SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

OR

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

For the Quarter Ended September 8, 2000 Commission File No. 1-13881

MARRIOTT INTERNATIONAL, INC.

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

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

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

Yes [X] No [_]

Class	Shares outstanding at October 13, 2000
Class A Common Stock, $0.01 par value	239,982,829

MARRIOTT INTERNATIONAL, INC.

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Forward-Looking Statements

When used throughout this report, the words "believes," "anticipates," "expects," "intends," "estimates," "projects," and other similar expressions, which are predictions of or indicate future events and trends, identify forward-looking statements. Such statements are subject to a number of risks and uncertainties which could cause actual results to differ materially from those projected, including: competition within 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 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; the effect of international, national and regional economic conditions; the availability of capital to allow us and potential hotel and senior living community owners to fund investments; satisfaction of the conditions to consummation of the litigation settlement transactions referred to below; and other risks described from time to time in our filings with the Securities and Exchange Commission, including those set forth on Exhibit 99 filed herewith. Given these uncertainties, we caution you not to place undue reliance on such statements. We also undertake no obligation to publicly update or revise any forward-looking statement to reflect current or future events or circumstances.

PART I -- FINANCIAL INFORMATION

Item 1. Financial Statements

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

	Twelve weeks ended		Thirty-six weeks ended	
	September 8, 2000	September 10, 1999	September 8, 2000	September 10, 1999
SALES	$ 2,303	$ 1,995	$ 6,861	$ 5,932
OPERATING COSTS AND EXPENSES	2,087	1,807	6,205	5,335
OPERATING PROFIT BEFORE CORPORATE EXPENSES AND INTEREST	216	188	656	597
Corporate expenses	(29)	(30)	(80)	(87)
Interest expense	(22)	(12)	(72)	(34)
Interest income	9	7	19	20
INCOME BEFORE INCOME TAXES	174	153	523	496
Provision for income taxes	64	57	193	186
NET INCOME	$ 110	$ 96	$ 330	$ 310
DIVIDENDS DECLARED PER SHARE	$ .06	$ .055	$ .175	$ .16
EARNINGS PER SHARE				
Basic Earnings Per Share	$ .46	$ .39	$ 1.37	$ 1.25
Diluted Earnings Per Share	$ .43	$ .36	$ 1.30	$ 1.16

See notes to condensed consolidated financial statements.

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

	September 8, 2000	December 31, 1999
ASSETS	(Unaudited)	
Current assets		
Cash and equivalents	$ 378	$ 489
Accounts and notes receivable	668	740
Inventory	104	93
Other	317	278
	1,467	1,600
Property and equipment	3,088	2,845
Intangibles	1,816	1,820
Investments in affiliates	372	294
Notes and other receivables	601	473
Other	302	292
	$ 7,646	$ 7,324
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 564	$ 628
Other	1,223	1,115
	1,787	1,743
Long-term debt	1,756	1,676
Other long-term liabilities	1,074	997
Shareholders' equity		
ESOP preferred stock		
Class A common stock, 255.6 million shares issued	3	3
Additional paid-in capital	3,663	2,738
Retained earnings	715	508
Unearned ESOP shares	(830)	-
Treasury stock, at cost	(481)	(305)
Accumulated other comprehensive income	(41)	(36)
	3,029	2,908
	$ 7,646	$ 7,324

See notes to condensed consolidated financial statements.

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

	Thirty-six weeks ended	
	September 8, 2000	September 10, 1999
OPERATING ACTIVITIES		
Net income	$ 330	$ 310
Adjustments to reconcile to cash provided by operations:		
Depreciation and amortization	134	103
Income taxes and other	198	136
Timeshare activity, net	(122)	(15)
Working capital changes	73	48
Cash provided by operations	613	582
INVESTING ACTIVITIES		
Acquisitions	-	(62)
Dispositions	381	270
Capital expenditures	(627)	(667)
Note advances	(118)	(111)
Note collections and sales	29	40
Other	(160)	(106)
Cash used in investing activities	(495)	(636)
FINANCING ACTIVITIES		
Commercial paper activity, net	(239)	170
Issuance of long-term debt	332	12
Repayment of long-term debt	(10)	(46)
Issuance of Class A common stock	30	36
Dividends paid	(41)	(38)
Purchase of treasury stock	(301)	(146)
Cash used in financing activities	(229)	(12)
DECREASE IN CASH AND EQUIVALENTS	(111)	(66)
CASH AND EQUIVALENTS, beginning of period	489	390
CASH AND EQUIVALENTS, end of period	$ 378	$ 324

See notes to condensed consolidated financial statements.

1. Basis of Presentation

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

The accompanying condensed consolidated financial statements have not been audited. We have condensed or omitted certain information and footnote disclosures normally included in financial statements presented in accordance with generally accepted accounting principles. We believe the disclosures made are adequate to make the information presented not misleading. However, you should read the condensed consolidated financial statements in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K (the Annual Report) for the fiscal year ended December 31, 1999. Capitalized terms not otherwise defined in this quarterly report have the meanings specified in the Annual Report.

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

In our opinion, the accompanying condensed consolidated financial statements reflect all adjustments necessary to present fairly our financial position as of September 8, 2000 and December 31, 1999, the results of operations for the twelve and thirty-six weeks ended September 8, 2000 and September 10, 1999, and cash flows for the thirty-six weeks ended September 8, 2000 and September 10, 1999. Interim results may not be indicative of fiscal year performance because of seasonal and short-term variations. We have eliminated all material intercompany transactions and balances between entities included in these financial statements.

2. Earnings Per Share

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

	Twelve weeks ended		Thirty-six weeks ended	
	September 8, 2000	September 10, 1999	September 8, 2000	September 10, 1999
Computation of Basic Earnings Per Share				
Net income	$ 110	$ 96	$ 330	$ 310
Weighted average shares outstanding	240.1	248.1	241.3	247.8
Basic Earnings Per Share	$ .46	$ .39	$ 1.37	$ 1.25
Computation of Diluted Earnings Per Share				
Net income	$ 110	$ 96	$ 330	$ 310
After-tax interest expense on convertible subordinated debt	-	2	-	5
Net income for diluted earnings per share	$ 110	$ 98	$ 330	$ 315
Weighted average shares outstanding	240.1	248.1	241.3	247.8
Effect of Dilutive Securities				
Employee stock purchase plan	-	0.1	0.1	0.2
Employee stock option plan	8.6	8.1	7.2	9.1
Deferred stock incentive plan	5.5	5.4	5.5	5.4
Convertible subordinated debt	-	9.5	-	9.5
Shares for diluted earnings per share	254.2	271.2	254.1	272.0
Diluted Earnings Per Share	$ .43	$ .36	$ 1.30	$ 1.16

We compute the effect of dilutive securities using the treasury stock method and average market prices during the period. We use the if-converted method for convertible subordinated debt.

3. Frequent Guest Program

We accrue for the cost of redeeming points awarded to members of our frequent guest program based on the discounted expected costs of redemption. The liability for this program was $508 million at September 8, 2000, and $433 million at December 31, 1999, of which $372 million and $289 million, respectively, are included in other long-term liabilities in the accompanying consolidated balance sheet.

4. Acquisition

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

5. Dispositions

Senior Living Services. 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.

Lodging. On June 15, 2000, we agreed to sell, subject to long-term management agreements, 10 lodging properties for $145 million in cash. Sales of eight of the properties were completed simultaneously with the signing of the agreement, and the remaining two properties are expected to be sold in the fourth quarter of 2000, upon completion of construction. The properties will be leased from the buyer by an unaffiliated third party tenant, which has also agreed to become the tenant on nine other properties sold and leased back by us in 1997 and 1998. We now plan to manage these nine previously leased properties under long-term management agreements, and the gains on the sales of these properties will be recognized as our leases are cancelled throughout 2000.

On August 22, 2000 we agreed to sell nine lodging properties for $100 million in cash. We will continue to operate the hotels under long-term management contracts. Five of the hotels are currently open and the sale of those properties has been completed. The properties will be leased from the buyer by an unaffiliated third party tenant.

6. Comprehensive Income

Total comprehensive income was $109 million and $90 million, respectively, for the twelve weeks ended September 8, 2000 and September 10, 1999, and $325 million and $293 million, respectively, for the thirty-six weeks ended September 8, 2000 and September 10, 1999. The principal difference between net income and total comprehensive income relates to foreign currency translation adjustments.

7. Intangible Assets

In 1996, MDS became the exclusive provider of distribution services to Boston Chicken, Inc. (BCI). On October 5, 1998, BCI and its Boston Market-controlled subsidiaries filed voluntary bankruptcy petitions for protection under Chapter 11 of the Federal Bankruptcy Code in the U.S. Bankruptcy Court in Phoenix (the Court). In December 1999, McDonald's Corporation (McDonald's) announced that it had reached a definitive agreement to purchase the majority of the assets of BCI subject to confirmation of the pending BCI plan of reorganization, including Court approval. In March 2000, MDS reached an agreement with McDonald's on a new contract providing for continuation of distribution services to Boston Market restaurants. Because the existing distribution contract was terminated upon confirmation of the pending reorganization, MDS wrote off the unamortized balance of the existing investment, resulting in a $15 million pretax charge in the first quarter of 2000. In June 2000, McDonald's completed its acquisition of Boston Market. MDS is now providing distribution services under the contract with McDonald's.

8. New Accounting Standards

We will adopt Financial Accounting Standard No. 133, "Accounting for Derivative Instruments and Hedging Activities," which we do not expect to have a material effect on our consolidated financial statements, in or before the first quarter of 2001.

We will adopt the SEC's Staff Accounting Bulletin (SAB) No. 101, "Revenue Recognition in Financial Statements," in the fourth quarter of 2000. Implementation of SAB No. 101 is expected to have no material impact on annual earnings or the timing of revenue and profit recognition between quarters during the year.

We will adopt Financial Accounting Standard (FAS) No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," in the fourth quarter of 2000. The implementation of FAS No. 140 will result in increased footnote disclosures, but is not expected to have a material effect on our consolidated financial statements.

9. Business Segments

We are a diversified hospitality company operating in three business segments: Lodging, which includes the development, ownership, operation and franchising of lodging properties including vacation timesharing resorts; Senior Living Services, which consists of the development, ownership and operation of senior living communities; and Distribution Services, which operates a 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.

The following table shows our sales and operating profit by business segment for the twelve and thirty-six weeks ended September 8, 2000 and September 10, 1999.

	Twelve weeks ended		Thirty-six weeks ended	
	September 8, 2000	September 10, 1999	September 8, 2000	September 10, 1999
SALES				
Lodging	$ 1,794	$ 1,606	$ 5,365	$ 4,788
Senior Living Services	153	128	452	372
Distribution Services	356	261	1,044	772
	$ 2,303	$ 1,995	$ 6,861	$ 5,932
OPERATING PROFIT BEFORE CORPORATE EXPENSES AND INTEREST				
Lodging	$ 216	$ 180	$ 663	$ 577
Senior Living Services	(5)	3	(6)	6
Distribution Services	5	5	(1)	14
	$ 216	$ 188	$ 656	$ 597

Sales of Distribution Services do not include sales (made at market terms and conditions) to our other business segments of $40 million and $36 million for the twelve weeks ended September 8, 2000 and September 10, 1999, respectively, and $122 million and $112 million for the thirty-six weeks ended September 8, 2000 and September 10, 1999, respectively.

10. Contingencies

We issue guarantees to lenders and other third parties in connection with financing and other transactions. These guarantees were limited, in the aggregate, to $218 million at September 8, 2000, including guarantees involving major customers, with minimal expected funding. As of September 8, 2000, we had extended approximately $855 million of loan commitments to owners of lodging and senior living communities under which we expect to fund approximately $580 million by December 31, 2001 and $650 million in total. Letters of credit outstanding on our behalf at September 8, 2000, totaled $73 million, the majority of which related to our self-insurance programs. At September 8, 2000, we had repurchase obligations of $105 million related to notes receivable from timeshare interval purchasers, which have been sold with limited recourse.

New World Development and another affiliate of Dr. Cheng, a director of the Company, have severally indemnified us for guarantees by us of leases with minimum annual payments of approximately $59 million.

On February 23, 2000, we entered into an agreement, which was subsequently embodied in a definitive agreement executed on March 9, 2000, to resolve pending litigation described below involving certain limited partnerships formed in the mid- to late 1980's. The agreement was reached with lead counsel to the plaintiffs in the lawsuits described below, 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 on September 23, 2000 to increase the amount that CBM I settlement class members will 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 expect to acquire, 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. These partnerships own 120 Courtyard by Marriott hotels. We will continue to manage the 120 hotels under long-term agreements. The joint venture will be financed with equity contributed in equal shares by us and an affiliate of Host Marriott and an estimated $200 million in mezzanine debt provided by us. We expect our total investment in the joint venture, including the mezzanine debt, to be approximately $300 million. A majority of the CBM I and CBM II partners have approved the respective settlements and at hearings held on September 28, 2000 and October 19, 2000 the court determined that the terms of the CBM I and CBM II settlements were fair. Final court approval of the CBM I and CBM II settlements was postponed because certain third party consents required for consummation of the settlement transaction are taking longer to obtain than the parties anticipated, but a hearing on the final settlement order is now scheduled for October 24, 2000 although that date is subject to further extension.

Because consummation of the settlement for CBM I and CBM II remains subject to the receipt of third-party consents and final court approval, there is no assurance that the settlement transactions with respect to CBM I and II will be consummated and, if consummated terms could differ materially from those described.

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 the Texas Multi-Partnership lawsuit described below in exchange for dismissal of the complaints and full releases. That portion of the settlement and the release of the escrowed funds is subject to appeal for a period of thirty days from the entry of the final order.

We recorded a pretax charge of $39 million, which was included in corporate expenses in the fourth quarter of 1999, to reflect the anticipated settlement transactions. However, if the foregoing settlement transactions are not consummated or a successful appeal is taken on the portions of the settlement that have been rendered as final by the trial court, and either a less favorable settlement is entered into, or the lawsuits are tried and decided adversely to the Company, we could incur losses significantly different than the pretax charge associated with the settlement agreement described above.

Courtyard by Marriott II Limited Partnership Litigation

On June 7, 1996, a group of partners in CBM II filed a lawsuit against Host Marriott, the Company and others, Whitey Ford, et al. v. Host Marriott Corporation, et al., in the 285th Judicial District Court of Bexar County, Texas, alleging breach of fiduciary duty, breach of contract, fraud, negligent misrepresentation, tortious interference, violation of the Texas Free Enterprise and Antitrust Act of 1983 and conspiracy in connection with the formation, operation and management of CBM II and its hotels. The plaintiffs sought unspecified damages. On January 29, 1998, two other limited partners, A.R. Milkes and D.R. Burklew, filed a petition in

intervention seeking to convert the lawsuit into a class action, and a class was certified. In March 1999, Palm Investors, L.L.C., the assignee of a number of limited partnership units acquired through various tender offers, and Equity Resource, an assignee of a number of limited partnership units, through various of its funds, filed pleas in intervention, which among other things added additional claims relating to the 1993 split of Marriott Corporation and to the 1995 refinancing of CBM II's indebtedness. On August 17, 1999, the general partner of CBM II appointed an independent special litigation committee to investigate the derivative claims described above and to recommend to the general partner whether it was in the best interests of CBM II for the derivative litigation to proceed. The general partner agreed to adopt the recommendation of the committee. Under Delaware law, the recommendation of a duly appointed independent litigation committee is binding on the general partner and the limited partners. Following certain adjustments to the underlying complaints, including the assertion as derivative claims some of the claims previously filed as individual claims, a final amended class action complaint was filed on January 6, 2000. Trial, which was scheduled to begin in late February 2000, was postponed pending approval and consummation of the settlement described above.

Texas Multi-Partnership Lawsuits

On March 16, 1998, limited partners in several limited partnerships sponsored by Host Marriott or its subsidiaries filed a lawsuit, Robert M. Haas, Sr. and Irwin Randolph Joint Tenants, et al. v. Marriott International, Inc., et al., Case No. 98-CI-04092, in the 57th Judicial District Court of Bexar County, Texas, alleging that the defendants conspired to sell hotels to the partnerships for inflated prices and that they charged the partnerships excessive management fees to operate the partnerships' hotels. The plaintiffs further allege that the defendants committed fraud, breached fiduciary duties and violated the provisions of various contracts. A Marriott International subsidiary manages each of the hotels involved and, as to some properties, the Company is the ground lessor and collects rent. The Company, several Marriott subsidiaries and J.W. Marriott, Jr. are among the several named defendants. The plaintiffs are seeking unspecified damages. This lawsuit is subject to the settlement described above.

11. Employee Stock Ownership Plan

During the second quarter of 2000 we established an employee stock ownership plan (the ESOP) 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 $1.0 billion. The ESOP Preferred Stock has a stated value and liquidation preference of $10,000 per share and pays a quarterly dividend of one percent of the stated value. It 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 will be amortized as shares of ESOP Preferred Stock are released and cash is allocated to employees' accounts.

12. Subsequent Event

On September 28, 2000, we sold four lodging properties for a purchase price of $274 million. We will continue to operate the four hotels under long-term management agreements. In connection with the sale of the four hotels we provided $39 million in mezzanine loans, and also agreed to provide the buyer with up to $161 million of additional mezzanine loans to finance future acquisitions of Marriott-branded hotels. We also acquired a minority interest in the joint venture which purchased the hotels.

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

RESULTS OF OPERATIONS

The following discussion presents an analysis of results of our operations for each of the twelve and thirty-six weeks ended September 8, 2000 and September 10, 1999. Comparable REVPAR, room rate and occupancy statistics used throughout this report are based upon U.S. properties operated by us, except that data for Fairfield Inn also include comparable franchised units.

Twelve Weeks Ended September 8, 2000 Compared to Twelve Weeks Ended September 10, 1999

We reported net income of $110 million for the 2000 third quarter, on sales of $2,303 million. This represents a 15 percent increase in both net income and sales over the third quarter of 1999. Diluted earnings per share of $.43 for the quarter increased 19 percent over the 1999 amount. Systemwide sales increased to $4.5 billion.

Marriott Lodging reported a 20 percent increase in operating profit on 12 percent higher sales. Systemwide lodging sales increased to $3.9 billion.

We added a total of 53 lodging properties (8,600 units) during the third quarter of 2000, and deflagged five properties (2,300 units), increasing our total properties to 2,010 (373,511 units). Properties by brand (excluding 7,300 rental units relating to ExecuStay) are as indicated in the following table.

	Properties as of September 8, 2000			
	Company-operated		Franchised	
	Properties	Rooms	Properties	Rooms
Marriott Hotels, Resorts and Suites	235	103,174	150	42,466
Ritz-Carlton	37	12,394	-	-
Renaissance Hotels, Resorts and Suites	75	29,591	26	9,066
Ramada International	7	1,325	19	4,093
Residence Inn	138	17,927	206	22,355
Courtyard	274	42,401	229	28,747
Fairfield Inn	51	7,138	379	33,219
TownePlace Suites	29	3,025	48	4,667
SpringHill Suites	8	966	45	4,351
Marriott Vacation Club International	45	4,965	-	-
Marriott Executive Apartments and other	9	1,641	-	-
Total	908	224,547	1,102	148,964

Across our Lodging brands, REVPAR for comparable company-operated U.S. properties grew by an average of 8.5 percent in the third quarter 2000. Average room rates for these hotels rose 7.0 percent and occupancy increased to 81.0 percent. Occupancy, average daily rate and REVPAR for each of our principal established brands is shown in the following table.

	Twelve weeks ended September 8, 2000	Change vs. 1999	
Marriott Hotels, Resorts and Suites			
Occupancy	80.6%	+0.8%	pts.
Average daily rate	$ 142.37	+7.8%	
REVPAR	$ 114.70	+8.8%	
Ritz-Carlton			
Occupancy	80.1%	+1.1%	pts.
Average daily rate	$ 222.28	+12.2%	
REVPAR	$ 177.98	+13.8%	
Renaissance Hotels, Resorts and Suites			
Occupancy	75.2%	+3.8%	pts.
Average daily rate	$ 130.77	+6.0%	
REVPAR	$ 98.31	+11.6%	
Residence Inn			
Occupancy	87.0%	+1.0%	pts.
Average daily rate	$ 105.83	+5.3%	
REVPAR	$ 92.04	+6.4%	
Courtyard			
Occupancy	82.2%	+0.8%	pts.
Average daily rate	$ 96.65	+5.0%	
REVPAR	$ 79.44	+6.0%	
Fairfield Inn			
Occupancy	76.6%	-	pts.
Average daily rate	$ 63.60	+3.9%	
REVPAR	$ 48.74	+3.9%	

Across our full-service lodging brands (Marriott Hotels, Resorts and Suites, Ritz-Carlton and Renaissance Hotels, Resorts and Suites), REVPAR for comparable company-operated U.S. properties grew by an average of 9.8 percent in the 2000 third quarter. Average room rates for these hotels rose 8.0 percent, while occupancy increased slightly over one percentage point to 79.7 percent.

Our domestic select-service and extended-stay brands (Residence Inn, Courtyard, Fairfield Inn, TownePlace Suites and SpringHill Suites) added a net of 33 properties, primarily franchises, during the third quarter of 2000. REVPAR for comparable properties increased 5.9 percent to $77.75.

Results for International Lodging operations continued to be favorable in the third quarter 2000, despite a decline in the value of the Euro against the U.S. dollar, reflecting strong demand in the Middle East and Europe.

Marriott Vacation Club International also posted favorable profit growth in the 2000 third quarter, reporting a 55 percent increase in contract sales. The results reflect interest in our newest brands, Horizons in Orlando, Florida and 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. At the end of the quarter, 20 resorts were in active sales, 25 resorts were sold-out and an additional four resorts were under development.

The Marketplace by Marriott (Marketplace), our hospitality procurement business, reported a 22 percent increase in operating profit in the third quarter. Within the next few months, we plan to form a joint venture including Marketplace, the procurement businesses of Hyatt Hotels Corporation, Bass Hotels and Resorts and ClubCorp USA, Inc., an owner and operator of country clubs and golf courses. The venture will form an independent comprehensive electronic procurement network servicing the hospitality industry.

Marriott Senior Living Services (SLS) posted 20 percent sales growth in the 2000 third quarter reflecting the net addition of 20 properties operated in the last 12 months and an 88 percent increase in occupancy for comparable communities. Despite the increase in sales, profitability was impacted by start-up inefficiencies for new properties, higher administrative expenses, and costs related with the development, start-up and debt associated with one facility developed by an unaffiliated third party, resulting in a $5 million operating loss. SLS opened two communities during the third quarter and now operates 151 facilities totaling 25,544 residential units.

Marriott Distribution Services (MDS) posted a 36 percent increase in sales in the 2000 third quarter, reflecting the commencement of service to three large restaurant chains beginning this year. Operating profit was flat compared to last year as a result of start-up inefficiencies associated with the new business.

Corporate activity. Interest expense in the third quarter increased by $10 million as a result of borrowings to finance growth and share repurchases, as well as higher interest rates. Corporate expenses decreased three percent in the 2000 third quarter due to the systems development expenses associated with year 2000 that were incurred in 1999. The effective income tax rate decreased from 37.5 percent to 37.0 percent primarily due to the increased proportion of operations in countries with lower effective tax rates.

Thirty-Six Weeks Ended September 8, 2000 Compared to Thirty-Six Weeks Ended September 10, 1999

We reported net income of $330 million for the first three quarters of 2000 on sales of $6,861 million. This represents a six percent increase in net income and a 16 percent increase in sales over the same period in 1999. Diluted earnings per share of $1.30 increased 12 percent over the 1999 amount. Systemwide sales increased to $14 billion.

Marriott Lodging reported a 15 percent increase in operating profit on 12 percent higher sales. Systemwide lodging sales increased to $12 billion.

We added a total of 146 lodging properties (22,100 units) during the first three quarters, and deflagged 16 properties (4,500 units).

Across our Lodging brands, REVPAR for comparable company-operated U.S. properties grew by an average of 6.4 percent in 2000. Average room rates for these hotels rose 5.9 percent, while occupancy increased to 79.5 percent. Occupancy, average daily rate and REVPAR for each of our principal established brands is shown in the following table.

	Thirty-six weeks ended September 8, 2000	Change vs. 1999	
Marriott Hotels, Resorts and Suites			
Occupancy	79.6%	+0.5%	pts.
Average daily rate	$ 146.88	+6.0%	
REVPAR	$ 116.90	+6.6%	
Ritz-Carlton			
Occupancy	80.4%	+0.6%	pts.
Average daily rate	$ 240.87	+9.2%	
REVPAR	$ 193.66	+10.0%	
Renaissance Hotels, Resorts and Suites			
Occupancy	75.1%	+2.3%	pts.
Average daily rate	$ 140.09	+4.5%	
REVPAR	$ 105.24	+7.9%	
Residence Inn			
Occupancy	84.8%	+0.7%	pts.
Average daily rate	$ 104.52	+4.6%	
REVPAR	$ 88.61	+5.4%	
Courtyard			
Occupancy	80.3%	-0.1%	pts.
Average daily rate	$ 97.04	+5.0%	
REVPAR	$ 77.93	+4.9%	
Fairfield Inn			
Occupancy	72.1%	-1.0%	pts.
Average daily rate	$ 61.45	+3.8%	
REVPAR	$ 44.29	+2.3%	

Across our full-service lodging brands (Marriott Hotels, Resorts and Suites, Ritz-Carlton and Renaissance Hotels, Resorts and Suites), REVPAR for comparable company-operated U.S. properties grew by an average of 7.2 percent during the first three quarters of 2000. Average room rates for these hotels rose 6.1 percent, while occupancy increased to 79 percent.

Our domestic select-service and extended-stay brands (Residence Inn, Courtyard, Fairfield Inn, TownePlace Suites, SpringHill Suites) added a net of 153 properties, primarily franchises, since the third quarter of 1999. During the first three quarters of 2000, REVPAR for these brands increased 4.8 percent.

Marriott Vacation Club International posted strong profit growth during the first three quarters of 2000, reporting a 31 percent increase in contract sales. Results reflect continued solid demand for timeshares in Hawaii, Aruba and California, as well as a growing interest in our newest brands, Horizons in Orlando, Florida and Ritz-Carlton Club resorts in St. Thomas, U.S. Virgin Islands, and Aspen, Colorado.

Marriott Senior Living Services posted a 22 percent increase in sales in the first three quarters of 2000. Despite the increase in sales, profitability was impacted by start-up inefficiencies for new properties, pre-opening expenses, write-offs relating to development cancellations, higher administrative expenses and costs related to debt associated with facilities developed by unaffiliated third parties, resulting in a $6 million operating loss.

Marriott Distribution Services posted a 35 percent increase in sales, reflecting the commencement of service to three large restaurant chains beginning this year. The operating profits associated with the new business were more than offset by a $15 million pretax write-off of its investment in a contract with Boston Chicken, Inc. (BCI), 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 reached an agreement with McDonald's to continue providing distribution services to Boston Market restaurants (see the "Intangible Assets" footnote to the condensed consolidated financial statements included in Item 1).

Corporate activity. Interest expense increased $38 million in the 2000 period as a result of borrowings to finance growth outlays and share repurchases. Corporate expenses decreased $7 million due to system-related modification costs associated with year 2000 that were incurred in 1999, offset by costs incurred in 2000 associated with new corporate systems. The effective income tax rate decreased from 37.5 percent to 37 percent primarily due to the increased proportion of operations in countries with lower effective tax rates.

LIQUIDITY AND CAPITAL RESOURCES

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. However, our ability to sell properties that we develop, and the ability of hotel or senior living community developers to build or acquire new Marriott-branded properties, which are important parts of our growth plans, are partially dependent on the availability and cost of capital. 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.

Cash and equivalents totaled $378 million at September 8, 2000, a decrease of $111 million from year end, reflecting excess cash on hand at December 31, 1999 to cover potential impacts associated with the Year 2000 problem. Cash provided by operations of $613 million increased five percent over 1999, reflecting strong net income, offset by outlays relating to timeshare activity. While our timesharing business generates strong operating cash flow, the reported amounts are affected by the difference in the timing of revenue recognition and cash received as well as cash outlays for the development of new resorts. Net income is stated after recording depreciation expense of $84 million and $55 million for the thirty-six weeks ended September 8, 2000 and September 10, 1999, respectively, and after amortization expense of $50 million and $48 million for the same periods. EBITDA for the thirty-six weeks ended September 8, 2000 increased by $96 million, or 15 percent, to $729 million. EBITDA is an indicator of operating performance which can be used to measure the Company's ability to service debt, fund capital expenditures and expand its business. However, EBITDA is not an alternative to net income, operating profit, cash from operations, or any other operating or liquidity measure prescribed by generally accepted accounting principles.

Cash used in investing activities totaled $495 million for the thirty-six weeks ended September 8, 2000, and included the acquisition of three hotels for $171 million, one of which was sold for $78

million on September 28, 2000 (see the "Subsequent Event" footnote to the condensed consolidated financial statements included in Item 1). Cash used in investing activities also included other capital expenditures for lodging properties and notes receivable advances, offset by disposition proceeds from the sale of 15 senior living communities and 15 lodging properties.

We purchased 10.4 million shares of our Class A Common Stock in the thirty-six weeks ended September 8, 2000, at a cost of $317 million. As of September 8, 2000 we had been authorized by our Board of Directors to repurchase an additional 20.1 million shares.

In January 2000, we filed a "universal shelf" registration statement with the Securities and Exchange Commission which, together with the authority remaining under a universal shelf registration statement filed in April 1999, permitted us to offer to the public up to $500 million of securities. On March 27, 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 approximately $298 million from this offering, after paying underwriting discounts, commissions and offering expenses. After giving effect to the issuance of the Series D Notes, we have remaining capacity under our January 2000 shelf registration statement to offer to the public up to $200 million of debt securities, common stock or preferred stock.

In 1996, MDS became the exclusive provider of distribution services to Einstein/Noah Bagel Corp. (ENBC), which operates over 460 bagel shops in 29 states. In March 2000, ENBC disclosed that its independent auditors had expressed substantial doubt about ENBC's ability to continue as a going concern, due to its inability to meet certain financial obligations. On April 27, 2000, ENBC and its majority-owned operating subsidiary filed voluntary bankruptcy petitions for protection under Chapter 11 of the Federal Bankruptcy code in the U.S. Bankruptcy Court for the District of Arizona in Phoenix. On April 28, 2000, the bankruptcy court approved a $31 million debtor-in-possession credit facility to allow for operation of the companies during reorganization, and also approved the payment in the ordinary course of business of prepetition trade creditor claims, including those of MDS, subject to recovery by the debtors under certain circumstances. On July 27, 2000, the Bankruptcy Court entered an order approving ENBC's assumption of the MDS contract. MDS continues to distribute to ENBC and has been receiving full payment in accordance with the terms of its contractual agreement. If ENBC were to cease or substantially reduce its operations, MDS may be unable to recover some or all of an aggregate of approximately $5 million in contract investment and $12 million in receivables and inventory.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes to our exposures to market risk since December 31, 1999.

PART II -- OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 2. Changes in Securities

None.

Item 3. Defaults Upon Senior Securities

None.

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

None.

Item 5. Other Information

None.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit No.	Description
10	First Amendment to the Settlement Agreement dated as of September 23, 2000 among A.R. Milkes, Robert M. Haas, Sr., and other plaintiffs and intervenors identified therein and the Company, Host Marriott Corporation, and other identified defendants, each by and through their respective counsels of record.
12	Statement of Computation of Ratio of Earnings to Fixed Charges.
27	Financial Data Schedule for the Company.
99	Forward-Looking Statements.

(b) Reports on Form 8-K

None.

SIGNATURES

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

MARRIOTT INTERNATIONAL, INC.

20th day of October, 2000

/s/ Arne M. Sorenson

Arne M. Sorenson
Executive Vice President and
Chief Financial Officer

/s/ Linda A. Bartlett

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

EXHIBIT 10

NO. 96-CI-08327

A. R. MILKES AND D. R. BURKLEW, on behalf of themselves and all other limited partners of Courtyard by Marriott II Limited Partnership	IN THE DISTRICT COURT OF
VS.	BEXAR COUNTY, TEXAS
HOST MARRIOTT CORPORATION, ET AL.	285th JUDICIAL DISTRICT

NO. 98-CI-04092

ROBERT M. HAAS, SR., et al.	IN THE DISTRICT COURT OF
Plaintiffs,	
MURRAY F. WEISS, et al.	
Plaintiff Intervenors,	
VS.	BEXAR COUNTY, TEXAS
MARRIOTT INTERNATIONAL, INC., et al.	
Defendants.	285TH JUDICIAL DISTRICT

FIRST AMENDMENT TO THE SETTLEMENT AGREEMENT

Reference is made to the Settlement Agreement dated as of March 9, 2000 (the "Settlement Agreement"). Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Settlement Agreement. Except as expressly provided herein, this First Amendment to the Settlement Agreement (the "First Amendment") does not affect the Settlement Agreement. The Settlement Agreement is amended as follows:

I. Section 1 of the Settlement Agreement is revised as follows:

A. Paragraph 1.20a is added as follows:

1.20a "CBM I LP Unitholders" means the members of the CBM I LP Class certified by the Court holding 986 CBM I LP Units in the aggregate, excluding, however, the Equity Intervenors, the Palm Intervenors and the Insiders.

B. Paragraph 1.42 is deleted in its entirety and replaced as follows:

1.42 "Effective Date" means, with respect to any given partnership, the business day on which the Judgment Order as to such partnership becomes Final. There may be more than one Effective Date depending on the number of Judgment Orders entered by the Court.

C. Paragraph 1.59 is deleted in its entirety and replaced as follows:

1.59 "Judgment Order" means the judgment order or orders to be rendered by the Court in the Milkes and Haas Litigations, or any severed portions thereof, approving the fairness of the Settlement (or any portions thereof), dismissing the Milkes and Haas Litigations with prejudice (or any portions thereof), extinguishing as to the applicable Released Persons, the applicable Released Claims and permanently barring and enjoining such persons from asserting such Released Claims, and addressing such other matters as the Court deems necessary and appropriate.

D. Paragraph 1.62(a) is deleted in its entirety and replaced with the following:

1.62(a) as to each Plaintiff, other than a CBM I LP Unitholder, the pro-rata portion of the Settlement Amount due to such Plaintiff for a particular partnership, less Plaintiffs' Counsel's Attorneys' Fees; and reduced further by the amount, if any, such Plaintiff owes on the purchase price of its unit.

E. Paragraph 1.62 is amended to add the following paragraph 1.62(e):

1.62(e) as to each of the CBM I LP Unitholders, provided that each does not opt-out of the CBM I LP Settlement and is not in an overlap position (and thereby able to convey the CBM I LP Unit and Release all Released Claims), the pro-rata portion of the CBM I LP Settlement Amount, including Interest accrued on the CBM I LP Settlement Amount prior to the time it is paid to the Escrow Agent, less Plaintiffs' Counsel's Requested CBM I LP Attorneys' Fees, such that each such CBM I LP Unit receives a net recovery of $133,500.00 (or a reduced pro-rata amount for each half-CBM I LP Unit or other fractional CBM I LP Unit); and further reduced by the amount, if any, such CBM I LP Unitholder owes on the purchase price (the "CBM I LP Net Settlement Amount").

F. Paragraph 1.69 is deleted in its entirety and replaced as follows:

1.69 "Plaintiffs' Counsel's Attorneys' Fees" means the attorneys' fees and reimbursement of litigation costs and expenses awarded by the Court to Plaintiffs' Counsel, which includes the attorneys' fees provided for in paragraphs 1.69a and 1.69b, less $4.25 million, the amount by which Plaintiffs' Counsel has agreed to reduce their attorneys' fees pursuant to Paragraph 13.1 herein.

G. Paragraph 1.69a is added as follows:

1.69a. "Plaintiffs' Counsel's Additional CBM I LP Attorneys' Fees" means the attorneys' fees, interest and litigation expenses to be paid by Host Marriott, Rockledge Hotel Properties, Inc. and Marriott International to Plaintiffs' Counsel to reimburse Plaintiffs' Counsel for the attorneys' fees, interest and litigation expenses they would have sought from the Court as reflected in the August 3, 2000 CBM I LP Notice of the CBM I LP Settlement but for this First Amendment and the CBM I LP Net Settlement Amount.

H. Paragraph 1.69b is added as follows:

1.69b. "Plaintiffs' Counsel's Requested CBM I LP Attorneys' Fees" means the amount of attorneys' fees Plaintiffs' Counsel will request be paid out of the CBM I Settlement Amount from the award of attorneys' fees made by the Court on the CBM I LP Settlement to effectuate the receipt by the CBM I LP Unitholders of the CBM I LP Net Settlement Amount.

I. Paragraph 1.96 is deleted in its entirety and replaced as follows:

1.96 "Settlement Agreement" means the Settlement Agreement dated March 9, 2000, as amended by the First Amendment, as it may be further amended or modified from time to time.

J. Paragraph 1.96a is added as follows:

1.96a "First Amendment" means this First Amendment to the Settlement Agreement dated September 25, 2000.

II. Section 2 of the Settlement Agreement is revised as follows:

A. Paragraph 2.1a is added as follows:

2.1a As part of the CBM I LP Settlement, and subject to the terms and conditions contained herein and in the First Amendment, Host Marriott, Rockledge Hotel Properties, Inc. and Marriott International will pay or cause to be paid the Plaintiffs' Counsel's Additional CBM I LP Attorneys' Fees.

III. Section 10 of the Settlement Agreement is revised as follows:

A. Paragraph 10.1 is amended to delete the following in its entirety:

10.1 If Defendants Counsel has not, within 120 days of the execution of this Settlement Agreement, notified Plaintiffs' Counsel, Palm's Counsel and Equity's Counsel that (i) such consents/permission have been obtained; (ii) such consents/permission have been waived; or (iii) such

consents/permission cannot be obtained, then Plaintiffs' Counsel has the option to notify Defendants' Counsel in writing that the Settlement shall be null and void without cost or expense (including Interest expense) to any party, and Palm's Counsel and/or Equity's Counsel has the option to notify Defendants' Counsel in writing that the Palm Intervenors and/or the Equity Intervenors (as the case may be) withdraw from the Settlement without cost or expense (including Interest expense) to any party; provided that such notice from Plaintiffs' Counsel, Palm's Counsel and/or Equity's Counsel is sent prior to notice being sent by Defendants' Counsel that the consents/permission have been obtained or waived.

B. Paragraph 10.1(a) is added as follows:

10.1(a) If Defendants' Counsel has not, within 60 days of the execution of this First Amendment, notified Plaintiffs' Counsel, Palm's Counsel and Equity's Counsel that (i) such consents/permission have been obtained; (ii) such consents/permission have been waived; or (iii) such consents/permission cannot be obtained, then Plaintiffs' Counsel has the option to notify Defendants' Counsel in writing that the Settlement shall be null and void without cost or expense (including Interest expense) to any party, and Palm's Counsel and/or Equity's Counsel has the option to notify Defendants' Counsel in writing that the Palm Intervenors and/or the Equity Intervenors (as the case may be) withdraw from the Settlement without cost or expense (including Interest expense) to any party; provided that such notice from Plaintiffs' Counsel, Palm's Counsel and/or Equity's Counsel is sent prior to notice being sent by Defendants' Counsel that the consents/permission have been obtained or waived; and provided further that such right to cancel shall not apply to any part of the Settlement for which a Judgment Order has been entered.

C. Paragraph 10.1(b) is added as follows:

10.1(b) For 60 days following the execution of the First Amendment, Defendants will not unilaterally terminate the Settlement (or any portion thereof) due solely to the failure, if any, to obtain the consents/permission provided in Paragraph 10.1(a) - (c).

IV. Section 11 of the Settlement Agreement is revised as follows:

A. Paragraph 11.1 is amended as follows:

11.1 On or before the third business day following the entry by the Court of any executed Judgment Order, the Joint Venture, Rockledge, Host Marriott and Marriott International, or one or more of their designees, shall pay or cause to be paid by wire transfer the applicable portion of the Settlement Fund as it relates to the Judgment Order (and the Plaintiffs' Counsel's Additional CBM I LP Attorneys' Fees if the Judgment Order relates to CBM I LP), to the Escrow Agent, which will be

deposited by the Escrow Agent in an interest-bearing account pursuant to the Escrow Agreement in substantially the form attached as Exhibit H. In the event that the Judgment Order does not become Final because an appeal or other review of the Judgment Order has been filed, the Escrow Agent will return the portion of the previously funded Settlement Fund and the Plaintiffs' Counsel's Additional CBM I LP Attorneys' Fees, if previously funded, with Interest, to the Joint Venture, Rockledge, Host Marriott and Marriott International, in amounts as jointly instructed by these four entities, by wire transfer, within two (2) business days after the date the Escrow Agent receives documentation of such event. The Joint Venture, Rockledge, Host Marriott and Marriott International or one or more of their designees, will pay or cause to be paid by wire transfer the applicable portion of the Settlement Fund and the Plaintiffs' Counsel's Additional CBM I LP's Attorneys' Fees, if applicable, back to the Escrow Agent within three (3) business days after the order or judgment by the appellate court affirming the Judgment Order with respect to the relevant partnership or partnerships becomes Final.

B. Paragraph 11.3 is amended as follows:

11.3 The Escrow Agent shall not be authorized to distribute any amount from the Settlement Fund or the Plaintiffs' Counsel's Additional CBM I LP Attorneys' Fees to any Plaintiff, Palm Intervenor, Equity Intervenor, Insider, or Plaintiffs' Counsel until after the Effective Date with respect to the relevant partnership or partnerships, and in accordance with the Plan of Allocation and the Court's order with respect to the payment of Plaintiffs' Counsel's Attorneys' Fees and reimbursement of expenses.

C. Paragraph 11.6 is amended as follows:

11.6 The Escrow Agent shall not use or disburse any funds from the Settlement Fund or the Plaintiffs' Counsel's Additional CBM I LP Attorneys' Fees except as provided for in this Settlement Agreement, the First Amendment, the Escrow Agreement, as permitted by Order of the Court or with the written consent of the Parties.

D. Paragraph 11.8 is amended as follows:

11.8 The Settlement Fund and the Plaintiffs' Counsel's Additional CBM I LP Attorneys' Fees shall be deemed and considered to be in custodia legis of the Court, and shall remain subject to the jurisdiction of the Court, until such time as the Settlement Fund shall be distributed pursuant to this Settlement Agreement and/or further Order(s) of the Court.

E. Paragraph 11.9 is amended as follows:

11.9 In the event that this Settlement Agreement (or any portion thereof) is not approved, is terminated, canceled, or fails to become effective for any reason, then none of the Joint Venture, Rockledge, Host Marriott and Marriott International shall be under any obligation to pay the applicable portion of the Settlement Fund or the Plaintiffs' Counsel's Additional CBM I LP Attorneys' Fees (if applicable). In the event that a Judgment Order with respect to any partnership or partnerships does not become Final, or is reversed, or substantially modified on appeal, then none of the Joint Venture, Rockledge, Host Marriott and Marriott International shall be under any obligation to repay to the Escrow Agent the portion of the Settlement Fund applicable to such partnership or partnerships or the Plaintiffs' Counsel's Additional CBM I LP Attorneys' Fees (if such Judgment Order includes CBM I LP) and the Settlement Agreement with respect to such partnership or partnerships shall be terminated with the Joint Venture, Rockledge, Host Marriott and Marriott International having no obligation to pay the portion of the Settlement Fund applicable to such partnership or partnerships or the Plaintiffs' Counsel's Additional CBM I LP Attorneys' Fees (if such Judgment Order includes CBM I LP). In the event that the Effective Date does not occur with respect any other partnership or partnerships, the failure of an Effective Date to occur with respect to any partnership or partnerships will not operate as a waiver of any obligations or reduce any benefits that have accrued or occurred as a result of the occurrence of the Effective Date with respect to any other partnership or partnerships.

V. Section 12 of the Settlement Agreement is revised as follows:

A. Paragraph 12.1 is deleted in its entirety and replaced as follows:

12.1 The Escrow Agent, subject to the supervision, direction and approval of the Court, and subject to all the terms and conditions contained herein, shall administer and oversee the distribution of the Settlement Fund to the Plaintiffs, Palm Intervenors, Equity Intervenors, Insiders, and the Settlement Fund and the Plaintiffs' Counsel's Additional CBM I LP Attorneys' Fees to Plaintiffs' Counsel, pursuant to this Settlement Agreement, the First Amendment, the Escrow Agreement and the Plan of Allocation approved by the Court.

B. Paragraph 12.3 is deleted in its entirety and replaced as follows:

12.3 Seven (7) days after the Effective Date with respect to any partnership or partnerships, the Escrow Agent will be authorized to distribute from the Settlement Fund to Plaintiffs' Counsel Plaintiffs' Counsel's Attorneys' Fees applicable to such partnership or partnerships and, solely with respect to CBM I LP, Plaintiffs' Counsel's Additional CBM I LP Attorneys' Fees.

C. Paragraph 12.12 is deleted in its entirety and replaced as follows:

12.12 Any disputes concerning the identity of the proper Person(s) to receive any or all of a Plaintiffs' Net Settlement Amount, and/or the CBM I LP Net Settlement Amount, if not otherwise resolved, will be finally determined by the Court. In the event of such a dispute, the Escrow Agent will retain the Net Settlement Amount and/or the CBM I LP Net Settlement Amount relating to such Person(s) in the Settlement Fund until it receives a written order of the Court.

VI. Section 13 is amended as follows:

A. Paragraph 13.2 is added as follows:

13.2 The $4.25 million reduction in the Plaintiffs' Counsel's Attorneys' Fees will be made in direct proportion to the amount of Plaintiffs' Counsel's Attorneys' Fees awarded by the Court, such that the total of the $4.25 million reduction will occur when all applicable Plaintiffs' Counsel's Attorneys' Fees are awarded by the Court in the Judgment Order.

VII. Section 14 of the Settlement Agreement is revised as follows:

A. Paragraph 14.4 is added as follows:

14.4 The parties agree that a Fairness Hearing may be held for the Desert Springs LP Settlement, Fairfield Inn LP Settlement, Residence Inn I LP Settlement and Residence Inn II LP Settlement separate and apart from the Fairness Hearing to be held for the CBM I LP Settlement and CBM II LP Settlement; that the Haas Litigation may be severed; that a Judgment Order may be entered by the Court on the Desert Springs LP Settlement, the Fairfield Inn LP Settlement, the Residence Inn I LP Settlement and the Residence Inn II LP Settlement; that funding of the Desert Springs LP Settlement Amount, the Fairfield Inn LP Settlement Amount, the Residence Inn I LP Settlement Amount and the Residence Inn II LP Settlement Amount will occur on or before the third business day following the entry by the Court of such executed Judgment Order; that such Judgment Order may become Final; and that the Effective Date on the Desert Springs LP Settlement, the Fairfield Inn LP Settlement, the Residence Inn I LP Settlement and the Residence Inn II LP Settlement can occur; and that distributions to the Desert Springs LP, Fairfield Inn LP, Residence Inn I LP and Residence Inn II LP Class Members and Plaintiffs' Counsel can occur as provided in the Settlement Agreement but solely as they relate to the Desert Springs LP Settlement, Fairfield Inn LP Settlement, Residence Inn I LP Settlement and Residence Inn II LP Settlement.

VIII. Section 15 of the Settlement Agreement is amended as follows:

A. Paragraphs 15.1 is deleted in its entirety and replaced as follows:

15.1 Plaintiffs' Counsel intend to submit an application or applications (the "Fee and Expense Application") to the Court for an award of Plaintiffs' Counsel's Attorneys' Fees. The amount of attorneys' fees and litigation costs and expenses awarded by the Court to Plaintiffs' Counsel shall be in the sole discretion of the Court. Plaintiffs' Counsel will only seek from the CBM I LP Settlement Amount the Plaintiffs' Counsel's Requested CBM I LP Attorneys' Fees, it being the intent that the award of attorneys' fees by the Court will be equal to the sum of the Plaintiffs' Counsel's Requested CBM I LP Attorneys' Fees and the Plaintiffs' Counsel's Additional CBM I LP Attorneys' Fees. Plaintiff's Counsel agree that if their application for an award of attorneys' fees relating to the settlement of CBM I LP is approved and the Judgment Order (which includes CBM I LP) becomes Final, Plaintiffs' Counsel will wire transfer to Wolf Haldenstein Adler Freeman & Herz, LLP $1.6 million within two (2) business days from the date Plaintiffs' Counsel receive their attorneys' fees related to CBM I LP Settlement. Plaintiffs' Counsel further agree that the $1.6 million shall be paid solely by Plaintiffs' Counsel, and not by the Defendants, the CBM I LP Settlement Amount or the Settlement Fund.

B. Paragraph 15.2 is deleted in its entirety and replaced as follows:

15.2 Plaintiffs' Counsel agree that they will seek fees, reimbursement of all litigation costs and expenses, and any other costs and expenses solely from the Settlement Fund and from the Plaintiffs' Counsel's Additional CBM I LP Attorneys' Fees and not from the Defendants. In no event will Defendants be obligated or required to pay any amount in excess of the total of the Settlement Fund and the Plaintiffs' Counsel's Additional CBM I LP Attorneys' Fees.

IX. Section 19 of the Settlement Agreement is amended as follows:

A. Paragraph 19.23 is added as follows:

19.23 The Parties hereto agree that the Defendants or their designees may call or otherwise solicit consents from the CBM I LP limited partners to effectuate the CBM I LP Settlement.

B. Paragraph 19.24 is added as follows:

19.24 The Parties hereto acknowledge and agree to the terms of the letter agreement attached hereto and made a part hereof.

C. Paragraph 19.25 is added as follows:

19.25 From and after the date of this First Amendment, all references in the Settlement Agreement to the "Settlement Agreement" shall refer to the Settlement Agreement as modified by the First Amendment, and the First Amendment.

D. Paragraph 19.26 is added as follows:

19.26 The signatories to this First Amendment certify that they are authorized to enter into and sign this First Amendment.

E. Paragraph 19.27 is added as follows:

19.27 The First Amendment may be executed in one or more counterparts and by facsimile signatures. For each such document, all executed counterparts and each of them shall be deemed to be one and the same instrument. Plaintiffs' Counsel, Palm's Counsel, Equity's Counsel and Defendants' Counsel shall exchange among themselves original signed counterparts and a complete set of original executed counterparts of this First Amendment shall be filed with the Court.

F. Paragraph 19.28 is added as follows:

19.28 In entering this First Amendment, the Plaintiffs, the Palm Intervenors and Equity Intervenors, by and through their counsel of record in the Milkes and Haas Litigations, expressly acknowledge, represent, warrant, covenant and agree that in entering into this First Amendment, they are relying solely on their own independent analysis, beliefs and judgment concerning the value of CBM I LP and CBM II LP, and the value of the Released Claims in CBM I LP, CBM II LP, Residence Inn I LP, Residence Inn II LP, Fairfield Inn LP and Desert Springs LP, and expressly waive, disclaim, abandon and relinquish any reliance (actual, perceived or otherwise) on any Defendant in electing to consummate the transactions made the subject of this First Amendment, other than as expressly contained herein.

AGREED TO THIS 23RD DAY OF SEPTEMBER, 2000.

BERG & ANDROPHY

By: /s/ David Berg

David Berg
3704 Travis
Houston, Texas 77002
(713) 529-5622 - telephone
(713) 529-3785 - facsimile

HACKERMAN, PETERSON, FRANKEL & MANELA, P.C.

By: /s/ Stephen M. Hackerman

Stephen M. Hackerman
1122 Bissonnet
Houston, Texas 77005
(713) 528-2500 - telephone
(713) 528-2509 - facsimile

JAMES R. MORIARTY & ASSOCIATES

By: /s/ James R. Moriarty

James R. Moriarty
1150 Bissonnet
Houston, Texas 77005
(713) 528-0700 - telephone
(713) 528-1390 - facsimile

YETTER & WARDEN, LLP

By: /s/ David E. Warden

David E. Warden
3800 Chase Tower, 600 Travis
Houston, Texas 77002
(713) 238-2002 - telephone
(713) 238-2002 - facsimile

ATTORNEYS FOR PLAINTIFFS

CHESLOCK, DEELY & RAPP

By: /s/ J. Patrick Deely

J. Patrick Deely
405 N. St. Mary's Street, Suite 600
San Antonio, Texas 78205
(210) 224-5008 - telephone
(210) 224-8470 - facsimile

ATTORNEYS FOR INTERVENORS,
EQUITY RESOURCE FUND X, EQUITY RESOURCE FUND XV, EQUITY RESOURCE FUND XVI,
EQUITY RESOURCE FUND XVII, EQUITY RESOURCE FUND XX, EQUITY RESOURCE FUND XXI,
EQUITY RESOURCE BAY FUND, EQUITY RESOURCE BRIDGE FUND, and EQUITY RESOURCE
PILGRIM FUND

GEORGE & DONALDSON, LLP

By: /s/ R. James George

R. James George
1100 Norwood Tower
114 W. 7th Street
Austin, Texas 78701
(512) 495-1410 - telephone
(512) 499-0094 - facsimile

ATTORNEYS FOR INTERVENORS
PALM INVESTORS LLC

CUNNINGHAM, DARLOW, ZOOK & CHAPOTON, LLP

By: /s/ Debbie Darlow

Debbie Darlow
1700 Chase Tower, 600 Travis
Houston, Texas 77002
(713) 255-5500 - telephone
(713) 255-5555 - facsimile

ATTORNEYS FOR DEFENDANTS,
HOST MARRIOTT CORPORATION, CBM ONE LLC
and HOST INTERNATIONAL, INC.

WILLIAMS & CONNOLLY LLP

By: /s/ Kenneth Smurzynski

Kenneth Smurzynski
725 Twelfth Street, N.W.
Washington, DC 20005
(202) 434-5000 - telephone
(202) 343-5029 - facsimile

JENKENS & GILCHRIST

By: /s/ Seagal V. Wheatley

Seagal V. Wheatley

1800 Frost Bank Tower
100 W. Houston Street
San Antonio, Texas 78205
(210) 246-6500 - telephone
(210) 246-5999 - facsimile

ATTORNEYS FOR DEFENDANTS,
MARRIOTT INTERNATIONAL, INC. and
COURTYARD MANAGEMENT CORPORATION

MILBANK, TWEED, HADLEY & McCLOY, LLP

By: /s/ Richard C. Tufaro

Richard C. Tufaro
1825 Eye Street, N.W., Suite 1100
Washington, D.C. 20006
(202) 835-7500 - telephone
(202) 835-7586 - facsimile

James L. Walker
Albon O. Head, Jr.
JACKSON & WALKER
112 E. Pecan St., Suite 2100
San Antonio, TX 78205

ATTORNEYS TO THE SPECIAL LITIGATION COMMITTEE
OF COURTYARD BY MARRIOTT LIMITED PARTNERSHIP

NO. 98-CI-04092

ROBERT M. HAAS, SR., et al.	|	IN THE DISTRICT COURT OF
Plaintiffs,	|	
MURRAY F. WEISS, et al.	|	
Plaintiff Intervenors,	|	
VS.	|	BEXAR COUNTY, TEXAS
MARRIOTT INTERNATIONAL, INC., et al.	|	
Defendants.	|	285th JUDICIAL DISTRICT

AGREEMENT CONCERNING COURTYARD BY MARRIOTT LIMITED PARTNERSHIP ("CBM I LP")

Reference is made to the Settlement Agreement dated as of March 9, 2000 (the "Settlement Agreement"). Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Settlement Agreement. This is to confirm that the parties hereto have agreed as follows:

1. Notwithstanding anything in the Settlement Agreement to the contrary, provided that all of the conditions to the consummation of the CBM I LP Settlement have been satisfied or waived, holders of each of the 986 CBM I LP Units in the CBM I LP Class (who do not Opt-Out of the Settlement and who are not in an overlap position and are thereby able to convey their CBM I LP Unit and release all Released Claims, and further, who do not owe on the purchase price of such unit) shall receive a net recovery of $133,500 per unit, which amount includes all interest earned on the portion of the Settlement Fund attributable to the CBM I LP Units, but does not include any interest that may be earned on the portion of the Settlement Fund attributable to the CBM I LP Units after the Settlement Fund is deposited with the Escrow Agent. The Net Settlement Amount with respect to the Palm Intervenors, the Equity Intervenors and the Insiders shall remain as currently provided in the Settlement Agreement.

2. To increase the net recovery provided in Section 1, Host Marriott Corporation, Rockledge Hotel Properties, Inc. and Marriott International, Inc. will request that the Plaintiffs' Counsel file with the Texas Court a new attorneys' fee application related to the CBM I LP Settlement which will enable Section 1 above to be effectuated. Host Marriott Corporation, Rockledge Hotel Properties, Inc. and Marriott International, Inc. will reimburse Plaintiffs' Counsel for the attorneys' fees that they would have received

on the CBM I LP Settlement but for Section 1, such amount to be agreed upon by Host Marriott Corporation, Rockledge Hotel Properties, Inc., Marriott International and Plaintiffs' Counsel.

3. Host Marriott Corporation, Rockledge Hotel Properties, Inc. and Marriott International, Inc. will, at their sole cost and expense, file (or cause to be filed) an amendment to the CBM I LP Purchase Offer/Consent Solicitation Statement, and distribute (or cause to be distributed) a supplement to the CBM I LP Purchase Offer/Consent Solicitation Statement to the CBM I LP limited partners together with a duplicate ballot. The periods for the CBM I LP purchase offer and the solicitation of consents of the CBM I LP limited partners to the CBM I LP Merger and the CBM I LP Proposed Partnership Agreement Amendments will be extended as deemed necessary by Host Marriott Corporation, Rockledge Hotel Properties, Inc. and Marriott International, Inc., after communication with the CBM I LP Partners' Committee.

4. Marvin Schick and the CBM I LP Partners' Committee have determined that the CBM I LP Settlement, as revised herein, is fair, reasonable and in the best interests of the CBM I LP limited partners. Marvin Schick agrees to actively support the CBM I LP Settlement, which will include, but will not be limited to, voting his and the RJJ School's CBM I LP Units in favor of the CBM I LP Merger and the CBM I LP Proposed Partnership Agreement Amendments, tendering his and the RJJ School's CBM I LP Units in the purchase offer, encouraging holders of CBM I LP Units to vote their CBM I LP Units in favor of the CBM I LP Merger and the CBM I LP Proposed Partnership Agreement Amendments and tender their CBM I LP Units in the purchase offer, responding to calls from the CBM I LP limited partners in a manner which supports the CBM I LP Settlement, and sending letters to the CBM I LP limited partners in support of the CBM I LP Settlement. Host Marriott Corporation, Rockledge Hotel Properties, Inc. and Marriott International, Inc. will pay the cost of reproducing and mailing any such written communications.

5. The parties hereto agree that the Defendants or their designees may call or otherwise solicit consents from the CBM I LP limited partners.

6. Host Marriott Corporation, Rockledge Hotel Properties, Inc. and Marriott International, Inc. will pay $100,000, as an expense reimbursement, to the CBM I LP Partners' Committee at the time the portion of the Settlement Fund allocable to CBM I LP is deposited with the Escrow Agent.

7. CBM I LP Unitholders may forward any comments they have concerning the appraisal of the CBM I LP portfolio to the appraisers appointed to perform such appraisals in accordance with the CBM I LP Purchase Offer/Consent Solicitation Statement.

8. All counsel fees and expenses incurred by or on behalf of Wolf Haldenstein Adler Freeman & Herz LLP, shall be paid solely by Plaintiffs' Counsel and not from the

Defendants, the CBM I LP Settlement Amount or the Settlement Fund, each of which is released from any liability therefor.

9. The CBM I LP Partners' Committee, its members and its counsel agree that they will not object to the CBM I LP Settlement and will not appeal the Judgment Order.

10. The limited partners of CBM I LP may send to Gemisys until 10 days before the Effective Date of the CBM I LP Settlement an assignment of their beneficial interest in their CBM I LP Unit(s) directing that all proceeds from the CBM I LP Settlement be assigned and paid to any charitable institution, family member, family trust or such other person or entity which does not constitute a sale of the CBM I LP Units.

11. Mr. Schick and his counsel agree that in any communications with the press, they will convey support for the Settlement Agreement.

12. The General Partner of CBM I LP shall designate Ms. Andrea Jacob to act as the liaison with the CBM I LP Partners' Committee to address any issues relating to the Settlement that may arise. The General Partner of CBM I LP makes no representations or warranties concerning the resolution of any such issues.

13. The parties acknowledge that the agreements set forth in Sections 1 and 2 of this letter agreement will be discussed with the Securities and Exchange Commission. The parties agree to negotiate in good faith to modify the agreements set forth in Sections 1 and 2 to accommodate or incorporate any modifications required by the Securities and Exchange Commission. In the event that (i) the parties cannot agree on appropriate modifications to the agreements set forth in Sections 1 and 2 to accommodate or incorporate any modifications required by the Securities and Exchange Commission or (ii) the Securities and Exchange Commission does not approve of the agreements set forth in Sections 1 and 2 of this letter agreement (as currently drafted or as modified by the parties in response to the Securities and Exchange Commission's comments), this entire letter agreement shall be of no further force or effect.

14. This Agreement shall become null and void and of no further force or affect if the CBM I LP Settlement is not consummated.

15. This Agreement is expressly conditioned upon the agreement of all the parties to the Settlement Agreement on appropriate amendments to the Settlement Agreement.

16. Except as set forth herein, this Agreement does not affect the Settlement Agreement.

17. This Agreement may be executed in one or more counterparts and by facsimile signatures.

AGREED TO THIS 22nd DAY OF SEPTEMBER, 2000

WOLF HALDENSTEIN ADLER FREEMAN & HERZ, LLP

By: /s/ Lawrence P. Kolker

Lawrence P. Kolker

270 Madison Avenue
New York, New York 10016
(212) 545-4600 - telephone
(212) 545-4653 - telecopier

By: /s/ Marvin Schick

Marvin Schick, Individually and as the
Representative of the Ad Hoc CBM I
Partners' Committee

MARRIOTT INTERNATIONAL, INC.

By: /s/ R.S. Hoffman

Its: Senior Vice President

HOST MARRIOTT CORPORATION

By: /s/ C.G. Townsend

Its: Senior VP

CBM ONE LLC

By: /s/ C.G. Townsend

Its: Executive VP

ROCKLEDGE HOTEL PROPERTIES, INC.

By: /s/ C.G. Townsend

Its: Vice President

Exhibit 12

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

	Thirty-six weeks ended September 8, 2000
Income before income taxes	$ 523
Loss/(income) related to equity method investees	5
	528
Add/(deduct):	
Fixed charges	145
Interest capitalized	(31)
Distributed income of equity method investees	2
Earnings available for fixed charges	$ 644
Fixed charges:	
Interest expensed and capitalized (1)	$ 103
Estimate of the interest within rent expense	42
Total fixed charges	$ 145
Ratio of earnings to fixed charges	4.4

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

9-MOS	9-MOS
DEC-29-2000	DEC-31-1999
JAN-01-2000	JAN-02-1999
SEP-08-2000	SEP-10-1999
378	0
0	0
668	0
0	0
104	0
1,467	0
3,088	0
0	0
7,646	0
1,787	0
0	0
0	0
0	0
3	0
3,026	0
7,646	0
6,861	5,932
6,861	5,932
0	0
6,205	5,335
0	0
0	0
72	34
523	496
193	186
330	310
0	0
0	0
0	0
330	310
1.37	1.25
1.30	1.16

EXHIBIT 99

Forward-Looking Statements

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

Dependence on Others: Our present growth strategy for development of additional facilities entails entering into and maintaining various arrangements with present and future property owners, including Host Marriott Corporation, 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, (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 and senior living community 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 level of demand for hotel rooms, 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.

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. If this happens our business and profitability may be significantly harmed.