917
Long-term debt	2,408	2,016
Self-insurance	86	122
Other long-term liabilities	926	915
Convertible debt	407	--
Shareholders' equity		
ESOP preferred stock	--	--
Class A common stock, 255.6 million shares issued	3	3
Additional paid-in capital	3,378	3,590
Retained earnings	941	851
Unearned ESOP shares	(291)	(679)
Treasury stock, at cost	(503)	(454)
Accumulated other comprehensive income, net of tax	(50)	(44)
	3,478	3,267
	$ 9,107	$ 8,237

See Notes To Consolidated Financial Statements

MARRIOTT INTERNATIONAL, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
Fiscal Years Ended December 28, 2001, December 29, 2000 and December 31, 1999
($ in millions)

	2001	2000	1999
OPERATING ACTIVITIES			
Net income	$ 236	$ 479	$ 400
Adjustments to reconcile to cash provided by operations:			
Depreciation and amortization	222	195	162
Income taxes	9	133	87
Timeshare activity, net	(358)	(195)	(102)
Other	275	48	19
Working capital changes:			
Accounts receivable	57	(53)	(126)
Inventories	1	(4)	(17)
Other current assets	(21)	28	(38)
Accounts payable and accruals	(21)	219	326
Cash provided by operations	400	850	711
INVESTING ACTIVITIES			
Capital expenditures	(560)	(1,095)	(929)
Acquisitions	--	--	(61)
Dispositions	554	742	436
Loan advances	(367)	(389)	(144)
Loan collections and sales	71	93	54
Other	(179)	(377)	(143)
Cash used in investing activities	(481)	(1,026)	(787)
FINANCING ACTIVITIES			
Commercial paper, net	(827)	46	355
Issuance of long-term debt	1,329	338	366
Repayment of long-term debt	(123)	(26)	(63)
Issuance (redemption) of convertible debt	405	--	(120)
Issuance of Class A common stock	76	58	43
Dividends paid	(61)	(55)	(52)
Purchase of treasury stock	(235)	(340)	(354)
Cash provided by financing activities	564	21	175
INCREASE (DECREASE) IN CASH AND EQUIVALENTS	483	(155)	99
CASH AND EQUIVALENTS, beginning of year	334	489	390
CASH AND EQUIVALENTS, end of year	$ 817	$ 334	$ 489

See Notes To Consolidated Financial Statements

MARRIOTT INTERNATIONAL, INC.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Fiscal Years Ended December 28, 2001, December 29, 2000 and December 31, 1999
($ in millions)

	2001	2000	1999
Net income	$ 236	$ 479	$ 400
Other comprehensive (loss) income (net of tax):			
Foreign currency translation adjustments	(14)	(10)	(18)
Other	8	2	(2)
Total other comprehensive (loss) income	(6)	(8)	(20)
Comprehensive income	$ 230	$ 471	$ 380

See Notes To Consolidated Financial Statements

MARRIOTT INTERNATIONAL, INC.
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
December 28, 2001, December 29, 2000 and December 31, 1999
(in millions, except per share amounts)

Common shares outstanding		Class A common stock	Additional paid-in capital	Retained earnings	Unearned ESOP shares	Treasury stock, at cost	Accumulated other comprehensive income
243.4	Balance, January 1, 1999...........	$ 3	$ 2,713	$ 218	$ --	$ (348)	$ (16)
--	Net income.........................	--	--	400	--	--	--
--	Dividends ($.215 per share)........	--	--	(53)	--	--	--
5.5	Employee stock plan issuance and other.......................	--	29	(87)	--	172	(20)
2.1	ExecuStay acquisition..............	--	--	(4)	--	67	--
(10.8)	Purchase of treasury stock.........	--	--	--	--	(358)	--
6.1	Conversion of convertible subordinated debt...............	--	(4)	34	--	162	--
246.3	Balance at December 31, 1999.......	3	2,738	508	--	(305)	(36)
--	Net income.........................	--	--	479	--	--	--
--	Dividends ($.235 per share)........	--	--	(56)	--	--	--
5.5	Employee stock plan issuance and other.......................	--	852	(80)	(679)	186	(8)
(10.8)	Purchase of treasury stock.........	--	--	--	--	(335)	--
241.0	Balance at December 29, 2000.......	3	3,590	851	(679)	(454)	(44)
--	Net income.........................	--	--	236	--	--	--
--	Dividends ($.255 per share)........	--	--	(62)	--	--	--
5.8	Employee stock plan issuance and other...........................	--	(212)	(84)	388	186	(6)
(6.1)	Purchase of treasury stock.........	--	--	--	--	(235)	--
240.7	Balance at December 28, 2001	$ 3	$ 3,378	$ 941	$(291)	$ (503)	$ (50)

See Notes To Consolidated Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The 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 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. Certain prior year amounts have been reclassified to conform to the 2001 presentation.

Fiscal Year

Our fiscal year ends on the Friday nearest to December 31. All fiscal years presented include 52 weeks.

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 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 properties include direct and indirect costs that are reimbursed to us by lodging and senior living community owners for properties that we manage. 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.

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 Statement of 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 Properties: We recognize other revenues from managed properties when we incur the related reimbursable costs.

We recognized sales and operating profit (loss) in the years ended December 28, 2001, December 29, 2000 and December 31, 1999 as shown in the following tables. Lodging includes our Full-Service, Select-Service, Extended-Stay, and Timeshare business segments.

	2001			
Sales ($ in millions)	Lodging	Senior Living Services	Distribution Services	Total
Management and franchise fees	$ 794	$ 35	$ --	$ 829
Other	1,755	332	1,637	3,724
	2,549	367	1,637	4,553
Other revenues from managed properties	5,237	362	--	5,599
	7,786	729	1,637	10,152
Operating costs and expenses				
Operating costs	1,864	352	1,641	3,857
Other costs from managed properties	5,237	362	--	5,599
Restructuring costs	44	60	2	106
	7,145	774	1,643	9,562
Operating profit (loss) before corporate expenses and interest	$ 641	$ (45)	$ (6)	$ 590

	2000			
Sales ($ in millions)	Lodging	Senior Living Services	Distribution Services	Total
Management and franchise fees	$ 907	$ 33	$ --	$ 940
Other	1,702	300	1,500	3,502
	2,609	333	1,500	4,442
Other revenues from managed properties	5,302	336	--	5,638
	7,911	669	1,500	10,080
Operating costs and expenses				
Operating costs	1,673	351	1,496	3,520
Other costs from managed properties	5,302	336	--	5,638
	6,975	687	1,496	9,158
Operating profit (loss) before corporate expenses and interest	$ 936	$ (18)	$ 4	$ 922

Sales ($ in millions)	1999 Lodging	Senior Living Services	Distribution Services	Total
Management and franchise fees	$ 800	$ 23	$ --	$ 823
Other	1,326	267	1,139	2,732
	2,126	290	1,139	3,555
Other revenues from managed properties	4,915	269	--	5,184
	7,041	559	1,139	8,739
Operating costs and expenses				
Operating costs	1,299	308	1,118	2,725
Other costs from managed properties	4,915	269	--	5,184
	6,214	577	1,118	7,909
Operating profit (loss) before corporate expenses and interest	$ 827	$ (18)	$ 21	$ 830

Ground Leases

We are both the lessor and lessee of land under long-term operating leases, which include scheduled increases in minimum rents. We recognize these scheduled rent increases on a straight-line basis over the initial lease terms.

Real Estate Sales

We account for the sales of real estate in accordance with FAS No. 66. We reduce gains on sales of real estate by the maximum exposure to loss if we have continuing involvement with the property and do not transfer substantially all of the risks and rewards of ownership. We reduced gains on sales of real estate due to maximum exposure to loss by $16 million in 2001, $18 million in 2000 and $8 million in 1999.

Profit Sharing Plan

We contribute to a profit sharing plan for the benefit of employees meeting certain eligibility requirements and electing participation in the plan. Contributions are determined based on a specified percentage of salary deferrals by participating employees. We recognized compensation cost from profit sharing of $58 million in 2001, $55 million in 2000 and $46 million in 1999.

Self-Insurance Programs

We are self-insured for certain levels of general liability, workers' compensation, employment practices and employee medical coverage. We accrue estimated costs of these self-insurance programs at the present value of projected settlements for known and incurred but not reported claims. We use a discount rate of 5 percent to determine the present value of the projected settlements, which we consider to be reasonable given our history of settled claims, including payment patterns and the fixed nature of the individual settlements.

Marriott Rewards

Marriott Rewards is our frequent guest incentive marketing program. Marriott Rewards members earn points based on their spending at our lodging operations and, to a lesser degree, through participation in affiliated partners' programs, such as those offered by airlines and credit card companies. Points can be redeemed at most Marriott company-operated and franchised properties. Points cannot be redeemed for cash.

Points which we accumulate and track on the members' behalf can be redeemed for hotel stays at most of our lodging operations, airline tickets, airline frequent flier program miles, rental cars, and a variety of other awards.

We provide Marriott Rewards as a marketing program to participating hotels. We charge the cost of operating the program, including the estimated cost of award redemption, to hotels based on members' qualifying expenditures.

Effective January 1, 2000, we changed certain aspects of our method of accounting for the Marriott Rewards program in accordance with Staff Accounting Bulletin (SAB) No. 101. Under the new accounting method, 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 determine the fair value of the future redemption obligation based on statistical formulas which project timing of future point redemption based on historical levels, including an estimate of the "breakage" for points that will never be redeemed, and an estimate of the points that will eventually be redeemed. These factors determine the required liability for outstanding points. Our management and franchise agreements require that we be reimbursed currently for the costs of operating the program, including marketing, promotion, and communicating with, and performing member services for the Marriott Rewards members. Due to the requirement that hotels reimburse us for program operating costs as incurred, we receive and recognize the balance of the revenue from hotels in connection with the Marriott Rewards program at the time such costs are incurred and expensed. 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.

Prior to January 1, 2000, we recognized the amounts we received in respect of the Marriott Rewards program from managed, owned and leased hotels as revenue together with an associated expense at the time the points were awarded. No revenues or expenses were recorded in respect of franchised hotels or program partners. The adoption of the change in accounting policy described above had the effect of increasing sales and expenses by $63 million in the year ended December 29, 2000. The adoption had no impact on net income, and we expect the ongoing impact to our financial statements to be immaterial.

Our liability for the Marriott Rewards program was $631 million at December 28, 2001 and $554 million at December 29, 2000, of which $380 million and $310 million, respectively, are included in other long-term liabilities in the accompanying consolidated balance sheet.

Cash and Equivalents

We consider all highly liquid investments with a maturity of three months or less at date of purchase to be cash equivalents.

Loan Loss and Accounts Receivable Reserves

We measure loan impairment based on the present value of expected future cash flows discounted at the loan's original effective interest rate or the estimated fair value of the collateral. For impaired loans, we establish a specific impairment reserve for the difference between the recorded investment in the loan and the present value of the expected future cash flows or the estimated fair value of the collateral. We apply our loan impairment policy individually to all loans in the portfolio and do not aggregate loans for the purpose of applying such policy. For loans that we have determined to be impaired, we recognize interest income on a cash basis. At December 28, 2001, our recorded investment in impaired loans was $110 million. Prior to the fourth quarter of 2001 our allowance for credit losses was $16 million. Following the charges recorded in the fourth quarter of 2001 (see the "Restructuring Costs and Other Charges" footnote) we have a $59 million allowance for credit losses, leaving $51 million of our investment in impaired loans for which there is no related allowance for credit losses. We recognized no net interest income on these loans during 2001.

Accounts and Notes Receivable Reserves:

The following table summarizes the activity in our accounts and notes receivable reserves for the years ended December 31, 1999, December 29, 2000 and December 28, 2001:

($ in millions)	Accounts Receivable Reserve	Notes Receivable Reserve
January 1, 1999	$ 12	$ 4
Additions	16	5
Write-offs	(6)	(1)
December 31, 1999	22	8
Additions	15	5
Write-offs	(14)	(1)
December 29, 2000	23	12
Additions	27	48
Write-offs	(11)	(1)
December 28, 2001	$ 39	$ 59

Valuation of Long-Lived Assets

We review the carrying values of long-lived assets when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If we expect an asset to generate cash flows less than the asset's carrying value at the lowest level of identifiable cash flows, we recognize a loss for the difference between the asset's carrying amount and its fair value.

Assets Held for Sale

We consider properties to be assets held for sale when management approves and commits to a formal plan to actively market a property for sale or a signed sales contract exists. Upon designation as an asset held for sale, we record the carrying value of each property at the lower of its carrying value or its estimated fair value, less estimated costs to sell, and we stop recording depreciation expense.

Investments

We consolidate entities that we control due to holding a majority voting interest. We account for investments in joint ventures using the equity method of accounting when we exercise significant influence over the venture. If we do not exercise significant influence, we account for the investment using the cost method of accounting. We account for investments in limited partnerships and limited liability companies using the equity method of accounting when we own more than a minimal investment. Summarized information relating to our unconsolidated affiliates is as follows: total assets, which primarily comprise hotel real estate managed by us, and total liabilities were approximately $4.3 billion and $3.1 billion at December 28, 2001, and $3.7 billion and $2.6 billion at December 29, 2000. Total sales and net loss were $1.5 billion and $39 million for the year ended December 28, 2001 and $765 million and $14 million for the year ended December 29, 2000. Total sales and net income were $518 million and $3 million for the year ended December 31, 1999. Our ownership interest in these unconsolidated affiliates varies, but is typically around 15 percent to 25 percent.

Costs Incurred to Sell Real Estate Projects

We capitalize direct costs incurred to sell real estate projects attributable to and recoverable from the sales of timeshare interests until the sales are recognized. Costs eligible for capitalization follow the guidelines of FAS No. 67, "Accounting for Costs and Initial Rental Operations of Real Estate Projects." Selling and marketing costs capitalized under this approach were approximately $126 million and $95 million at December 28, 2001 and December 29, 2000, respectively, and are included in other assets in the accompanying consolidated balance sheets. If a contract is canceled, we charge unrecoverable direct selling and marketing costs to expense, and record deposits forfeited as income.

Interest Only Strips

We periodically sell notes receivable originated by our timeshare business in connection with the sale of timeshare intervals. We retain servicing assets and interest in the assets transferred to special purpose entities which are accounted for as interest only strips. We treat the interest only strips as "Trading" or "Available for Sale" securities under the provisions of FAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities." We report changes in the fair values of the interest only strips through the accompanying consolidated statement of income for Trading securities and through the accompanying consolidated statement of comprehensive income for Available for Sale securities. We had interest only strips of $87 million at December 28, 2001 and $67 million at December 29, 2000.

New Accounting Standards

We will adopt FAS No. 144, "Financial Statement Treatment Issues Relating to Assets Held for Sale," in the first quarter of 2002. The adoption of FAS No. 144 will not have a financial statement impact for assets currently held for sale; however, assets determined to be held for sale beginning in 2002, may result in the classification of the transaction as discontinued operations, if certain criteria are met.

We will adopt FAS No. 142, "Goodwill and Other Intangible Assets," in the first quarter of 2002. The new rules require that goodwill is not amortized, but rather reviewed annually for impairment. We estimate that adoption of FAS No. 142 will result in an annual increase in our net income of approximately $30 million.

In the first quarter of 2001, we adopted FAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," which resulted in no material impact to our financial statements.

RELATIONSHIPS WITH MAJOR CUSTOMERS

In December 1998, Host Marriott Corporation (Host Marriott) reorganized its business operations to qualify as a real estate investment trust (REIT). In conjunction with its conversion to a REIT, Host Marriott spun off, in a taxable transaction, a new company called Crestline Capital Corporation (Crestline). As part of the Crestline spinoff, Host Marriott transferred to Crestline all of the senior living communities previously owned by Host Marriott, and Host Marriott entered into lease or sublease agreements with subsidiaries of Crestline for substantially all of Host Marriott's lodging properties. Our lodging and senior living community management and franchise agreements with Host Marriott were also assigned to these Crestline subsidiaries. The lodging agreements now provide for us to manage the Marriott, Ritz-Carlton, Courtyard and Residence Inn hotels leased by the lessee. The lessee cannot take certain major actions relating to leased properties that we manage without our consent. Effective as of January 1, 2001, a Host Marriott taxable subsidiary acquired the lessee entities for the full-service hotels in the United States and took an assignment of the lessee entities' interests in the leases for the hotels in Canada. On January 11, 2002, Crestline closed on the sale of its senior living communities to an unaffiliated third-party. The Company continues to manage these senior living communities.

We recognized sales of $2,440 million, $2,746 million and $2,553 million and operating profit before corporate expenses and interest of $162 million, $235 million and $221 million during 2001, 2000 and 1999, respectively, from lodging properties owned or leased by Host Marriott. Additionally, Host Marriott is a general partner in several unconsolidated partnerships that own lodging properties operated by us under long-term agreements. We recognized sales of $546 million, $622 million and $562 million and operating profit before corporate expenses and interest of $40 million, $72 million and $64 million in 2001, 2000 and 1999, respectively, from the lodging properties owned by these unconsolidated partnerships. We also leased land to certain of these partnerships and recognized land rent income of $19 million in 2001, $21 million in 2000 and $21 million in 1999.

In December 2000, we acquired 120 Courtyard by Marriott hotels, through an unconsolidated joint venture (the Courtyard Joint Venture) with an affiliate of Host Marriott. Prior to the formation of the Courtyard Joint Venture, Host Marriott was a general partner in the unconsolidated partnerships that owned the 120 Courtyard by Marriott hotels. Sales of $316 million, $345 million and $334 million, operating profit before corporate expenses and interest of $25 million, $53 million and $50 million and land rent income of $18 million, $19 million and $18 million in 2001, 2000 and 1999, respectively, related to the 120 Courtyard by Marriott hotels are included above in amounts recognized from lodging properties owned by unconsolidated partnerships. In addition, we recognized interest income of $26 million and $5 million in 2001 and 2000, respectively, on the $200 million mezzanine debt provided by us to the joint venture.

We have provided Host Marriott with financing for a portion of the cost of acquiring properties to be operated or franchised by us, and may continue to provide financing to Host Marriott in the future. The outstanding principal balance of these loans was $7 million and $9 million at December 28, 2001, and at December 29, 2000, respectively, and we recognized $1 million in 2001, 2000 and 1999 in interest and fee income under these credit agreements with Host Marriott.

We have guaranteed the performance of Host Marriott and certain of its affiliates to lenders and other third parties. These guarantees were limited to $9 million at December 28, 2001. We have made no payments pursuant to these guarantees. As of December 28, 2001, we had the right to purchase up to 20 percent of Host Marriott's outstanding common stock upon the occurrence of certain events generally involving a change of control of Host Marriott. This right expires in 2017, and Host Marriott has granted an exception to the ownership limitations in its charter to permit full exercise of this right, subject to certain conditions related to ownership limitations applicable to REITs generally. We lease land to Host Marriott that had an aggregate book value of $184 million at December 28, 2001. This land has been pledged to secure debt of the lessees. We have agreed to defer receipt of rentals on this land, if necessary, to permit the lessees to meet their debt service requirements.

We continue to manage the senior living communities that were owned by Crestline but sold to a third-party on January 11, 2002. We recognized sales of $194 million, $185 million and $177 million and operating profit before corporate expenses and interest of $6 million, $3 million and $3 million under these agreements during 2001, 2000 and 1999, respectively.

We are party to management agreements with entities owned by or affiliated with another hotel owner which provide for us to manage hotel properties owned or leased by those entities. We recognized sales of $511 million, $557 million and $531 million during 2001, 2000 and 1999, respectively, from these properties.

NOTES RECEIVABLE

Our notes receivable at December 28, 2001, and December 29, 2000 comprised the following categories. At December 28, 2001: senior living loans and timeshare loans ($356 million); lodging senior loans ($271 million); lodging mezzanine loans, including the loan to the Courtyard Joint Venture ($521 million). At December 29, 2000: senior living loans and timeshare loans ($190 million); lodging senior loans ($150 million); lodging mezzanine loans, including the loan to the Courtyard Joint Venture ($418 million). Notes receivable due from affiliates totaling $540 million at December 28, 2001 and $395 million at December 29, 2000 are included in investments in affiliates in the accompanying consolidated balance sheet. Amounts due within one year of $73 million at December 28, 2001 and $59 million at December 29, 2000 are classified as current assets in the accompanying consolidated balance sheet.

PROPERTY AND EQUIPMENT

	2001	2000
	($ in millions)	
Land	$ 505	$ 584
Buildings and leasehold improvements	860	1,074
Furniture and equipment	620	619
Timeshare properties	1,167	914
Construction in progress	337	324
	3,489	3,515
Accumulated depreciation and amortization	(559)	(504)
	$ 2,930	$ 3,011

We record property and equipment at cost, including interest, rent and real estate taxes incurred during development and construction. Interest capitalized as a cost of property and equipment totaled $61 million in 2001,

$52 million in 2000 and $33 million in 1999. We capitalize the cost of improvements that extend the useful life of property and equipment when incurred. These capitalized costs may include structural costs, equipment, fixtures, floor and wall coverings and paint. All repairs and maintenance costs are expensed as incurred. We compute depreciation using the straight-line method over the estimated useful lives of the assets (three to 40 years). We amortize leasehold improvements over the shorter of the asset life or lease term.

ACQUISITIONS AND DISPOSITIONS

ExecuStay

On February 17, 1999, we completed a cash tender offer for approximately 44 percent of the outstanding common stock of Execustay Corporation (ExecuStay), a leading provider of leased corporate apartments in the United States. On February 24, 1999, substantially all of the remaining common stock of ExecuStay was converted into nonvoting preferred stock of ExecuStay, which we acquired on March 26, 1999, for approximately 2.1 million shares of our Class A Common Stock. Our aggregate purchase price totaled $116 million inclusive of $63 million of our Class A Common Stock. Unaudited pro forma sales, net income and diluted earnings per share for 1999, calculated as if ExecuStay had been acquired at the beginning of that year, were $8,762 million, $399 million and $1.50, respectively. The unaudited pro forma combined results of operations do not reflect our expected future results of operations.

We consolidated the operating results of ExecuStay from February 24, 1999, and have accounted for the acquisition using the purchase method of accounting. We have been amortizing the resulting goodwill on a straight-line basis over 30 years.

Courtyard Joint Venture

In the first quarter of 2000, we entered into an agreement to resolve litigation involving certain limited partnerships formed in the mid- to late 1980s. The agreement was reached with lead counsel to the plaintiffs in the lawsuits, and with the special litigation committee appointed by the general partner of two of the partnerships, Courtyard by Marriott Limited Partnership (CBM I) and Courtyard by Marriott II Limited Partnership (CBM II). The agreement was amended in September 2000, to increase the amount that CBM I settlement class members were to receive after deduction of court-awarded attorneys' fees and expenses and to provide that the defendants, including the Company, would pay a portion of the attorneys' fees and expenses of the CBM I settlement class.

Under the agreement, we acquired, through an unconsolidated joint venture with an affiliate of Host Marriott Corporation (Host Marriott), substantially all of the limited partners' interests in CBM I and CBM II which own 120 Courtyard by Marriott hotels. We continue to manage the 120 hotels under long-term agreements. The joint venture was financed with equity contributed in equal shares by us and an affiliate of Host Marriott and approximately $200 million in mezzanine debt provided by us. Our total investment in the joint venture, including the mezzanine debt, is approximately $300 million. Final court approval of the CBM I and CBM II settlements was granted on October 24, 2000, and became effective on December 8, 2000.

The agreement also provided for the resolution of litigation with respect to four other limited partnerships. On September 28, 2000, the court entered a final order with respect to those partnerships, and on that same date, we and Host Marriott each paid into escrow approximately $31 million for payment to the plaintiffs in exchange for dismissal of the complaints and full releases.

We recorded a pretax charge of $39 million, which was included in corporate expenses in the fourth quarter of 1999, to reflect the settlement transactions.

Dispositions

In 2001, we agreed to sell 18 lodging properties and three pieces of undeveloped land for $680 million in cash. We will continue to operate 17 of the hotels under long-term management agreements. As of December 28, 2001, sales of 11 of those properties and the undeveloped land had been completed for proceeds of $470 million. Six of the 11 properties are accounted for under the full accrual method in accordance with FAS No. 66. The buyers did not make adequate minimum initial investments in the remaining five properties, which we accounted for under the cost recovery method. The sale of two of the properties were to joint ventures in which we have a minority interest. Where the full accrual method applied, we recognized profit proportionate to the outside interests in the joint venture at the date of sale. We recognized $2 million of net losses in 2001 and will recognize the remaining $16 million of gains in subsequent years, provided certain contingencies in the sales contracts expire.

In 2001, in connection with the sale of four of the above lodging properties, we agreed to transfer 31 existing lodging property leases to a subsidiary of the lessor and subsequently enter into agreements with the new lessee to operate the hotels under long-term management agreements. These properties were previously sold and leased back by us in 1997, 1998 and 1999. As of December 28, 2001, 12 of these leases had been transferred, and gains of $12 million deferred on the sale of these properties were recognized when our lease obligations ceased.

In 2001, we sold land for $71 million to a joint venture at book value. The joint venture is building two resort hotels in Orlando, Florida, for $547 million. We are providing development services and have guaranteed completion of the project. The initial owners of the venture have the right to sell 20 percent of the venture's equity to us upon the opening of the hotels. We expect the hotels to open in July 2003. At opening we also expect to hold approximately $120 million in mezzanine loans that we have agreed to advance to the joint venture. We have provided the venture with additional credit facilities for certain amounts due under the first mortgage loan and to provide for limited minimum returns to the equity investors in the early years of the project. As we have an option to repurchase the property at opening if certain events transpire, we have accounted for the sale of the land as a financing transaction in accordance with FAS No. 66. Sales proceeds of $71 million, less $50 million funded by our initial loans to the joint venture, are reflected as long-term debt in the accompanying consolidated balance sheet.

In 2001, we sold and leased back one lodging property for $15 million in cash, which generated a pretax gain of $2 million. This gain will be recognized as a reduction of rent expense over the initial lease term.

In 2001, we sold one senior living community at book value for $4 million in cash.

In 2001, we sold 100 percent of our limited partner interests in five affordable housing partnerships and 85 percent of our limited partner interest in a sixth affordable housing partnership for $82 million in cash. We recognized pretax gains of $13 million in connection with four of the sales. We will recognize pretax gains of $3 million related to the other two sales in subsequent years provided certain contingencies in the sales contract expire.

In the fourth quarter of 2000 we sold land, at book value, for $46 million to a joint venture in which we hold a minority interest. The joint venture is building a resort hotel, which will be partially funded with up to $92 million of mezzanine financing to be provided by us. We have also provided the joint venture with a $45 million senior debt service guarantee.

In 2000, we sold and leased back, under long-term, limited-recourse leases, three lodging properties and one senior living community for an aggregate purchase price of $118 million. We agreed to pay a security deposit of $3 million for the lodging properties, which will be refunded at the end of the leases. The sales price exceeded the net book value by $4 million, which we will recognize as a reduction of rent expense over the 15-year initial lease terms.

In 2000, we agreed to sell 23 lodging properties for $519 million in cash. We will continue to operate the hotels under long-term management agreements. As of December 28, 2001, all the properties had been sold, generating pretax gains of $30 million. Fourteen of the 17 properties are accounted for under the full accrual method in accordance with FAS No. 66. The buyers did not make adequate minimum initial investments in the remaining three properties, which we accounted for under the cost recovery method. The sale of four of the 17 properties was to a joint venture in which we have a minority interest. Where the full accrual method applied, we recognized profit proportionate to the outside interests in the joint venture at the date of sale. We recognized $14 million and $9 million of pretax gains in 2001 and 2000 respectively, and will recognize the remainder in subsequent years provided certain contingencies in the sales contracts expire. Unaffiliated third-party tenants will lease 13 of the properties from the buyers. In 2000, one of these tenants replaced us as the tenant on nine other properties sold and leased back by us in 1997 and 1998. We now manage these nine previously leased properties under long-term management agreements, and deferred gains on the sale of these properties of $15 million were recognized as our leases were canceled throughout 2000. In connection with the sale of four of the properties, we provided $39 million of mezzanine funding and agreed to provide the buyer with up to $161 million of additional loans to finance future acquisitions of Marriott-branded hotels. We also acquired a minority interest in the joint venture that purchased the four hotels. During 2001 we funded $27 million under this loan commitment in connection with one of the 11 property sales described above.

On April 28, 2000, we sold 14 senior living communities for cash proceeds of $194 million. We simultaneously entered into long-term management agreements for the communities with a third-party tenant, which leases the communities from the buyer. In connection with the sale we provided a credit facility to the buyer to be used, if necessary, to meet its debt service requirements. The buyer's obligation to repay us under the facility is guaranteed by an unaffiliated third-party. We also extended a limited credit facility to the tenant to cover operating shortfalls, if any. We accounted for the sale under the cost recovery method, and will recognize the resulting gain when the credit facilities expire.

In 1999, we sold an 89 percent interest in one hotel and concurrently signed a long-term lease on the property. We are accounting for this transaction under the financing method, and the sales proceeds of $58 million are reflected as long-term debt in the accompanying consolidated balance sheet.

In 1999, we agreed to sell and leaseback, under long-term, limited-recourse leases, four hotels for approximately $59 million in cash. At the same time, we agreed to pay security deposits of $2 million, which will be refunded at the end of the leases. As of December 29, 2000, all of the properties had been sold, resulting in a sales price that exceeded the net book value by $4 million, which we will recognize as a reduction of rent expense over the 15-year initial lease terms. We can renew the leases on all four hotels at our option.

During 1999, we sold four hotels and three senior living communities for $55 million and $52 million, respectively, resulting in pretax gains of $10 million. We recognized $2 million of the gain in 2000 and 1999, and no gain in 2001. The balance will be recognized provided certain contingencies in the sales contracts expire. We operate these properties under long-term management agreements.

In connection with the long-term, limited-recourse leases described above, Marriott International, Inc. has guaranteed the lease obligations of the tenants, wholly-owned subsidiaries of Marriott International, Inc., for a limited period of time (generally three to five years). After the guarantees expire, the lease obligations become non-recourse to Marriott International, Inc.

In sales transactions where we retain a management contract, the terms and conditions of the management contract are comparable to the terms and conditions of the management agreements obtained directly with third-party owners in competitive bid processes.

ASSET SECURITIZATIONS

We periodically sell, with limited recourse, through special purpose entities, notes receivable originated by our timeshare business in connection with the sale of timeshare intervals. We continue to service the notes and transfer all proceeds collected to the special purpose entities. We retain servicing assets and interests in the securitizations which are accounted for as interest only strips. The interests are limited to the present value of cash available after paying financing expenses, program fees, and absorbing credit losses. Gains from the sales of timeshare notes receivable totaled $40 million in 2001, $22 million in 2000 and $29 million in 1999 and are included in other sales in the consolidated statement of income.

At the date of securitization and at the end of each reporting period, we estimate the fair value of the interest only strips and servicing assets using a discounted cash flow model. These transactions utilize interest rate swaps to protect the net interest margin associated with the beneficial interest. We report changes in the fair value of the interest only strips that are treated as available-for-sale securities under the provisions of FAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities," through other comprehensive income in the accompanying consolidated balance sheet. We report in income changes in the fair value of interest only strips treated as trading securities under the provisions of FAS No. 115. The key assumptions used in measuring the fair value of the interest only strips at the time of securitization and at the end of the two years ended December 28, 2001 and December 29, 2000, were as follows: average discount rate of 6.89 percent and 7.82 percent, respectively; average expected annual prepayments, including defaults, of 15.43 percent and 12.72 percent, respectively; and expected weighted average life of prepayable notes receivable of 118 months and 86 months, respectively. Our key assumptions are based on experience. To date, actual results have not materially affected the carrying value of the interests.

Cash flows between us and third-party purchasers during the years ended December 28, 2001 and December 29, 2000, were as follows: net proceeds to us from new securitizations of $199 million and $144 million, respectively, repurchases by us of delinquent loans (over 150 days overdue) of $11 million and $12 million, respectively, servicing fees received by us of $2 million in each year, and cash flows received on retained interests of $30 million and $18 million, respectively.

On December 12, 2000, we repurchased notes receivable with a principal balance of $359 million and immediately sold those notes, along with $19 million of additional notes, in a $378 million securitization to an investor group. We have included net proceeds from these transactions of $16 million in the net proceeds from securitizations of $144 million disclosed above. We realized a gain of $3 million, primarily associated with the $19 million of additional notes sold, which is included in the $22 million gain on the sales of notes receivable for fiscal year 2000 disclosed above.

At December 28, 2001, $499 million of principal remains outstanding in all securitizations in which we have a retained interest only strip. Delinquencies of more than 90 days at December 28, 2001, amounted to $5 million. Loans repurchased by the Company, net of obligors subsequently curing delinquencies, during the year ended December 28, 2001, amounted to $4 million. We have been able to resell timeshare units underlying repurchased loans without incurring material losses.

We have completed a stress test on the net present value of the interest only strips and the servicing assets with the objective of measuring the change in value associated with independent changes in individual key variables. The methodology used applied unfavorable changes that would be considered statistically significant for the key variables of prepayment rate, discount rate, and weighted average remaining term. The net present value of the interest only strips and servicing assets was $90 million at December 28, 2001, before any stress test changes were applied. An increase of 100 basis points in the prepayment rate would decrease the year-end valuation by $2 million, or 2 percent, and an increase of 200 basis points in the prepayment rate would decrease the year-end valuation by $4 million, or 4 percent. An increase of 100 basis points in the discount rate would decrease the year-end valuation by $2 million, or 2 percent, and an increase of 200 basis points in the discount rate would decrease the year-end valuation by $3 million, or 4 percent. A decline of two months in the weighted average remaining term would decrease the year-end valuation by $1 million, or 2 percent, and a decline of four months in the weighted average remaining term would decrease the year-end valuation by $3 million, or 3 percent.

Assets Held for Sale

Included in other current assets at December 28, 2001 and December 29, 2000 are $324 million and $230 million, respectively, of assets held for sale. At December 28, 2001, assets held for sale consisted of $316 million of property, plant and equipment and $8 million of other related assets. Included in other current liabilities at December 28, 2001, are $8 million of liabilities related to the assets held for sale.

At December 28, 2001, assets held for sale included $76 million of full-service lodging properties, $158 million of select-service properties, $27 million of extended-stay properties, $14 million of undeveloped land and $49 million of senior living services properties. At December 29, 2000, assets held for sale included $143 million of full-service lodging properties, $66 million of select-service properties and $21 million of extended-stay properties.

During the fourth quarter of 2001, management approved and committed to a plan to sell two lodging properties and undeveloped land for an estimated sales price of $119 million. Seven additional lodging properties ($156 million) were subject to signed sales contracts at December 28, 2001. We recorded an impairment charge to adjust the carrying value of three properties and the undeveloped land to their estimated fair value less cost to sell. See the Restructuring Costs and Other Charges footnote. All properties held for sale at December 29, 2000 were under signed sales contracts and were sold in 2001.

In December 2001, management approved and committed to a plan to exit the companion living concept of senior living services and sell the related properties within the next 12 months. We recorded a $60 million impairment charge to adjust the carrying value of the properties to their estimated fair value. See the Restructuring Costs and

Other Charges footnote. These properties generated sales of $42 million, $42 million, and $37 million and operating profits of $1 million, $2 million, and $2 million in 2001, 2000 and 1999, respectively.

INTANGIBLE ASSETS

	2001	2000
	($ in millions)	
Management, franchise and license agreements	$ 847	$ 861
Goodwill	1,245	1,245
Other	19	7
	2,111	2,113
Accumulated amortization	(347)	(280)
	$ 1,764	$ 1,833

We amortize intangible assets on a straight-line basis over periods of three to 40 years. Intangible amortization expense totaled $73 million in 2001, $64 million in 2000 and $62 million in 1999.

SHAREHOLDERS' EQUITY

Eight hundred million shares of our Class A Common Stock with a par value of $.01 per share are authorized. Ten million shares of preferred stock, without par value, are authorized, 200,000 shares have been issued, 100,000 of which are for the Employee Stock Ownership Plan (ESOP) and 100,000 of which are for Capped Convertible Preferred Stock. As of December 28, 2001, 109,223 shares were outstanding, 29,124 of which relate to the ESOP and 80,099 of which are Capped Convertible Preferred Stock.

On March 27, 1998, our Board of Directors adopted a shareholder rights plan under which one preferred stock purchase right was distributed for each share of our Class A Common Stock. Each right entitles the holder to buy 1/1000th of a share of a newly issued series of junior participating preferred stock of the Company at an exercise price of $175. The rights will be exercisable 10 days after a person or group acquires beneficial ownership of 20 percent or more of our Class A Common Stock, or begins a tender or exchange for 30 percent or more of our Class A Common Stock. Shares owned by a person or group on March 27, 1998, and held continuously thereafter, are exempt for purposes of determining beneficial ownership under the rights plan. The rights are nonvoting and will expire on the tenth anniversary of the adoption of the shareholder rights plan, unless exercised or previously redeemed by us for $.01 each. If we are involved in a merger or certain other business combinations not approved by the Board of Directors, each right entitles its holder, other than the acquiring person or group, to purchase common stock of either the Company or the acquirer having a value of twice the exercise price of the right.

As of December 28, 2001, we had been authorized by our Board of Directors to repurchase an additional 13.5 million shares of our Class A Common Stock.

During the second quarter of 2000 we established an employee stock ownership plan solely to fund employer contributions to the profit sharing plan. The ESOP acquired 100,000 shares of special-purpose Company convertible preferred stock (ESOP Preferred Stock) for $1 billion. The ESOP Preferred Stock has a stated value and liquidation preference of $10,000 per share, pays a quarterly dividend of 1 percent of the stated value, and is convertible into our Class A Common Stock at any time based on the amount of our contributions to the ESOP and the market price of the common stock on the conversion date, subject to certain caps and a floor price. We hold a note from the ESOP, which is eliminated upon consolidation, for the purchase price of the ESOP Preferred Stock. The shares of ESOP Preferred Stock are pledged as collateral for the repayment of the ESOP's note, and those shares are released from the pledge as principal on the note is repaid. Shares of ESOP Preferred Stock released from the pledge may be redeemed for cash based on the value of the common stock into which those shares may be converted. Principal and interest payments on the ESOP's debt are expected to be forgiven periodically to fund contributions to the ESOP and release shares of ESOP Preferred Stock. Unearned ESOP shares are reflected within shareholders' equity and are amortized as shares of ESOP Preferred Stock are released and cash is allocated to employees' accounts. The fair market value of the unearned ESOP shares at December 28, 2001 and December 29, 2000 was $263 million and $676 million, respectively.

Accumulated other comprehensive income of $50 million and $44 million at December 28, 2001 and December 29, 2000, respectively, consists primarily of foreign currency translation adjustments.

INCOME TAXES

Total deferred tax assets and liabilities as of December 28, 2001 and December 29, 2000, were as follows:

	2001	2000
	($ in millions)	
Deferred tax assets	$ 481	$ 471
Deferred tax liabilities	(353)	(399)
Net deferred taxes	$ 128	$ 72

The tax effect of each type of temporary difference and carryforward that gives rise to a significant portion of deferred tax assets and liabilities as of December 28, 2001, and December 29, 2000, were as follows:

	2001	2000
	($ in millions)	
Self-insurance	$ 50	$ 65
Employee benefits	162	169
Deferred income	35	45
Other reserves	52	13
Frequent guest program	58	65
Timeshare operations	(28)	(33)
Property, equipment and intangible assets	(157)	(213)
Other, net	(44)	(39)
Net deferred taxes	$ 128	$ 72

At December 28, 2001, we had approximately $34 million of tax credits that expire through 2021.

We have made no provision for U.S. income taxes, or additional foreign taxes, on the cumulative unremitted earnings of non-U.S. subsidiaries ($203 million as of December 28, 2001) because we consider these earnings to be permanently invested. These earnings could become subject to additional taxes if remitted as dividends, loaned to us or a U.S. affiliate, or if we sell our interests in the affiliates. We cannot practically estimate the amount of additional taxes that might be payable on the unremitted earnings.

The provision for income taxes consists of:

	2001	2000	1999
		($ in millions)	
Current - Federal	$ 149	$ 216	$117
- State	18	28	26
- Foreign	21	26	24
	188	270	167
Deferred - Federal	(55)	(2)	58
- State	1	10	12
- Foreign	--	--	--
	(54)	8	70
	$ 134	$ 278	$237

The current tax provision does not reflect the benefits attributable to us relating to our ESOP of $101 million in 2001 and $109 million in 2000 or the exercise of employee stock options of $55 million in 2001, $42 million in 2000 and $44 million in 1999. The taxes applicable to other comprehensive income are not material.

A reconciliation of the U.S. statutory tax rate to our effective income tax rate follows:

	2001	2000	1999
U.S. statutory tax rate	35.0%	35.0%	35.0%
State income taxes, net of U.S. tax benefit	3.7	3.6	3.9
Foreign income	(3.3)	(1.4)	(0.3)
Tax credits	(4.1)	(3.1)	(5.4)
Goodwill amortization	3.3	1.6	1.8
Other, net	1.6	1.1	2.3
Effective rate	36.2%	36.8%	37.3%

Cash paid for income taxes, net of refunds, was $125 million in 2001, $145 million in 2000 and $150 million in 1999.

LEASES

Our future obligations under operating leases at December 28, 2001, are summarized below:

Fiscal Year	($ in millions)
2002	$ 183
2003	176
2004	168
2005	163
2006	154
Thereafter	1,346
Total minimum lease payments	$2,190

Most leases have initial terms of up to 20 years, and contain one or more renewal options, generally for five- or 10-year periods. The leases provide for minimum rentals, and additional rentals based on our operations of the leased property. The total minimum lease payments above include $718 million representing obligations of consolidated subsidiaries that are non-recourse to Marriott International, Inc.

Rent expense consists of:

	2001	2000	1999
		($ in millions)	
Minimum rentals	$184	$171	$158
Additional rentals	91	97	102
	$275	$268	$260

LONG-TERM DEBT

Our long-term debt at December 28, 2001, and December 29, 2000, consisted of the following:

	2001	2000
	($ in millions)	
Senior notes, average interest rate of 7.4% at December 28, 2001, maturing through 2009	$ 1,300	$ 1,001
Commercial paper	--	827
Revolver, average interest rate of 2.5% at December 28, 2001	923	24
Endowment deposits (non-interest bearing)	120	108
Other	108	98
	2,451	2,058
Less current portion	(43)	(42)
	$ 2,408	$ 2,016

The debt is unsecured with the exception of $13 million, which is secured by real estate.

In April 1999, January 2000 and January 2001, we filed "universal shelf" registration statements with the Securities and Exchange Commission in the amount of $500 million, $300 million and $300 million, respectively. As of December 28, 2001, we had offered and sold to the public $600 million of debt securities under these registration statements, leaving a balance of $500 million available for future offerings.

In January 2001, we issued, through a private placement, $300 million of 7 percent Series E Notes due 2008, and received net proceeds of $297 million. We agreed to make and complete a registered exchange offer to exchange these notes for publicly registered new notes on substantially identical terms, which we completed on January 15, 2002.

In March 2000, we sold $300 million principal amount of 8-1/8 percent Series D Notes, which mature in 2005, in a public offering made under our shelf registration statements. We received net proceeds of $298 million.

In September 1999, we sold $300 million principal amount of 7-7/8 percent Series C Notes, which mature in 2009, in a public offering made under our shelf registration statement. We received net proceeds of $296 million.

In November 1998, we sold, through a private placement, $400 million of unsecured senior notes (Series A and B Notes). Proceeds net of discounts totaled $396 million. On April 23, 1999, we commenced a registered exchange offer to exchange the privately placed Series A and B Notes for publicly registered new notes on identical terms. All of the privately placed Series A and B Notes were tendered for exchange, and new notes were issued to the holders on May 31, 1999.

In July 2001 and February 1999, respectively, we entered into $1.5 billion and $500 million multicurrency revolving credit facilities (the Facilities) each with terms of five years. Borrowings bear interest at the London Interbank Offered Rate (LIBOR) plus a spread, based on our public debt rating. Additionally, annual fees are paid on the Facilities at a rate also based on our public debt rating. At December 29, 2000, commercial paper, which was supported by the Facilities, is classified as long-term debt based on our ability and intent to refinance it on a long-term basis.

We are in compliance with covenants in our loan agreements, which require the maintenance of certain financial ratios and minimum shareholders' equity, and also include, among other things, limitations on additional indebtedness and the pledging of assets.

The 2001 and 2000 statement of cash flows exclude $109 million and $79 million, respectively of financing and joint venture investments made by us in connection with asset sales. The 1999 statement of cash flows excludes $215 million of convertible subordinated debt that was converted to equity in November 1999, $54 million of debt that we assumed during 1999, and $15 million of notes receivable we received in a 1999 asset sale that we subsequently sold for cash.

Aggregate debt maturities, excluding convertible debt are: 2002 - $43 million; 2003 - $239 million; 2004 - $16 million; 2005 - $518 million; 2006 - $915 million; and $720 million thereafter.

Cash paid for interest, net of amounts capitalized was $68 million in 2001, $74 million in 2000 and $30 million in 1999.

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 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.

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.

On March 25, 1996, the company formerly named "Marriott International, Inc." (Old Marriott) issued $540 million (principal amount at maturity) of zero coupon convertible subordinated debt in the form of LYONs due 2011. The LYONs were issued and recorded at a discount representing a yield to maturity of 4.25 percent. Accretion was recorded as interest expense and an increase to the carrying value. Gross proceeds from the LYONs issuance were $288 million. We assumed the LYONs when we were spun off (the Spinoff) as a separate entity by Old Marriott in March 1998, and Old Marriott, renamed Sodexho Marriott Services, Inc. (SMS), assumed a 9 percent share of the LYONs obligation based on the relative equity values of SMS and the Company at the Spinoff.

The LYONs were redeemable by us at any time on or after March 25, 1999, for cash equal to the issue price plus accrued original issue discount. On October 7, 1999, we delivered a mandatory redemption notice to the holders of the LYONs indicating our plan to redeem them on November 8, 1999, for $619.65 in cash per LYON. Holders of 347,000 LYONs elected to convert each LYON into 17.52 shares of our Class A Common Stock and 2.19 shares of SMS common stock prior to the close of business on November 8, 1999. The aggregate redemption payment for the remaining 193,000 LYONs totaled $120 million. Pursuant to the LYONs Allocation Agreement entered into with SMS as part of the Spinoff, SMS funded 9 percent of the aggregate LYONs redemption payment. We funded the redemption payment with proceeds from commercial paper borrowings. Unamortized deferred financing costs of $2 million relating to the LYONs that were redeemed were recognized as interest expense in 1999.

EARNINGS PER SHARE

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

	2001	2000	1999
Computation of Basic Earnings Per Share			
Net income	$ 236	$ 479	$ 400
Weighted average shares outstanding	243.3	241.0	247.5
Basic Earnings Per Share	$ .97	$ 1.99	$ 1.62
Computation of Diluted Earnings Per Share			
Net income	$ 236	$ 479	$ 400
After-tax interest expense on convertible debt	--	--	7
Net income for diluted earnings per share	$ 236	$ 479	$ 407
Weighted average shares outstanding	243.3	241.0	247.5
Effect of Dilutive Securities			
Employee stock purchase plan	--	0.1	0.2
Employee stock option plan	7.9	7.5	8.7
Deferred stock incentive plan	5.5	5.4	5.4
Convertible debt	--	--	8.0
Shares for diluted earnings per share ...	256.7	254.0	269.8
Diluted Earnings Per Share	$ .92	$ 1.89	$ 1.51

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 the year ended December 28, 2001, excludes $5 million of after-tax interest expense on convertible debt and 4.1 million shares issuable upon conversion of convertible debt, and 5.1 million options granted in 2001, inclusion of which would have had an antidilutive impact on diluted earnings per share.

EMPLOYEE STOCK PLANS

We issue stock options, deferred shares and restricted shares under our 1998 Comprehensive Stock and Cash Incentive Plan (Comprehensive Plan). Under the Comprehensive Plan, we may award to participating employees (1) options to purchase our Class A Common Stock (Stock Option Program and Supplemental Executive Stock Option awards), (2) deferred shares of our Class A Common Stock and (3) restricted shares of our Class A Common Stock. In addition we have an employee stock purchase plan (Stock Purchase Plan). In accordance with the provisions of Opinion No. 25 of the Accounting Principles Board, we recognize no compensation cost for the Stock Option Program, the Supplemental Executive Stock Option awards or the Stock Purchase Plan.

Deferred shares granted to officers and key employees under the Comprehensive Plan generally vest over 10 years in annual installments commencing one year after the date of grant. We accrue compensation expense for the fair market value of the shares on the date of grant, less estimated forfeitures. We granted 0.8 million deferred shares during 2001. Compensation cost recognized during 2001, 2000 and 1999 was $25 million, $18 million and $15 million, respectively.

Restricted shares under the Comprehensive Plan are issued to officers and key employees and distributed over a number of years in annual installments, subject to certain prescribed conditions including continued employment. We recognize compensation expense for the restricted shares over the restriction period equal to the fair market value of the shares on the date of issuance. We awarded 0.2 million restricted shares under this plan during 2001. We recognized compensation cost of $4 million in each of 2001, 2000 and 1999.

Under the Stock Purchase Plan, eligible employees may purchase our Class A Common Stock through payroll deductions at the lower of the market value at the beginning or end of each plan year.

Employee stock options may be granted to officers and key employees at exercise prices equal to the market price of our Class A Common Stock on the date of grant. Nonqualified options expire 10 years after the date of grant, except those issued from 1990 through 2000, which expire 15 years after the date of the grant. Most options under the Stock Option Program are exercisable in cumulative installments of one quarter at the end of each of the first four years following the date of grant. In February 1997, 2.1 million Supplemental Executive Stock Option awards were awarded to certain of our officers. The options vest after eight years but could vest earlier if our stock price meets certain performance criteria. These options have an exercise price of $25 and 0.2 million of them were forfeited during 1998. None of them were exercised during 2001, 2000 or 1999 and 1.9 million remained outstanding at December 28, 2001.

For the purposes of the following disclosures required by FAS No. 123, "Accounting for Stock-Based Compensation," the fair value of each option granted during 2001, 2000 and 1999 was $16, $15 and $14, respectively. We estimated the fair value of each option granted on the date of grant using the Black-Scholes option-pricing model, using the assumptions noted in the following table:

	2001	2000	1999
Annual dividends	$ .26	$ .24	$ .22
Expected volatility	32%	30%	29%
Risk-free interest rate	4.9%	5.8%	6.7%
Expected life (in years)	7	7	7

Pro forma compensation cost for the Stock Option Program, the Supplemental Executive Stock Option awards and employee purchases pursuant to the Stock Purchase Plan subsequent to December 30, 1994, recognized in accordance with FAS No. 123, would reduce our net income as follows (in millions, except per share amounts):

	2001	2000	1999
Net income as reported	$ 236	$ 479	$ 400
Pro forma net income	$ 187	$ 435	$ 364
Diluted earnings per share as reported	$ .92	$ 1.89	$ 1.51
Pro forma diluted earnings per share	$ .73	$ 1.71	$ 1.38

A summary of our Stock Option Program activity during 2001, 2000 and 1999 is presented below:

	Number of options (in millions)	Weighted average exercise price
Outstanding at January 1, 1999	31.5	$19
Granted during the year	6.9	33
Exercised during the year	(4.2)	12
Forfeited during the year	(0.4)	30
Outstanding at December 31, 1999	33.8	22
Granted during the year	0.6	36
Exercised during the year	(3.9)	16
Forfeited during the year	(0.5)	32
Outstanding at December 29, 2000	30.0	23
Granted during the year	13.4	36
Exercised during the year	(4.2)	18
Forfeited during the year	(0.9)	34
Outstanding at December 28, 2001	38.3	$29

There were 20.2 million, 20.5 million and 19.3 million exercisable options under the Stock Option Program at December 28, 2001, December 29, 2000 and December 31, 1999, respectively, with weighted average exercise prices of $22, $19 and $16, respectively.

At December 28, 2001, 54.1 million shares were reserved under the Comprehensive Plan (including 40.3 million shares under the Stock Option Program and 1.9 million shares of the Supplemental Executive Stock Option awards) and 2.1 million shares were reserved under the Stock Purchase Plan.

Stock options issued under the Stock Option Program outstanding at December 28, 2001, were as follows:

	Outstanding			Exercisable	
Range of exercise prices	Number of options (in millions)	Weighted average remaining life (in years)	Weighted average exercise price	Number of options (in millions)	Weighted average exercise price
$ 3 to 5	0.9	4	$ 3	0.9	$ 3
6 to 9	2.5	6	7	2.5	7
10 to 15	3.1	8	13	3.1	13
16 to 24	1.9	9	17	1.9	17
25 to 37	23.8	11	31	11.7	30
38 to 49	6.1	10	45	0.1	41
$ 3 to 49	38.3	10	$ 29	20.2	$22

FAIR VALUE OF FINANCIAL INSTRUMENTS

We assume that the fair values of current assets and current liabilities are equal to their reported carrying amounts. The fair values of noncurrent financial assets and liabilities are shown below.

	2001		2000	
	Carrying amount	Fair value	Carrying amount	Fair value
	($ in millions)		($ in millions)	
Notes and other receivables	$1,588	$1,645	$1,180	$1,206
Long-term debt, convertible debt and other long-term liabilities	2,754	2,743	1,998	1,974

We value notes and other receivables based on the expected future cash flows discounted at risk adjusted rates. We determine valuations for long-term debt and other long-term liabilities based on quoted market prices or expected future payments discounted at risk adjusted rates.

CONTINGENT LIABILITIES

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 $574 million at December 28, 2001, including guarantees involving major customers. As discussed below (see "Restructuring Costs and Other Charges"), we expect to fund $33 million of guarantee obligations in 2002. In addition, we have made an uncapped physical completion guaranty relating to one hotel property with minimal expected funding. As of December 28, 2001, we had extended approximately $669 million of loan commitments to owners of lodging properties and senior living communities under which we expect to fund approximately $187 million by January 3, 2003, and $334 million in total. Letters of credit outstanding on our behalf at December 28, 2001, totaled $77 million, the majority of which related to our self-insurance programs. At December 28, 2001, we had repurchase obligations of $46 million related to notes receivable from timeshare interval purchasers, which have been sold with limited recourse.

New World Development and another affiliate of Dr. Henry Cheng Kar-Shun 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; (xi) providing incorrect cash flow figures and failing to appropriately 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 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. On May 25, 2001, defendants moved to dismiss the complaint or, alternatively, to stay or transfer. On June 25, 2001, Green Isle filed its Chapter 11 Bankruptcy Petition in the Southern District of Florida.

Although we believe that the lawsuit described above is without merit, and we intend to vigorously defend against the claims being made against us, we cannot assure you as to the outcome of this 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.

BUSINESS SEGMENTS

We are a diversified hospitality company with operations in six business segments: Full-Service Lodging, which includes Marriott Hotels, Resorts and Suites, The Ritz-Carlton Hotel, Renaissance Hotels, Resorts and Suites, Ramada International and the fees we receive for the use of the Ramada name in the United States and Canada; Select-Service Lodging, which includes Courtyard, Fairfield Inn and SpringHill Suites; Extended-Stay Lodging, which includes Residence Inn, TownePlace Suites, ExecuStay and Marriott Executive Apartments; Timeshare, which includes the operation, ownership, development and marketing of Marriott's timeshare properties under the Marriott, Ritz-Carlton Club, Horizons and Grand Residences brands; Senior Living Services, which includes the operation, ownership and development of senior living communities; and Distribution Services, which includes our wholesale food distribution business. 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.

	2001	2000	1999
		($ in millions)	
Sales			
Full-Service	$ 5,238	$ 5,520	$ 5,091
Select-Service	864	901	788
Extended-Stay	635	668	537
Timeshare	1,049	822	625
Total Lodging	7,786	7,911	7,041
Senior Living Services	729	669	559
Distribution Services	1,637	1,500	1,139
	$ 10,152	$ 10,080	$ 8,739
Operating profit (loss) before corporate expenses and interest			
Full-Service	$ 294	$ 510	$ 469
Select-Service	145	192	167
Extended-Stay	55	96	68
Timeshare	147	138	123
Total Lodging	641	936	827
Senior Living Services	(45)	(18)	(18)
Distribution Services	(6)	4	21
	$ 590	$ 922	$ 830
Depreciation and amortization			
Full-Service	$ 81	$ 86	$ 74
Select-Service	10	8	4
Extended-Stay	16	15	11
Timeshare	34	22	19
Total Lodging	141	131	108
Senior Living Services	32	28	21
Distribution Services	13	6	6
Corporate	36	30	27
	$ 222	$ 195	$ 162

	2001	2000	1999
		($ in millions)	
Assets			
Full-Service	$3,394	$3,453	$2,861
Select-Service	931	995	620
Extended-Stay	366	399	395
Timeshare	2,109	1,634	1,283
Total Lodging	6,800	6,481	5,159
Senior Living Services	690	784	980
Distribution Services	216	194	187
Corporate	1,401	778	998
	$9,107	$8,237	$7,324
Capital expenditures			
Full-Service	$ 186	$ 554	$ 180
Select-Service	140	262	182
Extended-Stay	52	83	121
Timeshare	75	66	36
Total Lodging	453	965	519
Senior Living Services	26	76	301
Distribution Services	2	6	3
Corporate	79	48	106
	$ 560	$1,095	$ 929

Sales from Distribution Services exclude sales (made at market terms and conditions) to other business segments of $157 million, $176 million and $166 million in 2001, 2000 and 1999, respectively.

Segment operating expenses include selling, general and administrative expenses directly related to the operations of the businesses, aggregating $698 million in 2001, $682 million in 2000 and $592 million in 1999.

The consolidated financial statements include the following related to international operations: sales of $477 million in 2001, $455 million in 2000 and $392 million in 1999; operating profit before corporate expenses and interest of $42 million in 2001, $73 million in 2000 and $66 million in 1999; and fixed assets of $211 million in 2001, $241 million in 2000 and $137 million in 1999.

RESTRUCTURING COSTS AND OTHER CHARGES

The Company has 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 has resulted in reduced management and franchise fees, cancellation of development projects, and anticipated losses under guarantees and loans. We have responded by implementing certain companywide cost-saving measures, although we do not expect any significant changes to the scope of our operations. As a result of our restructuring plan, we incurred restructuring costs of $124 million, including (1) $16 million in severance costs; (2) $20 million, primarily associated with 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. Detailed information related to the restructuring costs and other charges, which were recorded in the fourth quarter of 2001 as a result of the economic downturn and the unfavorable lodging environment, is provided below.

Restructuring Costs

Severance

Our restructuring plan resulted in the reduction of approximately 1,700 employees (the majority of which were terminated by December 28, 2001) across the Company. We recorded a workforce reduction charge of $16 million related primarily to severance and fringe benefits. The charge does not reflect amounts billed out separately to owners for property-level severance costs. In addition, we delayed filling vacant positions and reduced staff hours.

Facilities Exit Costs

As a result of the workforce reduction and delay in filling vacant positions, we consolidated excess corporate facilities. We recorded a restructuring charge of approximately $15 million for excess corporate facilities, primarily related to lease terminations and noncancelable lease costs in excess of estimated sublease income. In addition, we recorded a $5 million charge for lease terminations resulting from cancellations of leased units by our ExecuStay corporate apartment business, primarily in downtown New York City.

Development Cancellations and Elimination of Product Line

We incur certain costs associated with the development of properties, including legal costs, the cost of land and planning and design costs. We capitalize these costs as incurred and they become part of the cost basis of the property once it is developed. As a result of the dramatic downturn in the economy in the aftermath of the September 11, 2001 attacks, we decided to cancel development projects no longer deemed viable. As a result, we expensed $28 million of previously capitalized costs. In addition, management has begun to actively engage in efforts to sell 25 Village Oaks senior living communities. These communities offer companion living and are significantly different from our other senior living brands. As a result of the plan to exit this line of business, we have reclassified the assets associated with the 25 properties as assets held for sale and accordingly recorded those assets at their estimated fair value, resulting in an impairment charge of $60 million.

Other Charges

Reserves for Guarantees and Loan Losses

We issue guarantees to lenders and other third parties in connection with financing transactions and other obligations. We also advance loans to some owners of properties that we manage. As a result of the downturn in the economy, certain hotels have experienced significant declines in profitability and the owners have not been able to meet debt service obligations to the Company or in some cases, to third-party lending institutions. As a result, based upon cash flow projections, we expect to fund under certain guarantees, which are not deemed recoverable, and we expect that several of the loans made by us will not be repaid according to their original terms. Due to the expected guarantee fundings deemed nonrecoverable and the expected loan losses, we recorded charges of $85 million in the fourth quarter of 2001.

Accounts Receivable - Bad Debts

In the fourth quarter of 2001, we reserved $17 million of accounts receivable following an analysis of these accounts which we deemed uncollectible, generally as a result of the unfavorable hotel operating environment.

Asset Impairments and Other Charges

The Company recorded a charge related to the impairment of an investment in a technology-related joint venture ($22 million), losses on the anticipated sale of three lodging properties ($13 million), write-offs of investments in management contracts and other assets ($8 million), and the write-off of capitalized software costs arising from a decision to change a technology platform ($2 million).

A summary of the restructuring costs and other charges recorded in the fourth quarter of 2001 is detailed as follows ($ in millions):

	Total charge	Non-cash charge	Cash payments in fourth quarter 2001	Restructuring costs and other charges liability at December 28, 2001
Severance	$ 16	$ 2	$ 6	$ 8
Facilities exit costs	20	----	2	18
Development cancellations and elimination of product line	88	88	--	--
Total restructuring costs	124	90	8	26
Reserves for guarantees and loan losses	85	52	--	33
Accounts receivable - bad debts	17	17	--	--
Write-down of properties held for sale	13	13	--	--
Impairment of technology-related investments and other	32	31	--	1
Total	$271	$203	$ 8	$60

The remaining liability related to the workforce reduction and fundings under guarantees will be substantially paid by the end of 2002. The amounts related to the space reduction and resulting lease expense due to the consolidation of facilities will be paid over the respective lease terms through 2012.

Further detail regarding the charges is shown below:

Operating Profit Impact ($ in millions)

	Full-Service	Select-Service	Extended-Stay	Timeshare	Senior Living Services	Distribution Services	Total
Severance	$ 7	$ 1	$ 1	$ 2	$--	$ 1	$ 12
Facilities exit costs	--	--	5	--	--	1	6
Development cancellations and elimination of product line	19	4	5	--	60	--	88
Total restructuring costs	26	5	11	2	60	2	106
Reserves for guarantees and loan losses	30	3	3	--	--	--	36
Accounts receivable - bad debts	11	1	--	--	2	3	17
Write-down of properties held for sale	9	4	--	--	--	--	13
Impairment of technology-related investments and other	8	--	2	--	--	--	10
Total	$84	$13	$16	$ 2	$62	$ 5	$182

Non-operating Impact ($ in millions)

	Corporate expenses	Provision for loan losses	Interest income	Total corporate expenses and interest
Severance	$ 4	$--	$--	$ 4
Facilities exit costs	14	--	--	14
Total restructuring costs	18	--	--	18
Reserves for guarantees and loan losses	--	43	6	49
Impairment of technology-related investments and other	22	--	--	22
Total	$40	$43	$ 6	$89

SUBSEQUENT EVENTS (UNAUDITED)

In March 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 to the joint venture the domestic Ramada license agreements and related intellectual property 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.

QUARTERLY FINANCIAL DATA - UNAUDITED

($ in millions, except per share data)

	2001/1/				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Fiscal Year
Sales	$ 2,461	$ 2,450	$ 2,373	$ 2,868	$10,152
Operating profit (loss) before corporate expenses and interest	$ 226	$ 239	$ 178	$ (53)	$ 590
Net income (loss)	$ 121	$ 130	$ 101	$ (116)	$ 236
Diluted earnings (loss) per share/2/	$ .47	$ .50	$ .39	$ (.48)	$ .92

	2000/1/				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Fiscal Year
Sales	$ 2,177	$ 2,409	$ 2,315	$ 3,179	$10,080
Operating profit (loss) before corporate expenses and interest	$ 193	$ 247	$ 216	$ 266	$ 922
Net income	$ 94	$ 126	$ 110	$ 149	$ 479
Diluted earnings per share	$ .37	$ .50	$ .43	$ .59	$ 1.89

/1 The quarters consist of 12 weeks, except the fourth quarter, which consists of 16 weeks.

/2 In 2001 the sum of the earnings per share for the four quarters differs from annual earnings per share due to the required method of computing the weighted average shares in interim periods.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEMS 10, 11, 12 and 13.

As described below, certain information appearing in our Proxy Statement to be furnished to shareholders in connection with the 2002 Annual Meeting of Shareholders, is incorporated by reference in this Form 10-K Annual Report.

ITEM 10. We incorporate this information by reference to the "Directors Standing For Election," "Directors Continuing In Office" and "Section 16(a) Beneficial Ownership Reporting Compliance" sections of our Proxy Statement which we will furnish to our shareholders in connection with our 2002 Annual Meeting. We have included information regarding our executive officers below.

ITEM 11. We incorporate this information by reference to the "Executive Compensation" section of our Proxy Statement.

ITEM 12. We incorporate this information by reference to the "Stock Ownership" section of our Proxy Statement.

ITEM 13. We incorporate this information by reference to the "Certain Transactions" section of our Proxy Statement.

EXECUTIVE OFFICERS

Set forth below is certain information with respect to our executive officers.

Name and Title	Age	Business Experience
J. W. Marriott, Jr. Chairman of the Board and Chief Executive Officer	69	Mr. Marriott joined Marriott Corporation (now known as Host Marriott Corporation) in 1956, became President and a director in 1964, Chief Executive Officer in 1972 and Chairman of the Board in 1985. Mr. Marriott also is a director of Host Marriott Corporation, General Motors Corporation and the Naval Academy Endowment Trust. He serves on the Board of Trustees of the National Geographic Society and The J. Willard & Alice S. Marriott Foundation, and is a member of the Executive Committee of the World Travel & Tourism Council and the Business Council. Mr. Marriott has served as Chief Executive Officer of the Company since its inception in 1997, and served as Chairman and Chief Executive Officer of Old Marriott from October 1993 to March 1998. Mr. Marriott has served as a director of the Company since March 1998.
Simon Cooper Vice President; President and Chief Operating Officer, The Ritz-Carlton Hotel Company, L.L.C.	56	Simon Cooper joined Marriott International in 1998 as President of Marriott Lodging Canada and Senior Vice President of Marriott Lodging International. In 2000, the Company added the New England Region to his Canadian responsibilities. Prior to joining Marriott, Mr. Cooper was President and Chief Operating Officer of Delta Hotels and Resorts. Mr. Cooper is the Chairman of the Board of Governors for University of Guelph. He is a fellow of the Board of Trustees for the Educational Institute of the American Hotel and Motel Association and is a member of the Board for the Canadian Tourism Commission. Mr. Cooper was appointed to his current position in February 2001.
Edwin D. Fuller Vice President; President and Managing Director - Marriott Lodging International	57	Edwin D. Fuller joined Marriott in 1972 and held several sales positions before being appointed Vice President of Marketing in 1979. He became Regional Vice President in the Midwest Region in 1985, Regional Vice President of the Western Region in 1988, and in 1990 was promoted to Senior Vice President & Managing Director of International Lodging, with a focus on developing the international group of hotels. He was named Executive Vice President and Managing Director of International Lodging in 1994, and was promoted to his current position in 1997.

Name and Title	Age	Business Experience
Brendan M. Keegan Vice President; Executive Vice President - Human Resources	58	Brendan M. Keegan joined Marriott Corporation in 1971, in the Corporate Organization Development Department and subsequently held several human resources positions, including Vice President of Organization Development and Executive Succession Planning. He was named Senior Vice President, Human Resources, Marriott Service Group in 1986. Mr. Keegan was appointed Senior Vice President of Human Resources for our worldwide human resources functions, including compensation, benefits, labor and employee relations, employment and human resources planning and development in 1997, and was appointed to his current position in 1998.
William W. McCarten Vice President; President - Marriott Services Group	53	William W. McCarten was named as President of Marriott Services Group (Marriott Senior Living Services and Marriott Distribution Services) in January 2001. Most recently, Mr. McCarten served as President and Chief Executive Officer of HMS Host Corporation (formerly Host Marriott Services Corporation) from 1995 to December 2000. He joined Marriott Corporation in 1979, was elected Vice President, Corporate Controller and Chief Accounting Officer in 1985 and Senior Vice President in 1986. He was named Executive Vice President, Host and Travel Plazas in 1991 and President, Host and Travel Plazas in 1992. In 1993 he became President of Host Marriott Corporation's Operating Group and in 1995 was elected President and Chief Executive Officer and a director of HMS Host Corporation. Mr. McCarten is a past chairman of the Advisory Board of the McIntire School at the University of Virginia.
Terry Petty Executive Vice President; North American Lodging Operations	52	Terry Petty joined Marriott Corporation in 1984 as Vice President of Marketing and Planning for the newly acquired Host International business and subsequently held the following positions: Vice President of Consumer Marketing, Marriott Hotels; General Manager, Atlanta Perimeter Marriott Hotel; Vice President of Operations for Marriott Vacation Club International, and Senior Vice President of Hotels for the Western Region. Mr. Petty was appointed to his current position in 2000.
Joseph Ryan Executive Vice President and General Counsel	60	Joseph Ryan joined Old Marriott in 1994 as Executive Vice President and General Counsel. Prior to that time, he was a partner in the law firm of O'Melveny & Myers, serving as the Managing Partner from 1993 until his departure. He joined O'Melveny & Myers in 1967 and was admitted as a partner in 1976.

Name and Title	Age	Business Experience
William J. Shaw Director, President and Chief Operating Officer	56	Mr. Shaw has served as President and Chief Operating Officer of the Company since 1997 (including service in the same capacity with Old Marriott until March 1998). He joined Marriott Corporation in 1974, was elected Corporate Controller in 1979 and a Vice President in 1982. In 1986, Mr. Shaw was elected Senior Vice President--Finance and Treasurer of Marriott Corporation. He was elected Chief Financial Officer and Executive Vice President of Marriott Corporation in 1988. In 1992, he was elected President of the Marriott Service Group. He also serves on the Board of Trustees of the University of Notre Dame and the Suburban Hospital Foundation. Mr. Shaw served as a director of Old Marriott (subsequently named Sodexho, Inc. and now a wholly owned subsidiary of Sodexho Alliance) from May 1997 through June 2001. He has served as a director of the Company since March 1998.
Arne M. Sorenson Executive Vice President and Chief Financial Officer	43	Arne M. Sorenson joined Old Marriott in 1996 as Senior Vice President of Business Development. He was instrumental in our acquisition of the Renaissance Hotel Group in 1997. Prior to joining Marriott, he was a partner in the law firm of Latham & Watkins in Washington, D.C., where he played a key role in 1992 and 1993 in the distribution of Old Marriott by Marriott Corporation. Mr. Sorenson was appointed Executive Vice President and Chief Financial Officer in 1998.
James M. Sullivan Executive Vice President - Lodging Development	58	James M. Sullivan joined Marriott Corporation in 1980, departed in 1983 to acquire, manage, expand and subsequently sell a successful restaurant chain, and returned to Marriott Corporation in 1986 as Vice President of Mergers and Acquisitions. Mr. Sullivan became Senior Vice President, Finance - Lodging in 1989, Senior Vice President - Lodging Development in 1990 and was appointed to his current position in 1995.
Stephen P. Weisz Vice President; President - Marriott Vacation Club International	51	Stephen P. Weisz joined Marriott Corporation in 1972 and was named Regional Vice President of the Mid-Atlantic Region in 1991. Mr. Weisz had previously served as Senior Vice President of Rooms Operations before being appointed as Vice President of the Revenue Management Group. Mr. Weisz became Senior Vice President of Sales and Marketing for Marriott Hotels, Resorts and Suites in 1992 and Executive Vice President - Lodging Brands in 1994. Mr. Weisz was appointed to his current position in 1996.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) LIST OF DOCUMENTS FILED AS PART OF THIS REPORT

(1) FINANCIAL STATEMENTS

The response to this portion of Item 14 is submitted under Item 8 of this Report on Form 10-K.

(2) FINANCIAL STATEMENT SCHEDULES

Information relating to schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission is included in the notes to the financial statements and is incorporated herein by reference.

(3) EXHIBITS

Any shareholder who wants a copy of the following Exhibits may obtain one from us upon request at a charge that reflects the reproduction cost of such Exhibits. Requests should be made to the Secretary, Marriott International, Inc., Marriott Drive, Department 52/862, Washington, D.C. 20058.

Exhibit No.	Description	Incorporation by Reference (where a report or registration statement is indicated below, that document has been previously filed with the SEC and the applicable exhibit is incorporated by reference thereto)
3.1	Third Amended and Restated Certificate of Incorporation of the Company.	Exhibit No. 3 to our Form 10-Q for the fiscal quarter ended June 18, 1999.
3.2	Amended and Restated Bylaws.	Exhibit No. 3.3 to our Form 10-K for the fiscal year ended January 1, 1999.
3.3	Amended and Restated Rights Agreement dated as of August 9, 1999 with The Bank of New York,Rights Agent.	Exhibit No. 4.1 to our Form 10-Q for the fiscal quarter ended September 10, 1999.
3.4	Certificate of Designation,Preferences and Rights of the Marriott International,Inc.ESOP Convertible Preferred Stock.	Exhibit No. 3.1 to our Form 10-Q for the fiscal quarter ended June 16, 2000.
3.5	Certificate of Designation, Preferences and Rights of the Marriott International,Inc. Capped Convertible Preferred Stock.	Exhibit No. 3.2 to our Form 10-Q for the fiscal quarter ended June 16, 2000.
4.1	Indenture dated November 16,1998 with The Chase Manhattan Bank, as Trustee.	Exhibit No. 4.1 to our Form 10-K for the fiscal year ended January 1, 1999.
4.2	Form of 6.625% Series A Note due 2003.	Exhibit No. 4.2 to our Form 10-K for the fiscal year ended January 1, 1999.
4.3	Form of 6.875% Series B Note due 2005.	Exhibit No. 4.3 to our Form 10-K for the fiscal year ended January 1, 1999.

4.4	Form of 7.875% Series C Note due 2009.	Exhibit No. 4.1 to our Form 8-K dated September 20, 1999.
4.5	Form of 8.125% Series D Note due 2005.	Exhibit No. 4.1 to our Form 8-K dated March 28, 2000.
4.6	Form of 7.0% Series E Note due 2008.	Exhibit No. 4.1 (f) to our Form S-3 filed on January 17, 2001.
4.7	Indenture, dated as of May 8,2001,relating to the Liquid Yield Option Notes due 2021,with Bank of New York, as trustee.	Exhibit No. 4.2 to our Form S-3 filed on May 25, 2001.
10.1	Employee Benefits and Other Employment Matters Allocation Agreement dated as of September 30, 1997 with Sodexho Marriott Services, Inc.	Exhibit No. 10.1 to our Form 10 filed on February 13, 1998.
10.2	1998 Comprehensive Stock and Cash Incentive Plan.	Appendix L in our Form 10 filed on February 13, 1998.
10.3	Amended and restated Marriott International, Inc. 1998 Comprehensive Stock and Cash Incentive Plan.	Attachment A to our definitive proxy statement filed on March 23, 2000.
10.4	Noncompetition Agreement between Sodexho Marriott Services, Inc. and the Company.	Exhibit No. 10.1 to our Form 10-Q for the fiscal quarter ended March 27, 1998.
10.5	Tax Sharing Agreement with Sodexho Marriott Services, Inc. and Sodexho Alliance, S.A.	Exhibit No. 10.2 to our Form 10-Q for the fiscal quarter ended March 27, 1998.
10.6	Distribution Agreement with Host Marriott Corporation, as amended.	Exhibit No. 10.3 to Form 8-K of Old Marriott dated October 25, 1993; Exhibit No. 10.2 to Form 10-K of Old Marriott for the fiscal year ended December 29, 1995 (First Amendment); Exhibit Nos. 10.4 and 10.5 to our Form 10-Q for the fiscal quarter ended March 27, 1998 (Second and Third Amendments); and Exhibit nos. 10.5 (a) and 10.5 (b) to our Form 10-K for the fiscal year ended December 31, 1999 (Fourth and Fifth Amendments); Exhibit No. 10.5 to our Form 10-K for the fiscal year ended December 29, 2000 (Sixth Amendment).
10.7	Restated Noncompetition Agreement with Host Marriott Corporation.	Exhibit No. 10.6 to our Form 10-Q for the fiscal quarter ended March 27, 1998.
10.8	$500 million Credit Agreement dated February 19, 1998 with Citibank,N.A.,as administrative Agent, and certain banks.	Exhibit No. 4.8 to our Form 10-K for the fiscal year ended January 1, 1999.

10.9	$1.5 Billion Credit Agreement dated July 31, 2001 with Citibank, N.A. as Administrative Agent, and certain banks.	Exhibit No. 10 to our Form 10-Q for the fiscal quarter ended September 7, 2001.
12	Statement of Computation of Ratio of Earnings to Fixed Charges.	Filed with this report.
21	Subsidiaries of Marriott International, Inc.	Filed with this report.
23	Consent of Arthur Andersen LLP.	Filed with this report.
99.1	Forward-Looking Statements.	Filed with this report.
99.2	Letter to the Securities and Exchange Commission regarding representations made by Arthur Andersen LLP.	Filed with this report.

(b) REPORTS ON FORM 8-K

On October 4, 2001, we filed a report indicating that we issued a press release on the same day which described our earnings for the fiscal quarter ended September 7, 2001 and discussed the impact on our business of the September 11, 2001 attacks on New York and Washington.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934 we have duly caused this Form 10-K to be signed on our behalf by the undersigned, thereunto duly authorized, on this 22nd day of March, 2002.

MARRIOTT INTERNATIONAL, INC.

By /s/ J.W. Marriott, Jr.

J.W. Marriott, Jr.
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Form 10-K has been signed by the following persons on our behalf in their capacities and on the date indicated above.

PRINCIPAL EXECUTIVE OFFICER:

/s/ J.W. Marriott, Jr. J.W. Marriott, Jr.	Chairman of the Board, Chief Executive Officer and Director

PRINCIPAL FINANCIAL OFFICER:

/s/ Arne M. Sorenson Arne M. Sorenson	Executive Vice President, Chief Financial Officer

PRINCIPAL ACCOUNTING OFFICER:

/s/ Linda A. Bartlett Linda A. Bartlett	Vice President, Controller

DIRECTORS:

/s/ Ann M. Fudge Ann M. Fudge, Director	W. Mitt Romney, Director
/s/ Gilbert M. Grosvenor Gilbert M. Grosvenor, Director	/s/ Roger W. Sant Roger W. Sant, Director
/s/ Richard E. Marriott Richard E. Marriott, Director	/s/ William J. Shaw William J. Shaw, Director
/s/ Floretta Dukes McKenzie Floretta Dukes McKenzie, Director	/s/ Lawrence M. Small Lawrence M. Small, Director
/s/ Harry J. Pearce Harry J. Pearce, Director	

Exhibit 12

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

	Fifty-two weeks ended December 28, 2001
Income/(loss) before income taxes	370
Loss/(income) related to equity method investees	17
	387
Add/(deduct):	
Fixed charges	241
Interest capitalized	(61)
Distributed income of equity method investees	4
Earnings available for fixed charges	571
Fixed charges:	
Interest expensed and capitalized (1)	$ 171
Estimate of the interest within rent expense	70
Total fixed charges	$ 241
Ratio of earnings to fixed charges	2.4

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

Country: Antigua and Barbuda
The Ritz-Carlton Hotel Company of Antigua Limited

Country: Argentina
Marriott Argentina S.A.

Country: Aruba
Aruba Marriott Resort & Stellaris Casino
Cooperative Vereniging Marriott Vacation Club International of Aruba
Marriott Aruba N.V.
Marriott Resorts Hospitality of Aruba N.V.
Marriott Vacation Club International of Aruba, N.V.
Plant Hotel, N.V.

Country: Australia
158 Ferny Avenue Holdings I Pty Limited
158 Ferny Avenue Holdings II Pty Limited
158 Ferny Avenue Ownership PTY Limited
30 Pitt Street Pty Limited
Lonex Pty Limited
Mirmar Hotels Pty Limited

Country: Austria
Design Center Linz Betriebsgesellschaft mbH
Marriott Hotel-Betriebsgesellschaft, m.b.H
Marriott Vacation Club

Country: Bahamas
Marriott Ownership Resorts (Bahamas) Limited
Marriott Resorts Hospitality (Bahamas) Limited
New World Hotels (Bahamas) Limited

Country: Belgium
Renaissance Hotels International, S.A.

Country: Bermuda
CL International Insurance Company Ltd.
Crest Management Services, Limited
Marriott International Lodging, Ltd.
Marriott International Services, Ltd.
Ramada International Lodging, Ltd.
Renaissance International Lodging Ltd.
The Ritz-Carlton Hotel Company, Ltd

Country: Brazil
Alameda Santos Hotelaria Ltda.
Brasil Sales Office Ltda.
Mar Hoteis de Sao Paulo Ltda.
Marriott do Brasil Hotelaria Ltda.
Operadora Rio de Janeiro Marriott Ltda.
Operadora Sao Paulo Renaissance Ltda.
Ramada Management Company - Brazil 1, Ltda.
Renaissance do Brasil Hoteleria Ltda.
RHI do Brasil Hotelaria Ltda.
Rochapora Desenvolvimento Imobilliario S/C Ltda
Sao Paulo Alphaville Marriott Ltda.

Country: Canada
Marriott Hotels of Canada Ltd.
Marriott Lodging (Canada) Ltd.
MCL Hotel Corporation
Ramada Franchise Canada Inc.
Renaissance Hotels Canada Limited
The Ritz-Carlton Hotel Company of Canada, Ltd.
The Ritz-Carlton Hotel Company Ontario, Ltd.
Toronto Hotel Land Holding Ltd.
Toronto Realty Airport Hotel, Ltd.

Country: Cayman Islands
Renaissance Caribbean Limited
The Ritz-Carlton Hotel Company of the Cayman Islands, Ltd.

Country: Chile
Hotelera Cincuenta y Siete Cuarenta y Uno, S.A.
Hoteles de Chile, S.A.
Marriott Chile S.A.
Marriott Inversiones y Servicios Limitada
MORI Chile S.A.
The Ritz-Carlton Hotel Company of Chile Limitada
The Ritz-Carlton Inversiones Limitada

Country: Costa Rica
Hotelera Cali, S.A.
Marina de Herradura, S.A.

Country: Czech Republic
Gestin AG

Country: Denmark
Hotelinvest Kalvebod A/S
Marriott Hotels Denmark A/S

Country: Ecuador
Amazonas H.O.T. S.A.
Marriott International Hotels, Inc. / (Ecuador)

Country: Egypt
The Ritz-Carlton Hotel Company of Egypt S.A.E.

Country: France
Marriott de Gestion Hoteliere SNC
Marriott Finance SAS
Marriott Financial Holdings SAS
Marriott France SAS
MVCI France SAS
MVCI Holidays France SAS
Ramcap S.A.R.L.
Renaissance France S.a.r.l.
Roissy CYBM SAS
Roissy Hotels S.A.R.L.

Country: Germany
Berlin Marriott Hotelmanagement GmbH
Bremen Marriott Hotelmanagement GmbH

Country: Germany
Frankfurt Marriott Hotelmanagement GmbH
Hamburg Marriott Hotelmanagement GmbH
Leipzig Marriott Hotelmanagement GmbH
Marriott Hotel Holding GmbH
Marriott Hotels of Germany
Marriott Hotels of Germany GmbH & Company Limited Partnership
Middle Ring Properties GmbH Hotelbetriebsgesellschaft
Muenchen Marriott Hotelmanagement GmbH
MVCI Holidays GmbH
Penta Hotel Managementgesellchaft mbH
Renaissance Deutchland GmbH (Kopenic)
Teltow Ramada Hotel - Gesellschaft mbH
The Ritz-Carlton Hotel Company (Berlin) GmbH
The Ritz-Carlton Hotel Company of Germany, GmbH The
Ritz-Carlton Hotel Management GmbH

Country: Greece
Marriott Hotels Hellas, S.A.
Oceanic Special Shipping Company Incorporated

Country: Honduras
Marriott De Honduras, Sociedad de Responsabilidad Limitada

Country: Hong Kong
Marriott Asia Pacific Management Limited
Marriott Hong Kong Limited
Marriott International Development, LTD.
Marriott Properties (International) Limited
New World Hotels International (Macau) Limited
New World Hotels International Limited
Ramada China Hotels Limited
Ramada Pacific Limited
Renaissance Management Hong Kong Limited
The Ritz-Carlton Limited

Country: India
Advani Hotels & Resorts (India) Limited
Marriott Hotels India Private Limited

Country: Indonesia
P.T. Marriott International Indonesia
PT The Ritz-Carlton Indonesia

Country: Ireland
MVCI Ireland Ltd.
Noycourt Limited
Noygate Limited

Country: Italy
MVCI Holidays S.r.l.

Country: Jamaica
Jamaica Grande Limited
The Ritz-Carlton Hotel Company of Jamaica Limited

Country: Japan
Marriott Terminal Services, Company Ltd.
The Ritz-Carlton Japan, Inc.

Country: Jersey, Channel Isla
Marriott European Holdings Limited

Country: Jordan
Business Tourism Company LLC

Country: Kuwait
Kuwait National Hotel & Tourism Company

Country: Lebanon
MVCI Lebanon, S.A.R.L.

Country: Liberia
New World Management Services Company Limited

Country: Luxembourg
IHLC Investment Company S.a r.l.
International Hotel Licensing Company S.a.r.l.
Marriott International Licensing Company, S.a.r.l.

Country: Mexico
ADQUISICIONES CANCUN-VALLARTA S. de R.L. de C.V.
cia Hotelera Azteca, S.A. de C.V. (Hoteca)
Elcrisa, S.A. de C.V.
Marriott Hotels, S.A. de C.V.
Marriott Mexicana S.A. de C.V.
Operadora Marriott, S.A. de C.V.
Polserv,S.A. de C.V.
Promociones Marriott, S.A. de C.V.
R.M. Mexicana S.A.de C.V.
Ramada International Association de Mexico, S.C.
Servimar, S.A. de C.V.
The R.C. Management Company of Mexico, S.A. de C.V.
The Ritz-Carlton Hotel Company of Mexico, S.A. de C.V.

Country: Netherlands
Bulgari Hotels & Resorts B.V.
Chester Eaton Properties B.V.
Diplomat Properties B.V.
Luxury Hotels International B.V.
Luxury Hotels International Management Company B.V.
Marriott European Ventures B.V.
Marriott Hotels International (Taba Heights) B.V.
Marriott Hotels International, B.V.
Marriott Hotels of Amsterdam, B.V.
Marriott International Finance Company B.V.
Marriott International Holding Company B.V.
Marriott International Licensing Company B.V.
Marriott International Management Company B.V.
Marriott RHG Acquisition B.V.
MVCI Egypt B.V.
MVCI Holdings B.V.

Country: Netherlands
New World Hotel Licensing Corporation B.V.
New World Hotel Management Corporation B.V.
New World Hotels International Corporation N.V.
New World Licensing Corporation B.V.
New World Overseas Management B.V.
Penta Hotels N.V.
Puck Properties B.V.
Ramada Hotels International B.V.
Ramada International Management Company B.V.
Renaissance Hotel Group N.V.
Renaissance Hotels International B.V.
Renaissance International Management Company B.V.
Renaissance Management B.V.
Renaissance Services B.V.
The Ritz-Carlton Company N.V.
The Ritz-Carlton Hotel Company B.V.
The Ritz-Carlton Hotel Company Sales and Marketing B.V.
The Ritz-Carlton International Licensing Company B.V.

Country: Netherlands Antilles
Costa Del Sol Development Company N.V.
Costa Del Sol Holdings LTD.
Diamant Hotel Investments N.V.
Lux International Hotels N.V.
Marriott Curacao N.V.
Marriott International Lodging N.V.
Netherlands Antilles Corporation Company N.V.
New World Hotels International Corporation N.V.
Ramada International Lodging N.V.
Renaissance International Lodging N.V.
Renaissance Reservations N.V.
RHG Holding N.V.
The Ritz-Carlton Hotel Company N.V.

Country: Peru
Marriott Peru S.A.C.

Country: Philippines
Porto Bello Cove Hotel Corporation

Country: Poland
LIM Joint Venture Ltd.

Country: Qatar
The Ritz-Carlton Hotel Company of Qatar Limited

Country: Russia
Intour Penta Ltd.

Country: Saint Kitts and Nevi
Marriott St. Kitts Management Company, Inc.

Country: Singapore
Marriott Hotels Singapore Pte Ltd.
The Ritz-Carlton Hotel Company of Singapore PTE LTD.

Country: South Korea
Central Tourist Development Company, Ltd.
Namwoo Tourism Co., Ltd.

Country: Spain
Marriott Estepona Holdings, S.L.
Marriott Hotels, S.L.
MVCI Espana, S.L.
MVCI Estepona Holidays, S.L.
MVCI Holidays, S.L.
MVCI Mallorca, S.L.
MVCI Management, S.L.
R-C Spain, S.L.
Spa Son Antem, S.L.

Country: Switzerland
International Hotel Licensing Company, S.a.r.l.
Marriott (Switzerland) Liab Ltd.
Marriott Worldwide Payroll Gmbh

Country: Thailand
Maikhao Ownership (Thailand) Limited
Maikhao Vacation Villas Limited
Marriott Hotels (Thailand) Limited
MVCI (Thailand) Limited
Royal Garden Development Limited

Country: Turks and Caicos Isl
Ramada (Turks & Caicos) Ltd.

Country: United Kingdom
Adachi Marriott European Partnership
Asty Hotel & Tourist Enterprises S.A.
Cheshunt Hotel Limited
Cheshunt Hotel Operating Company Limited
Cheshunt Marriott Limited
Consolidated Supplies Limited
Lomar Hotel Company Ltd.
Marriott Catering Limited
Marriott Commercial Services Limited
Marriott Development (UK), Ltd.
Marriott Hotels (Reading) Limited
Marriott Hotels and Catering (Holdings) Limited
Marriott Hotels, Limited
Marriott In-Flight Services Limited
Marriott Restaurants Limited (United Kingdom)
Marriott UK Holdings Limited
MEH Limited
Mercosur Hotel Investment Ltd.
MVCI Europe Limited
MVCI Finance Limited

Country: United Kingdom
MVCI Management Europe Limited
Renaissance UK 1 Company
Renaissance UK 2 Company
Renaissance UK 3 Company
The Ritz-Carlton Hotel Limited
Turnford Marriott Hotel

Country: Venezuela
Desarrollos Hotelco, C.A.

Country: Virgin Islands - BR
New World Hotels International Corporation Limited
New World Hotels Marketing Services Limited
Ramasia International Limited

Country: Western Somoa
Marriott Hotels Western Samoa Limited

State: Arizona
Camelback Country Club, Inc. (d/b/a Camelback Golf Club)

State: California
Rancho San Antonio Retirement Services, Inc., A California Non-profit Mutual Benefit Corporation

State: Colorado
Senior Living of Denver, LLC

State: Delaware
Addison SHS, LLC
Aeropuerto Shareholder, Inc.
Baltimore Marriott Inner Harbor, L.L.C.
BG Operations, Inc.
BG Orland Park, LLC
Big Boy Properties, Inc.
Brooklyn Hotel Services, Inc.
Camelback Properties Inn, Inc.
Capitol Employment Services, Inc.
CBM Annex, Inc.
Charleston Marriott, Inc.
Chicago Hotel Services, Inc.
City Center Annex Tenant Corporation
CNL Philadelphia Annex, LLC
Corporate General, Inc.
Courtyard Annex, Inc.
Courtyard Management Corporation
CR14 Tenant Corporation
CR9 Tenant Corporation
CRTM17 Tenant Corporation
CTYD III Corporation
Customer Survey Associates, Inc.
Desert Ridge Resort, LLC
Desert Springs Real Estate Corporation
Detroit CY Inc.
Detroit Hotel Services, Inc.
Detroit MHS, Inc.
e-CRM Central, LLC
East Side Hotel Services, Inc.
Essex House Condominium Corporation
Execustay Corporation
Fairfield FMC Corporation
Five Star Resort, LLC
Forum Group Payroll, Inc.
Forum-NGH, Inc.
Franchise System Holdings, Inc.
Hearthside of Crete, Inc.
Hearthside of Tinley Park, Inc.
Hearthside Operations, Inc.
Host Restaurants, Inc.
Hunt Valley Courtyard, Inc.
LAX Properties, LLC
LLB Tenant Corporation
Luxury Finance, LLC
Marriott Braselton Corporation
Marriott College Food Services Inc.
Marriott Continuing Care, LLC

State: Delaware
Marriott Distribution Holding Co.
Marriott Distribution Services, Inc.
Marriott Hotel Services, Inc.
Marriott Hotels of Panama, Inc.
Marriott Hurghada Management, Inc.
Marriott Information Services, Inc.
Marriott International Administrative Services, Inc.
Marriott International Capital Corporation
Marriott International Construction Services, Inc.
Marriott International Design & Construction Services, Inc.
Marriott International JBS Corporation
Marriott International Resorts, L. P.
Marriott International, Inc.
Marriott Kauai Ownership Resorts, Inc.
Marriott Kauai, Inc.
Marriott Lincolnshire Theatre Corporation
Marriott Market Street Hotel, Inc.
Marriott Mirage City Management, Inc.
Marriott Overseas Company, L.L.C.
Marriott Overseas Owners Services Corporation
Marriott Ownership Resorts Procurement, LLC
Marriott Ownership Resorts, Inc.
Marriott P.R. Management Corporation
Marriott Payroll Services, Inc.
Marriott Ranch Properties, Inc.
Marriott Resort at Seaview, Inc.
Marriott Resorts Sales Company, Inc.
Marriott Resorts, Travel Company, Inc.
Marriott Rewards Subsidiary, Inc.
Marriott Rewards, Inc.
Marriott Senior Holding Co.
Marriott Senior Living Services, Inc.
Marriott Sharm El Sheikh Management, Inc.
Marriott Signal Capital, L.L.C.
Marriott U.K. Holdings, Ltd.
Marriott Vacation Club Ownership LLC 2000-1
Marriott Vacation Properties of Florida, Inc.
Marriott Wardman Park Investment, Inc.
Marriott Worldwide Management, Inc.
Marriott Worldwide Payroll Corp.
Marriott Worldwide Sales and Marketing, Inc.
Marriott's Desert Springs Development Corporation
Marriott's Greenbelt Hotel Services, Inc.
MC Lodging Investment Opportunities, Inc.
Meridian-Indianapolis, L.L.C.
MHS Guam, Inc.
MHSFR II, Inc.
MHSFR, Inc.
MI Bachelor Gulch, LLC
MI CBM Investor LLC
MI Fulfillment Services, LLC
MI Holding, L. P.
MI Laguna, LLC
MI Member, LLC
MI Myrtle Beach, LLC
MI Procurement Holdings, LLC

State: Delaware
MI Seattle, LLC
MI Tenant LLC
MI Tucson, LLC
MI Western Investment, LLC
MICC(California), LLC
Mid-Atlantic Specialty Restaurants, Inc.
MORI Residences, Inc.
MORI SPC Corp.
MORI SPC II, Inc.
MORI SPC III CORP.
MORI SPC IV Corp.
MRC I Funding Corporation
MRWB, LLC
MSLS Investments 12, Inc.
MSLS Investments 17, Inc.
MSLS Investments 20, Inc.
MSLS Investments 22, Inc.
MSLS-MapleRidge, Inc.
MTMG Corporation
MTSC, INC.
Musicians, Inc.
New York MHS, Inc.
New York Retirement Properties, Inc.
North Drury Lane Productions, Inc.
Potomac Advertising, Inc.
Ramada Franchise Systems (Caribbean), Inc.
Ramada Garni Franchise Systems, Inc.
RC Hotels (Virgin Islands), Inc.
RC Marriott II, Inc.
RC Marriott III, Inc.
RC Marriott, Inc.
RC-UK, Inc.
RCK Hawaii, LLC
REN Hollywood, LLC
REN Worthington, LLC
Renaissance Florida Hotel, Inc.
Renaissance Hollywood Payroll Company, LLC
Renaissance Hotel Holdings, Inc.
Renaissance Hotel Management Company, LLC
Renaissance Hotel Operating Company
Renaissance International, Inc.
Renaissance Reservations, Inc.
Renaissance Services, Inc.
Residence Inn by Marriott, Inc.
RHG Finance Corporation
RHG Investments, Inc.
RHHI Acquisition Corp.
RHHI Investment Corp.
RHOC (Canada), Inc.
RHOC (Mexico), Inc.
RINA (International) Inc.
Ritz-Carlton (Virgin Islands), Inc.
Rock Lynnwood/Snohomish GenPar, Inc.
Rock Lynnwood/Snohomish Partners, L.P.
ROCK Partners, L.L.C.
RST4 Tenant LLC

State: Delaware
SC Orlando, L.L.C.
Schaumberg/Oakbrook Marriott Hotels, Inc.
Shady Grove Courtyard, Inc.
SHC Eastside II, L.L.C.
Sonoma Renaissance, LLC
SpringHill SMC Corporation
Square 369 Hotel Associates, LLC
Staffing Services, Inc.
The Ritz-Carlton Development Company, Inc.
The Ritz-Carlton Hotel Company of Puerto Rico, Inc.
The Ritz-Carlton Hotel Company, L.L.C.
The Ritz-Carlton International Construction Services, Inc.
The Ritz-Carlton Management Company, L.L.C.
The Ritz-Carlton Sales Company, Inc.
The Ritz-Carlton Title Company, Inc.
The Ritz-Carlton Travel Company, L.L.C.
TownePlace Management Corporation
West Street Hotels, Inc.
Weststock Corporation

State: Florida
Marriott Resorts Title Company, Inc.
Redi-Medical Alert, Inc.

State: Georgia
The Dining Room Corporation

State: Hawaii
F. L.. Insurance Corporation
Marquis Insurance Corporation

State: Indiana
Forum Cupertino Lifecare, Inc.
Forum Lifecare, Inc.
National Guest Homes, LLC

State: Kansas
Kansas Hospitality Services, Inc.

State: Maryland
Columbia Courtyard, Inc.
Empire Retirement Living Corporation
Marriott International Hotels, Inc.
Marriott Worldwide Corporation
MHS Realty Sales, Inc.
MII Conference Center, Inc.
Vanguard Charles Street, LLC
VCS, Inc.

State: Nevada
MI Hotels of Las Vegas, Inc.

State: New York
Marriott Home Care of New York, Inc.

State: Oregon
Synthetic American Fuel Enterprises I, LLC
Synthetic American Fuel Enterprises Holdings, Inc.
Synthetic American Fuel Enterprises II, LLC

State: Puerto Rico
Fajardo, Puerto Rico J.W. Marriott Management, Inc.
Isla Verde, Puerto Rico Courtyard by Marriott Management, Inc.
MVCI Puerto Rico, Inc.

State: South Carolina
Marriott Resorts Hospitality Corporation

State: Texas
Chaparral Club (Non-profit)
Hospitality International, Inc.
Marriott Claims Services Corporation
MHSI Conference Centers of Texas, Inc.
The Campbell Club (Non-profit)
The Finish Line Club (Non-profit)
The Fireside Club (Non-profit)
The Gazebo Club (Non-profit)
The Laredo Club (Non-profit)
The Legacy Park Club

State: Utah
Gambits, A Nonprofit Corporation (Incorporated Club)

State: Virgin Islands (U.S.)
Marriott Hotel Management Company (Virgin Islands), Inc.
Marriott Ownership Resorts (St. Thomas), Inc.
The Ritz-Carlton Club, St. Thomas, Inc.

State: Virginia
Marriott Senior Living Insurance Services, Inc.

State: West Virginia
West Virginia Marriott Hotels, Inc.

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Alabama

Entity Name	Assumed Name
Forum-NGH, Inc.	Galleria Oaks Guest Home
Marriott Ownership Resorts, Inc.	Marriott Vacation Club International (MVCI)

Arizona

Entity Name	Assumed Name
Courtyard Management Corporation	Chandler Courtyard by Marriott
Courtyard Management Corporation	Phoenix Mesa CbM, Camelback CbM, Phoenix Airport CbM, Scottsdale CbM, Tuscon CbM
Courtyard Management Corporation	Phoenix MetroCenter CbM
Courtyard Management Corporation	Scottsdale Downtown Courtyard
Desert Ridge Resort, LLC	Wild Fire Golf Course
Fairfield FMC Corporation	Scottsdale Fairfield Inn by Marriott (FibM), Phoenix FibM, Flagstaff FibM
Forum-NGH, Inc.	Village Oaks at Chandler
Forum-NGH, Inc.	Village Oaks at Glendale
Forum-NGH, Inc.	Village Oaks at Mesa
Marriott Hotel Services, Inc.	Marriott Camelback Inn Resort
Marriott International, Inc.	Mountain Shadows Resort, Mountain Shadows, Marriott's Mountain Shadows Resort
Marriott Ownership Resorts, Inc.	MVCI
Marriott Senior Living Services, Inc.	Brighton Gardens
Marriott Senior Living Services, Inc.	The Forum Pueblo Norte
Residence Inn by Marriott, Inc.	Flagstaff RI
Residence Inn by Marriott, Inc.	Phoenix Airport-Tempe RI
Residence Inn by Marriott, Inc.	Phoenix Residence Inn
Residence Inn by Marriott, Inc.	Scottsdale RI
Residence Inn by Marriott, Inc.	Tucson RI

Arkansas

Entity Name	Assumed Name
Courtyard Management Corporation	Little Rock CbM

California

Entity Name	Assumed Name
Courtyard Management Corporation	Courtyard by Marriott
Courtyard Management Corporation	Novato Courtyard by Marriott
Courtyard Management Corporation	Pleasant Hills Courtyard
Courtyard Management Corporation	San Francisco Oyster Point Courtyard
CTYD III Corporation	Courtyard by Marriott
Fairfield FMC Corporation	Anaheim Fairfield Inn
Fairfield FMC Corporation	Buena Park FibM, Placentia FibM
Fairfield FMC Corporation	Rancho Cordova FibM, Ontario FibM
Marriott Hotel Services, Inc.	Anaheim Marriott
Marriott Hotel Services, Inc.	Costa Mesa Marriott Suites
Marriott Hotel Services, Inc.	La Jolla Marriott Hotel
Marriott Hotel Services, Inc.	Los Angeles Airport Marriott, Newport Beach Marriott Hotel
Marriott Hotel Services, Inc.	Marriott's Desert Springs Resort and Spa
Marriott Hotel Services, Inc.	Marriott's Rancho Las Palmas Resort

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California

Entity Name	Assumed Name
Marriott Hotel Services, Inc.	Monterey Marriott Hotel
Marriott Hotel Services, Inc.	Napa Valley Marriott Hotel
Marriott Hotel Services, Inc.	Santa Clara Marriott Hotel
Marriott International, Inc.	Courtyard by Marriott
Marriott International, Inc.	Irvine Marriott Hotel
Marriott International, Inc.	La Jolla Marriott Hotel
Marriott International, Inc.	Los Angeles Airport Marriott
Marriott International, Inc.	Manhattan Beach Marriott
Marriott International, Inc.	San Diego Marriott Hotel Marina
Marriott Kauai Ownership Resorts, Inc.	(MVCI) Orange County
Marriott Kauai Ownership Resorts, Inc.	Marriott Vacation Club International (MVCI)
Marriott Ownership Resorts, Inc.	MVCI
Marriott Resorts Hospitality Corporation	Marriott Vacation Club International (MVCI)
Marriott Resorts, Travel Company, Inc.	Marriott Vacation Club International (MVCI)
Marriott Senior Living Services, Inc.	Brighton Gardens
Marriott Senior Living Services, Inc.	Brighton Gardens Carlsbad
Marriott Senior Living Services, Inc.	Brighton Gardens Carmel Valley
Marriott Senior Living Services, Inc.	Brighton Gardens of Yorba Linda
Marriott Senior Living Services, Inc.	Brighton Gardens San Dimas
Marriott Senior Living Services, Inc.	Brighton Gardens Santa Rosa
Marriott Senior Living Services, Inc.	Brighton Gardens Villa Service
Marriott Senior Living Services, Inc.	Marriott's MapleRidge of Hemet
Marriott Senior Living Services, Inc.	Marriott's MapleRidge of Laguna Creek
Marriott Senior Living Services, Inc.	Villa Valencia
MSLS-MapleRidge, Inc.	Marriott's Mapleridge of Palm Springs
Residence Inn by Marriott, Inc.	Anaheim RI, Fountain Valley RI, Irvine RI, Placentia RI, Costa Mesa RI
Residence Inn by Marriott, Inc.	Arcadia RI
Residence Inn by Marriott, Inc.	Bakersfield RI
Residence Inn by Marriott, Inc.	Beverly Hills RI
Residence Inn by Marriott, Inc.	Costa Mesa RI
Residence Inn by Marriott, Inc.	Fountain Valley RI
Residence Inn by Marriott, Inc.	Fremont RI
Residence Inn by Marriott, Inc.	Irvine RI
Residence Inn by Marriott, Inc.	Kearney Mesa RI
Residence Inn by Marriott, Inc.	LaJolla RI
Residence Inn by Marriott, Inc.	Long Beach RI
Residence Inn by Marriott, Inc.	Manhattan Beach RI
Residence Inn by Marriott, Inc.	MIRI Mesa Residence Inn
Residence Inn by Marriott, Inc.	Mountain View RI
Residence Inn by Marriott, Inc.	Placentia RI
Residence Inn by Marriott, Inc.	Pleasant Hills RI
Residence Inn by Marriott, Inc.	Rancho Bernardo RI
Residence Inn by Marriott, Inc.	Sacramento-Natomas RI
Residence Inn by Marriott, Inc.	San Jose RI
Residence Inn by Marriott, Inc.	San Mateo RI
Residence Inn by Marriott, Inc.	San Ramon RI
Residence Inn by Marriott, Inc.	Silicon Valley I & II RI,
Residence Inn by Marriott, Inc.	Torrance RI

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Colorado

Entity Name	Assumed Name
Courtyard Management Corporation	Denver Airport CbM, Boulder CbM, Denver SE CbM
Marriott Hotel Services, Inc.	Denver West Marriott Hotel
Marriott Kauai Ownership Resorts, Inc.	MVCI
Marriott Ownership Resorts, Inc.	MVCI
Marriott Resorts Hospitality Corporation	MVCI
Marriott Resorts Sales Company, Inc.	Marriott Vacation Club International (MVCI)
Residence Inn by Marriott, Inc.	Boulder RI
Residence Inn by Marriott, Inc.	Colorado Springs RI
Residence Inn by Marriott, Inc.	Denver Downtown RI
Residence Inn by Marriott, Inc.	Denver South RI

Connecticut

Entity Name	Assumed Name
Courtyard Management Corporation	Norwalk CbM, Hartford CbM
Fairfield FMC Corporation	Hartford Airport FibM
Marriott Hotel Services, Inc.	Stamford Marriott Hotel
Marriott Ownership Resorts, Inc.	MVCI
Marriott Senior Living Services, Inc.	Brighton Gardens of Stamford
Marriott Senior Living Services, Inc.	Edgehill/Continuing Care Retirement Community of Greater Stamford, Inc.

Delaware

Entity Name	Assumed Name
Courtyard Management Corporation	Wilmington CbM
Fairfield FMC Corporation	Wilmington FibM
Marriott Ownership Resorts, Inc.	MVCI
Marriott Senior Living Services, Inc.	Stonegates
Residence Inn by Marriott, Inc.	Wilmington RI

District Of Columbia

Entity Name	Assumed Name
The Ritz-Carlton Hotel Company, L.L.C	The Fairfax Club

Florida

Entity Name	Assumed Name
Courtyard Management Corporation	Courtyard by Marriott
CTYD III Corporation	Courtyard by Marriott
Fairfield FMC Corporation	Gainsville FibM
Fairfield FMC Corporation	Miami West FibM, Winter Park FibM
Fairfield FMC Corporation	Orlando International Drive FibM
Forum-NGH, Inc.	Village Oaks at Conway
Forum-NGH, Inc.	Village Oaks at Melbourne
Forum-NGH, Inc.	Village Oaks at Orange Park
Forum-NGH, Inc.	Village Oaks at Southpoint
Forum-NGH, Inc.	Village Oaks at Tuskawalla
LLB Tenant Corporation	Courtyard Cafe
LLB Tenant Corporation	Courtyard Marriott Village At Lake Buena Vista
LLB Tenant Corporation	Courtyard Pool Bar & Grille

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Florida

Entity Name	Assumed Name
LLB Tenant Corporation	Fairfield Inn Cafe
LLB Tenant Corporation	Fairfield Inn Pool Bar & Grille
LLB Tenant Corporation	SpringHill Pool Bar & Grille
LLB Tenant Corporation	Suite Seasons
LLB Tenant Corporation	Village Grille
Marriott Continuing Care, LLC	Calusa Harbor
Marriott Hotel Services, Inc.	3030 Ocean
Marriott Hotel Services, Inc.	Cafe Waterside
Marriott Hotel Services, Inc.	Champions
Marriott Hotel Services, Inc.	Fort Lauderdale Marina, Tampa Airport
Marriott Hotel Services, Inc.	IL Terrazzo
Marriott Hotel Services, Inc.	Le Grande Blue
Marriott Hotel Services, Inc.	Miami Beach Marriott At South Beach
Marriott Hotel Services, Inc.	Miami International Airport Marriott
Marriott Hotel Services, Inc.	Riva Restaurant
Marriott Hotel Services, Inc.	SPA Waterside
Marriott Hotel Services, Inc.	Tampa Marriott Waterside
Marriott Hotel Services, Inc.	The Spa at Marriott's Harbor Beach Resort
Marriott Hotel Services, Inc.	The Spa Cafe
Marriott Hotel Services, Inc.	Tranquility
Marriott International, Inc.	Destinations by Marriott
Marriott International, Inc.	Hawk's Landing Steakhouse & Grille
Marriott International, Inc.	Tampa Marriott Waterside
Marriott Ownership Resorts, Inc.	Faldo Golf Institute by Marriott
Marriott Ownership Resorts, Inc.	Horizons by Marriott Vacation Club (HMVC)
Marriott Ownership Resorts, Inc.	MVCI
Marriott Resorts Hospitality Corporation	Horizons By Marriott Vacation Club
Marriott Resorts Hospitality Corporation	MVCI
Marriott Resorts, Travel Company, Inc.	MVCI
Marriott Senior Living Services, Inc.	Brighton Gardens
Marriott Senior Living Services, Inc.	Brighton Gardens
Marriott Senior Living Services, Inc.	Brighton Gardens (in Boynton Beach)
Marriott Senior Living Services, Inc.	Brighton Gardens by Marriott
Marriott Senior Living Services, Inc.	Brighton Gardens by Marriott of Maitland
Marriott Senior Living Services, Inc.	Brighton Gardens by Marriott of Venice
Marriott Senior Living Services, Inc.	Brighton Gardens by Marriott of West Palm Beach
Marriott Senior Living Services, Inc.	Brighton Gardens of Boca Raton
Marriott Senior Living Services, Inc.	Brighton Gardens of Boynton Beach
Marriott Senior Living Services, Inc.	Brighton Gardens of Naples
Marriott Senior Living Services, Inc.	Brighton Gardens of Tampa
Marriott Senior Living Services, Inc.	Brighton Gardens Orlando Park
Marriott Senior Living Services, Inc.	Calusa Harbour
Marriott Senior Living Services, Inc.	Marriott Home Health Services
Marriott Senior Living Services, Inc.	Stratford Court
Marriott Senior Living Services, Inc.	The Horizon Club
Renaissance Hotel Operating Company	Renaissance Orlando Resort
Residence Inn by Marriott, Inc.	Boca Raton RI
Residence Inn by Marriott, Inc.	Jacksonville RI
Residence Inn by Marriott, Inc.	Lake Buena Vista RI,
Residence Inn by Marriott, Inc.	Pensacola RI
Residence Inn by Marriott, Inc.	St. Petersburg RI

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Florida

Entity Name	Assumed Name
The Ritz-Carlton Hotel Company, L.L.C	Aria
The Ritz-Carlton Hotel Company, L.L.C	Lemonia
The Ritz-Carlton Hotel Company, L.L.C	Pool Side Grill
The Ritz-Carlton Hotel Company, L.L.C	The Ritz-Carlton Golf Resort Naples
The Ritz-Carlton Hotel Company, L.L.C	The Ritz-Carlton, Key Biscayne
The Ritz-Carlton Hotel Company, L.L.C	The Ritz-Carlton, Key Biscayne Spa
The Ritz-Carlton Hotel Company, L.L.C	The Sand Bar Grill

Georgia

Entity Name	Assumed Name
Courtyard Management Corporation	Executive Park CbM, Roswell CbM, Atlanta Perimeter CbM, Atlanta Airport CbM, Midtown CbM
Courtyard Management Corporation	Macon CbM, Atlanta Delk Road CbM, Augusta CbM
Courtyard Management Corporation	Peachtree Corners CbM, Atlanta Airport South CbM
Courtyard Management Corporation	Peachtree-Dunwoody CbM, Cumberland Center CbM, Gwinnett Mall CbM, Jimmy Carter CbM
Courtyard Management Corporation	Savannah CbM, Columbus CbM
Courtyard Management Corporation	Windy Hill CbM, Northlake CbM, Atlanta Airport South CbM, Atlanta Perimeter CbM, Atlanta Airport CbM
Fairfield FMC Corporation	Atlanta Gwinnett Mall FibM, Atlanta Northlake FibM
Marriott Hotel Services, Inc.	Atlanta Norcross Marriott Hotel
Marriott Hotel Services, Inc.	Atlanta Perimeter Center Hotel
Marriott Ownership Resorts, Inc.	MVCI
Marriott Resorts Hospitality Corporation	MVCI
Marriott Resorts, Travel Company, Inc.	MVCI
Marriott Senior Living Services, Inc.	Brighton Gardens of Buckhead
Residence Inn by Marriott, Inc.	Atlanta Airport RI
Residence Inn by Marriott, Inc.	Atlanta Alpharetta RI
Residence Inn by Marriott, Inc.	Atlanta Buckhead RI
Residence Inn by Marriott, Inc.	Atlanta Midtown RI
Residence Inn by Marriott, Inc.	Atlanta Perimeter Mall RI

Hawaii

Entity Name	Assumed Name
Marriott Hotel Services, Inc.	J.W. Marriott Ihilani Resort & Spa
Marriott Hotel Services, Inc.	Kuhio Beach Grill
Marriott Hotel Services, Inc.	Maui Marriott Resort and Ocean Club
Marriott Hotel Services, Inc.	Waikiki Beach Hotel
Marriott International, Inc.	Maui Marriott Resort
Marriott International, Inc.	Waikiki Beach Hotel
Marriott International, Inc.	Waikiki Beach Marriott Hotel
Marriott Kauai Ownership Resorts, Inc.	MVCI
Marriott Ownership Resorts, Inc.	Marriott's Waiohai Beach Resort
Marriott Ownership Resorts, Inc.	MVCI
MRWB, LLC	Waikiki Beach Hotel
MRWB, LLC	Waikiki Beach Marriott Resort
RCK Hawaii, LLC	RCK Hawaii-Maui, LLC

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Illinois

Entity Name	Assumed Name
Courtyard Management Corporation	Arlington Heights CbM, Arlington Heights South CbM, Chicago/Deerfield CbM, Chicago Downtown CbM
Courtyard Management Corporation	Chicago-Highland Park CbM, Chicago/Lincolnshire CbM, Glenview CbM, Naperville CbM
Courtyard Management Corporation	Oakbrook Terrace CbM, O'Hare CbM, Rockford CbM, Waukegan CbM, Wood Dale CbM
Courtyard Management Corporation	St. Charles Courtyard by Marriott
CTYD III Corporation	Courtyard by Marriott
Fairfield FMC Corporation	Bloomington/Normal FibM, Chicago Lansing FibM, Glenview FibM, Peoria FibM, Rockford FibM, Willowbrook FibM
Marriott Hotel Services, Inc.	Chicago Deerfield Marriott Suites, Chicago Marriott Downtown Hotel, Chicago Marriott Oakbrook Hotel
Marriott Hotel Services, Inc.	Lincolnshire Catering
Marriott International, Inc.	Chicago Marriott O'Hare
Marriott Ownership Resorts, Inc.	HMVC
Marriott Ownership Resorts, Inc.	MVCI
Marriott Senior Living Services, Inc.	Brighton Gardens at Orland Park
Marriott Senior Living Services, Inc.	Brighton Gardens by Marriott of Prospect Heights & Burr Ridge
Renaissance Hotel Operating Company	Renaissance Oak Brook Hotel, Renaissance Chicago Hotel
Residence Inn by Marriott, Inc.	Chicago Downtown RI
Residence Inn by Marriott, Inc.	Chicago Lombard RI
Residence Inn by Marriott, Inc.	Chicago O'Hare RI
Residence Inn by Marriott, Inc.	Deerfield RI

Indiana

Entity Name	Assumed Name
Courtyard Management Corporation	Courtyard by Marriott
CTYD III Corporation	Courtyard by Marriott
Fairfield FMC Corporation	Fort Wayne FibM
Fairfield FMC Corporation	Indianapolis Castleton FibM, Indianapolis Castleton FibM, Indianapolis College Park FibM
Forum-NGH, Inc.	Village Oaks at Fort Wayne
Forum-NGH, Inc.	Village Oaks at Greenwood
Residence Inn by Marriott, Inc.	Fort Wayne RI
Residence Inn by Marriott, Inc.	Indianapolis North RI

Iowa

Entity Name	Assumed Name
Courtyard Management Corporation	Des Moines/Clive CbM, Quad Cities CbM
Fairfield FMC Corporation	Cedar Rapids FibM, Des Moines FibM

Kentucky

Entity Name	Assumed Name
Courtyard Management Corporation	Courtyard by Marriott
CTYD III Corporation	Courtyard by Marriott
Fairfield FMC Corporation	Florence FibM, Louisville East FibM
Marriott Ownership Resorts, Inc.	HMVC
Marriott Ownership Resorts, Inc.	MVCI
Marriott Resorts Hospitality Corporation	MVCI One
Marriott Resorts, Travel Company, Inc.	MVCI Two
Residence Inn by Marriott, Inc.	Louisville RI, Lexington RI

"CbM" means "Courtyard by Marriott" / "RI" means "Residence Inn" / "FibM" means "Fairfield Inn by Marriott" / "MVCI" means "Marriott Vacation Club International" / "HMVC" means "Horizons by Marriott Vacation Club"

Louisiana

Entity Name	Assumed Name
Courtyard Management Corporation	Baton Rouge CbM
Courtyard Management Corporation	Courtyard by Marriott
Renaissance Hotel Management Compa	Renaissance Pere Marquette Hotel
Residence Inn by Marriott, Inc.	Bossier City RI
SpringHill SMC Corporation	Springhill Suites by Marriott

Maine

Entity Name	Assumed Name
Fairfield FMC Corporation	Portland FibM
Marriott Resorts Title Company, Inc.	Marriott Resorts Title, Inc.

Maryland

Entity Name	Assumed Name
Courtyard Management Corporation	Courtyard by Marriott
CTYD III Corporation	Courtyard by Marriott
Marriott Hotel Services, Inc.	Bethesda Marriott Hotel, Washington Gaithersburg Marriott Hotel
Marriott International, Inc.	Courtyard by Marriott
Marriott Ownership Resorts, Inc.	MVCI
Marriott Resorts Hospitality Corporation	MVCI
Marriott Resorts, Travel Company, Inc.	MVCI
Marriott Senior Living Services, Inc.	Brighton Gardens of Friendship Heights
Residence Inn by Marriott, Inc.	Annapolis RI, Bethesda RI

Massachusetts

Entity Name	Assumed Name
Courtyard Management Corporation	Lowell CbM, Stoughton CbM, Milford CbM
Marriott Hotel Services, Inc.	Marriott Long Wharf
Marriott Ownership Resorts, Inc.	MVCI
Marriott Resorts Hospitality Corporation	MVCI
Renaissance Hotel Operating Company	Renaissance Bedford Hotel
Residence Inn by Marriott, Inc.	Boston Tewksbury/Andover RI
Residence Inn by Marriott, Inc.	Boston-Westborough RI
Residence Inn by Marriott, Inc.	Cambridge Residence Inn by Marriott
Residence Inn by Marriott, Inc.	Danvers RI (aka/ Boston-North Shore)
The Ritz-Carlton Hotel Company, L.L.C	The Ritz-Carlton Boston Common
The Ritz-Carlton Hotel Company, L.L.C	The Ritz-Carlton, Boston

Michigan

Entity Name	Assumed Name
Courtyard Management Corporation	Dearborn CbM, Detroit Airport CbM, Livonia CbM, Warren CbM, Southfield CbM, Troy CbM
Courtyard Management Corporation	Detroit/Novi CbM
Courtyard Management Corporation	Southfield CbM, Livonia CbM, Warren CbM, Detroit Airport CbM, Dearborn CbM, Auburn Hills CbM
Courtyard Management Corporation	Troy CbM, Auburn Hills CbM
Detroit Hotel Services, Inc.	Detroit Marriott at Renaissance Center
Detroit MHS, Inc.	Detroit Marriott At Renaissance Center
Fairfield FMC Corporation	Detroit Airport FIbM, Detroit Madison FibM, Detroit West FibM, Detroit Warren FibM, Kalamazoo FibM
Marriott Hotel Services, Inc.	Detroit Romulus Marriott Hotel, Detroit Metro Airport Marriott Hotel
Marriott International, Inc.	Courtyard by Marriott, Fairfield Inn
Residence Inn by Marriott, Inc.	East Lansing RI, Dearborn RI, Ann Arbor RI, Troy Central RI

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Michigan

Entity Name	Assumed Name
Residence Inn by Marriott, Inc.	Troy South RI, Southfield Michigan RI, Warren RI, Grand Rapids RI, Kalamazoo RI

Minnesota

Entity Name	Assumed Name
Courtyard Management Corporation	Eden Prairie CbM, Medota Heights CbM
Marriott Hotel Services, Inc.	Minneapolis City Center Marriott Hotel
Marriott Ownership Resorts, Inc.	HMVC
Marriott Ownership Resorts, Inc.	MVCI
Marriott Resorts Hospitality Corporation	MVCI
Marriott Resorts, Travel Company, Inc.	MVCI
Residence Inn by Marriott, Inc.	Eden Prairie RI

Missouri

Entity Name	Assumed Name
Courtyard Management Corporation	Creve Coeur CbM
Courtyard Management Corporation	Earth City CbM
Courtyard Management Corporation	Kansas City Airport CbM, St. Louis-Westport CbM
Courtyard Management Corporation	St. Louis CbM, South Kansas City CbM
CRTM17 Tenant Corporation	St. Louis Airport Marriott Hotel
Fairfield FMC Corporation	St. Louis Hazelwood FibM
Marriott Hotel Services, Inc.	St. Louis Pavilion Marriott Hotel, St. Louis Airport Marriott, Kansas City Airport Marriott
Marriott Hotel Services, Inc.	Tan-Tar-A Marriott Resort
Marriott Ownership Resorts, Inc.	Big Time Tickets
Marriott Ownership Resorts, Inc.	HMVC
Residence Inn by Marriott, Inc.	St. Louis Chesterfield RI, St. Louis Galleria RI, St. Louis Westport RI

Nebraska

Entity Name	Assumed Name
Marriott Ownership Resorts, Inc.	HMVC
Residence Inn by Marriott, Inc.	Omaha Central RI

Nevada

Entity Name	Assumed Name
Courtyard Management Corporation	Courtyard by Marriott
CTYD III Corporation	Courtyard by Marriott
Fairfield FMC Corporation	Las Vegas FibM
Forum-NGH, Inc.	Village Oaks at Las Vegas
Marriott Ownership Resorts, Inc.	MVCI
Marriott Resorts Hospitality Corporation	MVCI
Marriott Resorts, Travel Company, Inc.	MVCI
MI Hotels of Las Vegas, Inc.	Courtyard by Marriott
MI Hotels of Las Vegas, Inc.	Las Vegas Marriott Suites
MI Hotels of Las Vegas, Inc.	Residence Inn by Marriott
Residence Inn by Marriott, Inc.	Las Vegas Hughes Center
Residence Inn by Marriott, Inc.	Las Vegas RI

New Hampshire

Entity Name	Assumed Name
Fairfield FMC Corporation	Merrimack Fairfield FibM
Marriott Hotel Services, Inc.	Nashua Marriott Hotel
Marriott Ownership Resorts, Inc.	MVCI

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New Hampshire

Entity Name	Assumed Name
Marriott Resorts Hospitality Corporation	MVCI
Marriott Resorts, Travel Company, Inc.	MVCI

New Jersey

Entity Name	Assumed Name
Courtyard Management Corporation	Courtyard by Marriott
CTYD III Corporation	Courtyard by Marriott
Marriott Hotel Services, Inc.	Bridgewater Marriott Hotel
Marriott Hotel Services, Inc.	Glenpoint Marriott Hotel
Marriott Hotel Services, Inc.	Hanover Marriott Hotel
Marriott Hotel Services, Inc.	Marriott's Seaview Golf Resort
Marriott Hotel Services, Inc.	Newark Airport Marriott Hotel
Marriott Hotel Services, Inc.	Park Ridge Marriott Hotel
Marriott Hotel Services, Inc.	Princeton Marriott Hotel
Marriott Hotel Services, Inc.	Somerset Marriott Hotel
Marriott Hotel Services, Inc.	The Lafayette Yard Marriott Conference Hotel
Marriott Ownership Resorts, Inc.	HMVC
Marriott Ownership Resorts, Inc.	MVCI
Marriott Resorts Hospitality Corporation	Horizons By Marriott Vacation Club
Marriott Resorts Hospitality Corporation	MVCI
Marriott Resorts, Travel Company, Inc.	MVCI
Marriott Senior Living Services, Inc.	Brighton Gardens of Edison
Marriott Senior Living Services, Inc.	Brighton Gardens of Middletown

New Mexico

Entity Name	Assumed Name
Courtyard Management Corporation	Courtyard by Marriott
CTYD III Corporation	Courtyard by Marriott
Residence Inn by Marriott, Inc.	Santa Fe RI, Albuquerque RI

New York

Entity Name	Assumed Name
Courtyard Management Corporation	Fishkill CbM, Poughkeepsie CbM, Rochester CbM, Rye CbM, Syracuse CbM, Tarrytown CbM
Courtyard Management Corporation	Midtown East Courtyard
Empire Retirement Living Corporation	Brighton Gardens
Fairfield FMC Corporation	Lancaster FiibM, Syracuse FibM
Marriott Home Care of New York, Inc.	Brighton Gardens
Marriott Hotel Services, Inc.	Long Island Marriott Hotel, Westchester Marriott Hotel
Marriott Hotel Services, Inc.	New York Brooklyn Marriott
Marriott Hotel Services, Inc.	New York Marriott Financial Center Hotel
Marriott International, Inc.	Laguardia Marriott
Marriott International, Inc.	Marriott's Wind Watch Hotel and Golf Club, Long Island Marriott Hotel and Conference Center
Marriott International, Inc.	New York Marriott East Side
Marriott International, Inc.	New York Marriott Financial Center Hotel
Marriott International, Inc.	New York Marriott Marquis Hotel
Marriott International, Inc.	Westchester Marriott, New York Marriott Marquis
Marriott Kauai Ownership Resorts, Inc.	MVCI
Marriott Ownership Resorts, Inc.	HMVC
Marriott Ownership Resorts, Inc.	MVCI
Marriott Resorts Hospitality Corporation	Horizons By Marriott Vacation Club
Marriott Resorts Hospitality Corporation	Horizons by Marriott Vacation Club

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New York

Entity Name	Assumed Name
Marriott Senior Living Services, Inc.	Brighton Gardens
Residence Inn by Marriott, Inc.	East Syracuse RI
West Street Hotels, Inc.	New York Marriott World Trade Center

North Carolina

Entity Name	Assumed Name
Courtyard Management Corporation	Charlotte Arrowood CbM
Courtyard Management Corporation	Charlotte South Park CbM, Charlotte University CbM
Courtyard Management Corporation	Fayetteville CbM, Greensboro CbM
Courtyard Management Corporation	Raleigh Airport CbM, Raleigh-Cary CbM, Raleigh CbM
Fairfield FMC Corporation	Charlotte Airport FibM, Charlotte Northeast FibM
Fairfield FMC Corporation	Greensboro Highpoint FibM, Durham FibM
Fairfield FMC Corporation	Rocky Mount FibM, Fayetteville FibM, Raleigh Northeast FibM, Wilmington FibM
Marriott Ownership Resorts, Inc.	MVCI
Marriott Resorts Hospitality Corporation	MVCI
Marriott Resorts, Travel Company, Inc.	MVCI
Marriott Senior Living Services, Inc.	Brighton Gardens of Raleigh
Marriott Senior Living Services, Inc.	Brighton Gardens of Winston-Salem
Residence Inn by Marriott, Inc.	Charlotte North RI
Residence Inn by Marriott, Inc.	Durham RI, Greensboro RI
Residence Inn by Marriott, Inc.	Raleigh RI,
Residence Inn by Marriott, Inc.	Winston-Salem RI

Ohio

Entity Name	Assumed Name
Courtyard Management Corporation	Blue Ash CbM, Dayton Mall CbM, Toledo CbM, Worthington CbM
Courtyard Management Corporation	Dublin CbM
Fairfield FMC Corporation	Akron FibM, Cincinnati Sharonville FibM, Cleveland Brook Park FibM, Cleveland Willoughby FibM
Fairfield FMC Corporation	Cleveland Willoughby FibM
Fairfield FMC Corporation	Columbus North & West FibM, Dayton FibM, Toledo Holland FibM
Marriott International, Inc.	Fairfield Inn
Marriott Ownership Resorts, Inc.	MVCI
Marriott Resorts Hospitality Corporation	MVCI
Marriott Resorts, Travel Company, Inc.	MVCI
Residence Inn by Marriott, Inc.	Akron RI, Blue Ash RI, Cincinnati North RI, Columbus East & North RI
Residence Inn by Marriott, Inc.	Dayton North & South RI, Dublin Ohio RI, Toledo RI

Oklahoma

Entity Name	Assumed Name
Courtyard Management Corporation	Oklahoma City CbM
Marriott Hotel Services, Inc.	Oklahoma City Marriott Hotel
Residence Inn by Marriott, Inc.	Oklahoma City RI

Oregon

Entity Name	Assumed Name
Courtyard Management Corporation	Portland CbM
Marriott Hotel Services, Inc.	Portland Marriott Hotel
Marriott Ownership Resorts, Inc.	MVCI

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Oregon

Entity Name	Assumed Name
Marriott Resorts Hospitality Corporation	MVCI
Marriott Resorts, Travel Company, Inc.	MVCI

Pennsylvania

Entity Name	Assumed Name
Courtyard Management Corporation	Pittsburgh CbM
Courtyard Management Corporation	Willow Grove CbM, Pittsburgh CbM, Devon CbM, Valley Forge CbM, Philadelphia CbM
Fairfield FMC Corporation	Pittsburgh/Warrendale FibM, Harrisburg West FibM
Marriott Hotel Services, Inc.	Philadelphia Airport Marriott Hotel
Marriott Hotel Services, Inc.	Philadelphia Marriott Hotel
Marriott Senior Living Services, Inc.	The Quadrangle
Residence Inn by Marriott, Inc.	Willow Grove RI, Philadelphia Airport RI, Greentree RI, Berwyn RI

Puerto Rico

Entity Name	Assumed Name
MVCI Puerto Rico, Inc.	Marriott Vacation Club International

Rhode Island

Entity Name	Assumed Name
Courtyard Management Corporation	Middletown CbM
Marriott Ownership Resorts, Inc.	MVCI

South Carolina

Entity Name	Assumed Name
Courtyard Management Corporation	Columbia NW CbM
Fairfield FMC Corporation	Greenville FibM, Hilton Head FibM
Marriott Ownership Resorts, Inc.	MVCI
Marriott Resorts Hospitality Corporation	MVCI
Marriott Resorts, Travel Company, Inc.	MVCI
Residence Inn by Marriott, Inc.	Columbia RI

Tennessee

Entity Name	Assumed Name
Courtyard Management Corporation	Nashville Airport CbM, Park Avenue, Memphis CbM, Memphis Airport CbM, Chattanooga CbM, Brentwood CbM
Fairfield FMC Corporation	Johnson City FibM, Jackson FibM, Chattanooga FibM
Marriott Hotel Services, Inc.	Nashville Airport Marriott Hotel
Marriott International, Inc.	Fairfield Inn
Marriott Ownership Resorts, Inc.	HMVC
Marriott Senior Living Services, Inc.	Brighton Gardens of Brentwood
Residence Inn by Marriott, Inc.	Maryland Farms RI, Memphis RI

Texas

Entity Name	Assumed Name
Courtyard Management Corporation	Addison/Quorum Courtyard
Courtyard Management Corporation	DFW Courtyard North
Courtyard Management Corporation	Las Colinas CbM, Dallas North Park CbM, Arlington CbM, San Antonio CbM
Courtyard Management Corporation	Plano CbM, Fort Worth CbM, Dallas Northeast CbM, Dallas Stemmons CbM

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Texas

Entity Name	Assumed Name
Courtyard Management Corporation	San Antonio Airport CbM, San Antonio Medical Center CbM, Bedford CbM, Addison CbM, LBJ @ Josey CbM
Fairfield FMC Corporation	Arlington Fairfield Suites
Forum-NGH, Inc.	Collin Oaks Guest Home
Forum-NGH, Inc.	Duval Oaks Guest Home
Forum-NGH, Inc.	Kingsley Oaks Guest Home
Forum-NGH, Inc.	Memorial Oaks Guest Home
Forum-NGH, Inc.	Northwest Oaks Guest Home
Forum-NGH, Inc.	Sugar Land Oaks Guest Home
Forum-NGH, Inc.	Tanglewood Oaks Guest Home
Forum-NGH, Inc.	Tanglewood Oaks Guest Home
Forum-NGH, Inc.	Village Oaks at Cielo Vista, NGH/Marriott
Forum-NGH, Inc.	Village Oaks at Farmers Branch
Forum-NGH, Inc.	Village Oaks at Hollywood Park
Marriott Hotel Services, Inc.	Dallas Marriott Quorum, Houston Airport Marriott
Marriott Kauai Ownership Resorts, Inc.	MVCI
Marriott Ownership Resorts, Inc.	HMVC
Marriott Ownership Resorts, Inc.	MVCI
Marriott Resorts Hospitality Corporation	MVCI
Marriott Resorts, Travel Company, Inc.	MVCI
Marriott Senior Living Services, Inc.	Brighton Gardens by Marriott of Austin
Marriott Senior Living Services, Inc.	Brighton Gardens by Marriott of San Antonio & Bexar County
Marriott Senior Living Services, Inc.	Brighton Gardens by Marriott of Tanglewood
Marriott Senior Living Services, Inc.	Brighton Gardens
MSLS Investments 20, Inc.	Champion Oaks Guest Home
National Guest Homes, LLC	Marriott Senior Living Services
National Guest Homes, LLC	NGH Assisted Living
Residence Inn by Marriott, Inc.	Dallas Central Expressway RI, Dallas Market Center RI, Houston Astrodome RI, Houston Clear Lake RI
Residence Inn by Marriott, Inc.	Houston Southwest RI, Las Colinas RI, Lubbock RI, Tyler RI
Residence Inn by Marriott, Inc.	San Antonio Residence Inn by Marriott
SpringHill SMC Corporation	Arlington Springhill Suites
TownePlace Management Corporation	Houston Clearlake Towneplace Suites

Utah

Entity Name	Assumed Name
Marriott Kauai Ownership Resorts, Inc.	MVCI
Marriott Ownership Resorts, Inc.	MVCI
Marriott Resorts Hospitality Corporation	MVCI
Marriott Resorts, Travel Company, Inc.	MVCI
Marriott Senior Living Services, Inc.	Brighton Gardens of Salt Lake
Residence Inn by Marriott, Inc.	Residence Inn at the Cottonwoods

Vermont

Entity Name	Assumed Name
Fairfield FMC Corporation	Burlington Colchester FibM

Virginia

Entity Name	Assumed Name
Courtyard Management Corporation	Brookfield CbM
Courtyard Management Corporation	Courtyard by Marriott

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Virginia

Entity Name	Assumed Name
Courtyard Management Corporation	Dulles South CbM, Rosslyn CbM
Courtyard Management Corporation	Dulles Town Center Courtyard by Marriott
Courtyard Management Corporation	Fairoaks CbM
Courtyard Management Corporation	Herndon CbM,
Courtyard Management Corporation	Manassas CbM, Charlottesville CbM
Courtyard Management Corporation	Richmond Innsbrook CbM
CR9 Tenant Corporation	Richmond NW Courtyard by Marriott
Marriott Hotel Services, Inc.	Crystal City Marriott Hotel
Marriott Hotel Services, Inc.	Marriott's Westfields Conference Center
Marriott Hotel Services, Inc.	Westfield's Marriott
Marriott Hotel Services, Inc.	Westfields Golf Club
Marriott Ownership Resorts, Inc.	MVCI
Marriott Resorts Hospitality Corporation	MVCI
Marriott Resorts Hospitality Corporation	Tidewater's Sweets and Sundries
Marriott Resorts, Travel Company, Inc.	MVCI
Marriott Senior Living Services, Inc.	Belvoir Woods Health Care Center
Marriott Senior Living Services, Inc.	Brighton Gardens
Marriott Senior Living Services, Inc.	Brighton Gardens of Arlington
Marriott Senior Living Services, Inc.	The Colonnades
Marriott Senior Living Services, Inc.	The Fairfax
Residence Inn by Marriott, Inc.	Herndon RI
The Ritz-Carlton Hotel Company, L.L.C	The Ritz-Carlton, Tysons Corner

Washington

Entity Name	Assumed Name
Courtyard Management Corporation	Courtyard by Marriott
CTYD III Corporation	Courtyard by Marriott
Marriott Ownership Resorts, Inc.	MVCI
Marriott Resorts Hospitality Corporation	MVCI
Residence Inn by Marriott, Inc.	Residence Inn Redmon
SpringHill SMC Corporation	Seattle Downtown Springhill Suites
SpringHill SMC Corporation	Seattle South Renton Springhill
TownePlace Management Corporation	Seattle South Renton TownPlace Suites

Wisconsin

Entity Name	Assumed Name
Fairfield FMC Corporation	Milwaukee FibM, Madison FibM
Residence Inn by Marriott, Inc.	Green Bay RI

Exhibit 23

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report, dated February 15, 2002, included in this Form 10-K, into the Company's previously filed Registration Statements Files No. 333-36388, No. 333-39286, No. 333-48407, No. 333-48417, No. 333-53860, No. 333-55350, No. 333-58747, No. 333-77827, No. 333-94697, No. 333-66406, No. 333-58294.

/s/ Arthur Andersen LLP

Vienna, Virginia
March 18, 2002

EXHIBIT 99

Exhibit 99.1

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, Crestline Capital 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 be 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, and at what pace, that recovery will continue, and adverse impacts on our business can be expected to continue for an unknown period of time.

Exhibit 99.2

March 22, 2002

Securities and Exchange Commission
450 Fifth Street, NW
Washington, DC 20549

Ladies and Gentlemen:

Our auditors, Arthur Andersen LLP, have represented to us in a letter dated March 18, 2002 that their audits of the consolidated financial statements included in Item 8, Part II of this Annual Report on Form 10-K were subject to their quality control system for the U.S. accounting and auditing practice to provide reasonable assurance that the engagement was conducted in compliance with professional standards, that there was appropriate continuity of Arthur Andersen personnel working on the audit, availability of national office consultation, and availability of personnel at foreign affiliates of Arthur Andersen to conduct the relevant portions of the audit.

Marriott International, Inc.

By /s/ Linda A. Bartlett

Linda A. Bartlett
Vice President, Controller