



Marriott International Earns \$0.50 Per Share for the 2002 Second Quarter, \$0.08 Above First Call Consensus Estimates

WASHINGTON, July 11, 2002 /PRNewswire-FirstCall/ -- Marriott International, Inc. (NYSE: [MAR](#) - [News](#)) today reported diluted earnings per share of 50 cents in its 2002 second quarter ended June 14, flat with overall results in the second quarter of 2001. Net income for the quarter was \$129 million, compared to \$130 million a year ago. Systemwide sales totaled \$5.1 billion, an increase of 5 percent compared to the 2001 second quarter.

J.W. Marriott, Jr., chairman and chief executive officer of Marriott International, noted the company's continued earnings strength despite lower levels of business travel. "As we expected, the power of our brands is even clearer in a slow economic environment. With lower business transient demand in 2002, travelers have had many hospitality choices and our brands continue to gain a growing share of consumers' lodging dollars. Through May of 2002, our flagship brand, Marriott Hotels, Resorts and Suites, achieved a revenue per available room (REVPAR) premium over its competitors of 117 percent, an increase of three percentage points.

"Our results in controlling property costs continue to be excellent. House profit margins at domestic comparable company-operated hotels were down approximately two percent in the second quarter despite the weaker REVPAR environment, which was driven primarily by lower room rates.

"Room openings for 2002 are on track, with 6,662 new rooms opened in the second quarter. Owner interest in converting hotels to one of Marriott's brands is increasing. For both 2002 and 2003, we continue to expect to add between 25,000 and 30,000 hotel rooms to our worldwide lodging portfolio through new-builds and conversions. At the end of the second quarter, the company's pipeline of properties either under construction or approved for development remained nearly 55,000 rooms.

"We are also pleased to see the continued improved financial results in our senior living services business. Over time, Marriott Senior Living Services has evolved beyond a lifestyle and hospitality product to one based more on healthcare services. Thanks to the outstanding efforts of our associates, Marriott Senior Living Services has become a recognized leader in the senior living industry. We believe the division may be more successful in building on this position with new growth by operating independently from Marriott's hospitality businesses. We have begun an evaluation process to examine all the alternatives, including a spin-off to shareholders."

MARRIOTT LODGING reported a 17 percent decrease in operating results. Profits reflected weaker lodging demand, partially offset by cost savings and contributions from new properties worldwide.

Across Marriott's lodging brands, REVPAR for comparable U.S. properties declined by an average of 8.0 percent in the 2002 second quarter. Average room rates for these hotels decreased 6.6 percent, while occupancy declined to 73.2 percent. The company's full-service brands (including Marriott Hotels, Resorts and Suites, The Ritz-Carlton, and Renaissance Hotels, Resorts and Suites) experienced a REVPAR decline of 8.8 percent in the quarter, driven largely by a 6.3 percent decline in rate. Marriott's select-service and extended-stay brands (including Courtyard, Fairfield Inn, Residence Inn, TownePlace Suites, and SpringHill Suites) posted a REVPAR decline of 6.7 percent in the second quarter of 2002, almost entirely driven by a decline in average daily rate.

Results for international lodging operations reflected better trends than the U.S. in the 2002 second quarter, with REVPAR down only 3 percent and improved margins. Demand was particularly encouraging in China, Korea, Malaysia and Japan.

Marriott's timeshare business reported a 12 percent increase in contract sales in the quarter. Contract sales were especially robust at timeshare resorts in Colorado, Hawaii, and California, but remained soft in Orlando. Profits in the timeshare business were flat compared to the second quarter of 2001 largely as a result of higher sales and marketing expenses.

The company has added 257 hotels and timeshare resorts (40,677 rooms) to its worldwide lodging portfolio over the past 12 months, while 22 properties (4,660 rooms) exited the system. A net total of 43 hotels and resorts (6,662 rooms) were added in the 2002 second quarter, including seven Marriott Hotels, Resorts and Suites (1,742 rooms) and seven Courtyard hotels (1,090 rooms). At quarter-end, the company's lodging group encompassed 2,463 hotels and timeshare resorts (448,004 rooms).

MARRIOTT SENIOR LIVING SERVICES posted 8 percent sales growth in the quarter. The division produced \$5 million in profits, flat with the 2001 second quarter. Occupancy for comparable communities was 84 percent in the quarter, stable with a year ago. The company operates 156 facilities totaling 26,272 residential units.

MARRIOTT DISTRIBUTION SERVICES reported a 6 percent decrease in sales in the 2002 second quarter. The division posted a loss of \$2 million, primarily resulting from lower margins on existing business and reduced levels of Sodexo business. Subsequent to the end of the second quarter, the company completed a previously announced strategic review of the distribution business. The company has decided to exit the distribution services business, with an anticipated completion around the end of 2002. The company expects the exit will take place through a combination of sale or transfer of some facilities, closing of other facilities and other suitable arrangements. The company expects to incur material costs in connection with exiting the business, but is unable to estimate their magnitude until the transactions are fully negotiated.

CORPORATE EXPENSES decreased 21 percent in the 2002 second quarter, benefiting primarily from cost containment plans implemented in 2001. Interest expense was down \$6 million, reflecting lower average borrowing levels. Long-term debt at the end of the quarter was \$1.9 billion, down from \$2.3 billion, net of cash reserves, at year end 2001.

The company repurchased 717,000 shares of common stock during the second quarter of 2002 for a total cost of \$28 million. There are 12.8 million shares remaining under the current share repurchase authorization.

During the 2002 second quarter, the company sold real estate assets for approximately \$207 million and also received \$190 million in real estate sales proceeds subsequent to the second quarter, bringing year-to-date asset sales to \$494 million. Contingent liabilities at the end of the quarter were essentially flat compared to first quarter 2002 levels.

The company's synthetic fuel investment continued to produce favorable cash flow and after-tax earnings sooner than anticipated. The segment posted a deficit of \$43 million, pre-tax, for the second quarter of 2002. As a result, taxes were favorably impacted by \$58 million, resulting in \$0.06 per share of earnings in the quarter. The company's effective income tax rate decreased to approximately 4.7 percent in the second quarter of 2002, compared to 35.9 percent in the 2001 second quarter.

Outlook

Given the strong margin performance in our lodging business, lower than anticipated average borrowings and corporate expenses, and higher than expected production from the synthetic fuel business, the company believes that earnings per share of \$1.74 to \$1.78 is achievable in 2002. This outlook assumes an average REVPAR decline of 2 to 4 percent for comparable U.S. hotels and a house profit margin decline of approximately 1 to 2 percentage points. The following table provides updated quarterly earnings and REVPAR guidance for the remainder of 2002.

2002	Fully Diluted Earnings Per Share	Revenue Per Available Room (REVPAR)
First Quarter Actual	\$.32	13% decline
Second Quarter Actual	\$.50	8% decline
Third Quarter Estimate	\$.41 to \$.43	4 - 6% decline
Fourth Quarter Estimate	\$.51 to \$.53	13 - 18% increase
Full Year 2002 Estimate	\$1.74 to \$1.78	2 - 4% decline

The company expects investment spending in 2002 to include approximately \$50 million for maintenance spending and approximately \$300 million for new company-developed hotels, two-thirds of which already has been repaid to the company in asset sales proceeds or is the subject of binding asset sales contracts. We anticipate timeshare spending to total approximately \$200 million. We also expect to invest \$300 million in equity slivers, mezzanine financing and mortgage loans for hotels developed by our partners. Based on these spending levels and success with asset sales, we expect net cash flow to exceed \$400 million in 2002.

We invite individual investors and members of the news media to listen to our second quarter earnings conference call on July 11 at 10 a.m. ET on the Internet. Go to <http://www.marriott.com/investor> and click on "recent investor news." A recording of the call will be available by telephone until July 18, 2002 at 8:00 p.m. ET by calling 719-457-0820, reservation number 527812.

Note: This press release contains "forward-looking statements" within the meaning of federal securities laws, including REVPAR, profit margin and earning trends; statements concerning the number of lodging properties expected to be added in future years; expected investment spending; anticipated results from synthetic fuel operations; the anticipated time-frame for exiting the distribution services business; and similar statements concerning anticipated future events and expectations that are not historical facts. We caution you that these statements are not guarantees of future performance and are subject to numerous risks and uncertainties, including the duration and severity of the current economic slowdown and the pace of the lodging industry's recovery from the terrorist attacks of September 11, 2001; supply and demand changes for hotel rooms, vacation ownership intervals, corporate housing and senior living accommodations; competitive conditions in the lodging,

senior living and food service distribution industries; relationships with clients and property owners; the availability of capital to finance growth; the results of our evaluation of our senior living services business; and the completion of appropriate arrangements for exiting from our distribution services business, any of which could cause actual results to differ materially from those expressed in or implied by the statements herein. These statements are made as of the date of this press release, and we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

MARRIOTT INTERNATIONAL, INC. (NYSE: [MAR](#) - [News](#)), a leading worldwide hospitality company celebrating its 75th Anniversary in 2002, has over 2,600 operating units in the United States and 65 other countries and territories. Marriott International operates and franchises hotels under the Marriott, JW Marriott, The Ritz-Carlton, Renaissance, Residence Inn, Courtyard, TownePlace Suites, Fairfield Inn, SpringHill Suites and Ramada International brand names; develops and operates vacation ownership resorts under the Marriott Vacation Club International, Horizons, The Ritz-Carlton Club and Marriott Grand Residence Club brands; operates Marriott Executive Apartments; provides furnished corporate housing through its Marriott ExecuStay division; and operates conference centers. Other Marriott businesses include senior living communities and services, wholesale food distribution and synthetic fuel. The company is headquartered in Washington, D.C., and has approximately 145,000 employees. In fiscal year 2001, Marriott International reported systemwide sales of \$20 billion. For more information or reservations, please visit our web site at <http://www.marriott.com>.

Tables follow

MARRIOTT INTERNATIONAL, INC.
Financial Highlights

12 Weeks Ended June 14, 2002
(in millions, except per share amounts)

	Lodging	Senior Living Services	Distribution Services	Synthetic Fuel	Total
Sales					
Management and franchise fees	\$197	\$9	\$-	\$-	\$206
Other	441	77	375	53	946
	----	----	----	----	----
	638	86	375	53	1,152
Other revenues from managed and franchised properties	1,343	91	-	-	1,434
	----	----	----	----	----
	1,981	177	375	53	2,586
	----	----	----	----	----
Operating costs and expenses					
Operating costs	446	81	377	96	1,000
Other costs from managed and franchised properties	1,343	91	-	-	1,434
	----	----	----	----	----
	1,789	172	377	96	2,434
	----	----	----	----	----
Operating profit (loss) before corporate expenses and interest	\$192	\$5	\$(2)	\$(43)	\$152
	====	====	====	====	
Corporate expenses					(23)
Interest expense					(21)
Interest income					28

Income before income taxes					136
Provision for income taxes					7

Net income	\$129
	=====
Basic Earnings Per Share	\$0.53
	=====
Diluted Earnings Per Share	\$0.50
	=====
Diluted Shares	259.9

12 Weeks Ended June 15, 2001
(in millions, except per share amounts)

	Lodging	Senior Living Services	Distribution Services	Synthetic Fuel	Total	Better/ (Worse)
Sales						
Management and franchise fees	\$219	\$8	\$-	\$-	\$227	
Other	442	75	397	-	914	
	----	----	----	----	----	
	661	83	397	-	1,141	
Other revenues from managed and franchised properties	1,228	81	-	-	1,309	
	----	----	----	----	----	
Operating costs and expenses	1,889	164	397	-	2,450	6%
	----	----	----	----	----	
Operating costs	430	78	394	-	902	
Other costs from managed and franchised properties	1,228	81	-	-	1,309	
	----	----	----	----	----	
	1,658	159	394	-	2,211	-10%
	----	----	----	----	----	
Operating profit (loss) before corporate expenses and interest	\$231	\$5	\$3	\$-	\$239	-36%
	=====	=====	=====	=====		
Corporate expenses					(29)	
Interest expense					(27)	
Interest income					20	

Income before income taxes					203	-33%
Provision for income taxes					73	

Net income					\$130	-1%
					=====	
Basic Earnings Per Share					\$0.53	0%
					=====	
Diluted Earnings Per Share					\$0.50	0%
					=====	

Diluted Shares

260.3

MARRIOTT INTERNATIONAL, INC.
Financial Highlights

24 Weeks Ended

June 14, 2002

(in millions, except per share amounts)

	Lodging	Senior Living Services	Distri- bution Services	Syn- thetic Fuel	Total
Sales					
Management and franchise fees	\$365	\$17	\$-	\$-	\$382
Other	814	159	751	58	1,782
	----	----	----	----	----
	1,179	176	751	58	2,164
Other revenues from managed and franchised properties	2,605	181	-	-	2,786
	----	----	----	----	----
	3,784	357	751	58	4,950
	----	----	----	----	----
Operating costs and expenses					
Operating costs	834	165	759	107	1,865
Other costs from managed and franchised properties	2,605	181	-	-	2,786
	----	----	----	----	----
	3,439	346	759	107	4,651
	----	----	----	----	----
Operating profit (loss) before corporate expenses and interest	\$345	\$11	\$(8)	\$(49)	\$299
	====	====	====	====	
Corporate expenses					(52)
Interest expense					(40)
Interest income					47

Income before income taxes					254
Provision for income taxes					43

Net income					\$211
					====
Basic Earnings Per Share					\$0.87
					====
Diluted Earnings Per Share					\$0.82
					====
Diluted Shares					260.4

24 Weeks Ended

June 15, 2001

(in millions, except per share amounts)

	Lodging	Senior Living Services	Distri- bution Services	Syn- thetic Fuel	Better/ Total (Worse)
Sales					

Management and franchise fees	\$415	\$16	\$-	\$-	\$431	
Other	847	151	758	-	1,756	
	----	----	----	----	----	
	1,262	167	758	-	2,187	
Other revenues from managed and franchised properties	2,562	162	-	-	2,724	
	----	----	----	----	----	
	3,824	329	758	-	4,911	1%
	----	----	----	----	----	
Operating costs and expenses						
Operating costs	808	161	753	-	1,722	
Other costs from managed and franchised properties	2,562	162	-	-	2,724	
	----	----	----	----	----	
	3,370	323	753	-	4,446	-5%
	----	----	----	----	----	
Operating profit (loss) before corporate expenses and interest	\$454	\$6	\$5	\$-	\$465	-36%
	====	====	====	====		
Corporate expenses					(59)	
Interest expense					(49)	
Interest income					36	

Income before income taxes					393	-35%
Provision for income taxes					142	

Net income					\$251	-16%
					====	
Basic Earnings Per Share					\$1.03	-16%
					====	
Diluted Earnings Per Share					\$0.97	-15%
					====	
Diluted Shares					258.9	

MARRIOTT INTERNATIONAL, INC.
Business Segment Results
2002 Second Quarter

	Twelve weeks ended		Twenty-four weeks ended	
	June 14, 2002	June 15, 2001	June 14, 2002	June 15, 2001
(\$ in millions)				
Sales				
Full-Service	\$1,299	\$1,260	\$2,520	\$2,609
Select-Service	238	223	445	436
Timeshare	296	244	550	478
Extended-Stay	148	162	269	301
	----	----	----	----
Total Lodging	1,981	1,889	3,784	3,824

Senior Living Services	177	164	357	329
Distribution Services	375	397	751	758
Synthetic Fuel	53	-	58	-
	----	----	----	----
	\$2,586	\$2,450	\$4,950	\$4,911
	====	====	====	====

Operating profit (loss) before
corporate expenses and interest

Full-Service	\$103	\$127	\$189	\$244
Select-Service	40	44	68	88
Timeshare	39	39	70	82
Extended-Stay	10	21	18	40
	----	----	----	----
Total Lodging	192	231	345	454
Senior Living Services	5	5	11	6
Distribution Services	(2)	3	(8)	5
Synthetic Fuel	(43)	-	(49)	-
	----	----	----	----
	\$152	\$239	\$299	\$465
	====	====	====	====

MARRIOTT INTERNATIONAL, INC.
KEY LODGING STATISTICS

Second Quarter

Brand	2002		Occupancy		Average Daily Rate	
	REVPAR		vs.		vs.	
	2001	2002	2001	2002	2001	
Marriott Hotels, Resorts and Suites	-8.9%	73.4%	-1.8% pts.	\$141.59	-6.6%	
The Ritz-Carlton	-9.3%	71.9%	-1.1% pts.	\$252.42	-7.9%	
Renaissance Hotels, Resorts and Suites	-7.1%	69.4%	-3.4% pts.	\$138.77	-2.6%	
Domestic Composite -- Full-Service(1)	-8.8%	72.7%	-2.0% pts.	\$150.97	-6.3%	
Residence Inn	-8.6%	80.4%	0.6% pts.	\$98.56	-9.2%	
Courtyard	-9.8%	73.4%	-2.6% pts.	\$96.72	-6.7%	
Fairfield Inn	-0.8%	70.1%	0.4% pts.	\$64.91	-1.4%	
TownePlace Suites	-5.2%	75.1%	2.7% pts.	\$62.69	-8.6%	
SpringHill Suites	1.3%	73.3%	3.6% pts.	\$78.28	-3.8%	
Domestic Composite -- Select-Service & Extended-Stay(2)	-6.7%	73.6%	-0.3% pts.	\$83.29	-6.3%	
Domestic Composite -- All(3)	-8.0%	73.2%	-1.1% pts.	\$114.76	-6.6%	

Second Quarter Year-to-Date

Brand	2002		Occupancy		Average Daily Rate	
	REVPAR		vs.		vs.	
	2001	2002	2001	2002	2001	
Marriott Hotels, Resorts and						

Suites	-10.8%	71.4%	-2.7%	pts.	\$141.91	-7.4%
The Ritz-Carlton	-11.1%	70.0%	-1.4%	pts.	\$251.09	-9.3%
Renaissance Hotels, Resorts and Suites	-11.2%	66.9%	-4.6%	pts.	\$136.81	-5.1%
Domestic Composite -- Full-Service(1)	-10.9%	70.7%	-2.9%	pts.	\$149.26	-7.3%
Residence Inn	-12.1%	77.4%	-2.2%	pts.	\$98.94	-9.6%
Courtyard	-12.4%	69.6%	-4.9%	pts.	\$96.86	-6.3%
Fairfield Inn	-3.0%	65.5%	-1.0%	pts.	\$64.40	-1.5%
TownePlace Suites	-5.5%	72.5%	3.0%	pts.	\$62.68	-9.4%
SpringHill Suites	-1.1%	70.5%	2.6%	pts.	\$79.07	-4.7%
Domestic Composite -- Select-Service & Extended-Stay(2)	-9.3%	69.8%	-2.1%	pts.	\$83.39	-6.5%
Domestic Composite -- All(3)	-10.3%	70.2%	-2.5%	pts.	\$114.16	-7.1%

Brand	Number of Properties		Number of Rooms/Suites	
	June 2002	vs. June 2001	June 2002	vs. June 2001
Full-Service Lodging				
Marriott Hotels, Resorts and Suites	433	+20	160,540	+5,087
The Ritz-Carlton	48	+7	15,904	+2,312
Renaissance Hotels, Resorts and Suites	124	+10	45,289	+3,085
Ramada International	138	+68	20,080	+7,751
Select-Service Lodging				
Courtyard	569	+32	81,627	+5,539
Fairfield Inn	494	+30	47,364	+3,080
SpringHill Suites	94	+25	10,746	+3,268
Extended-Stay Lodging				
Residence Inn	398	+26	46,932	+3,149
TownePlace Suites	101	+11	10,440	+1,237
Marriott Executive Apartments	12	+3	2,068	+335
Timeshare				
Marriott Vacation Club International	45	+0	6,526	+922
Horizons	2	+0	146	+0
The Ritz-Carlton Club	4	+2	143	+53
Marriott Grand Residence Club	1	+1	199	+199
Total	2,463	+235	448,004	+36,017

(1) Full-Service composite statistics include domestic managed comparable properties for the Marriott Hotels, Resorts and Suites, Renaissance Hotels, Resorts and Suites, and The Ritz-Carlton brands. Statistics exclude non-U.S. properties.

(2) Select-Service and Extended-Stay composite statistics include domestic managed comparable properties for the Courtyard, and Residence Inn brands, and domestic managed and franchised comparable properties for the TownePlace Suites, Fairfield Inn and SpringHill Suites brands. Statistics exclude non-U.S. properties.

(3) Composite statistics include domestic managed comparable properties for the Marriott Hotels, Resorts and Suites, Renaissance Hotels,

Resorts and Suites, The Ritz-Carlton, Courtyard, and Residence Inn brands, and domestic managed and franchised comparable properties for the TownePlace Suites, Fairfield Inn and SpringHill Suites brands. Statistics exclude non-U.S. properties.

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