



Marriott International Reports Second Quarter EPS of \$0.50, Unchanged From a Year Ago Despite Significant Drop in U.S. Lodging Demand

WASHINGTON, July 12 /PRNewswire/ -- Marriott International, Inc. (NYSE: MAR - news) today reported diluted earnings per share of \$0.50 for the second quarter ended June 15, 2001, unchanged from the 2000 second quarter. Net income increased three percent to \$130 million from a year ago. Systemwide sales, which include sales at managed, franchised, leased and owned properties, were \$4.8 billion for the quarter, unchanged from the prior year.

J.W. Marriott, Jr., chairman and chief executive officer of Marriott International, said "We are pleased with our second quarter earnings in light of the significant drop in industry-wide lodging demand. As the economy slowed, the company took immediate and comprehensive steps to generate revenues and contain costs at our properties, while also sustaining customer service levels. Our efforts paid off. In the second quarter, we maintained our substantial REVPAR premiums built up over the past few years, and held the profit margin decline at our hotels to less than one percentage point.

"With more than 22,000 new hotel rooms and timesharing villas so far this year, we are well on our way to meeting our goal of 35,000 new rooms in 2001. Our expanding market share, through both new units and conversions from other lodging brands, is an important element of our profit growth strategy, especially in a softer economic climate." Mr. Marriott continued.

Mr. Marriott also noted that the company plans to open 175,000 rooms across its lodging brands over the five-year period from 1999-2003, and at quarter-end, 95 percent of the planned rooms had opened or were under development. At the end of the second quarter, the company's pipeline of properties under construction or approved for development remained at about 70,000 rooms.

MARRIOTT LODGING reported a five percent decrease in operating profit and roughly flat sales in the 2001 second quarter. Results generally reflected lower REVPAR for comparable units and fewer owned hotels, somewhat offset by new unit additions worldwide and growth in the timeshare business.

Across all of Marriott's lodging brands, REVPAR for comparable company-operated U.S. properties decreased 4.4 percent in the 2001 second quarter, largely reflecting lower transient (non-group or non-contract) demand. Among the company's full-service lodging brands (Marriott, Renaissance and Ritz-Carlton), REVPAR declined 5.1 percent. Full-service occupancy decreased nearly six percentage points to 75.3 percent, while average room rates for these hotels rose over two percent. REVPAR for limited service properties decreased 2.9 percent, resulting from a five-percentage-point lower occupancy rate. This was offset by a 3.5 percent increase in average room rates.

Marriott Vacation Club International's (MVCI) contract sales increased 17 percent in the second quarter relative to a year ago, reflecting continued strong demand for timeshares, particularly at Marriott Vacation Club resorts in Hawaii, California and Florida. Strong contract sales reflect continued consumer interest in all three of the division's timeshare brands, Marriott Vacation Club International, Horizons, and The Ritz-Carlton Club. During the second quarter, the MVCI flagship brand added a new dimension to its product line through the acquisition of the Grand Summit property in Lake Tahoe, California, which has a fractional interval ownership structure.

The company added 278 hotels and timeshare resorts (48,800 rooms) to its worldwide lodging portfolio over the past 12 months, while 12 properties (4,000 rooms) exited the system. A net total of 65 hotels and timeshare resorts (10,500 rooms) were added in the 2001 second quarter. At quarter-end, the Marriott lodging group encompassed 2,228 hotels and timeshare resorts (412,000 rooms), and approximately 7,400 furnished corporate apartments managed by the company's ExecuStay by Marriott brand.

During the quarter, Marriott completed asset sales of approximately \$200 million, including an agreement to sell four hotels for \$101.5 million, while retaining long-term management agreements. Year-to-date, the company has sold hotels, senior living service communities and other properties for an aggregate sales price of \$471 million.

MARRIOTT SENIOR LIVING SERVICES posted 9 percent sales growth in the 2001 second quarter, reflecting the continued ramp-up of communities opened in the last three years. The division posted stronger operating profits of \$5 million versus a loss of \$3 million a year ago, largely as a result of improved occupancy rates and lower pre-opening costs. Occupancy for comparable communities increased to 85 percent in the quarter.

MARRIOTT DISTRIBUTION SERVICES reported a 4 percent increase in sales in the 2001 second quarter, while profits declined to \$3 million from \$6 million in the prior year, largely related to the loss of a portion of the Sodexo business and inefficiencies associated with several new accounts.

CORPORATE EXPENSES increased 16 percent in the 2001 second quarter, primarily due to lower non-cash foreign exchange gains than the year ago quarter. Corporate expenses also included two offsetting nonrecurring items: a \$7 million pre-tax gain from the sale of two affordable housing tax credit investments and the \$7 million pre-tax write-off of a technology-related joint venture investment. Interest income for the 2001 second quarter was \$20 million, up \$15 million from a year ago as a result of the Courtyard joint venture loan and other mezzanine loan investments. The company's effective income tax rate decreased to 36 percent in the second quarter of 2001, compared to 37 percent in the 2000 second quarter, largely as a result of modifications related to the company's deferred compensation plan and a higher proportion of non-U.S. income.

Marriott International acquired 672,000 shares of its common stock during the 2001 second quarter and is authorized to repurchase an additional 17.7 million shares. Long-term debt at the end of the quarter was approximately \$2.3 billion, up approximately \$300 million from year end 2000, offset by a corresponding increase in cash balances.

For the remainder of 2001, the company expects the economic environment to remain challenging. Based on the assumption that second quarter REVPAR and margin trends continue through the balance of 2001, the company expects earnings per share to be between \$1.98 and \$2.03 per share in 2001.

Individual Investors and News Media are invited to listen to the second quarter earnings conference call today at 10:00 a.m. ET on the Internet at <http://www.marriott.com/investor> and click on "recent investor news" or by telephone at 913-981-5571, reservation number 677297. Analysts are invited to listen to the call and ask questions at 913-981-5508 with reservation number 645691. We recommend that participants call 15 minutes ahead of the scheduled start time to ensure proper connection.

MARRIOTT INTERNATIONAL, INC. (NYSE: MAR - news) is a leading worldwide hospitality company with nearly 2,400 operating units in the United States and 59 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, Ritz-Carlton and Horizons brands; operates Marriott Executive Apartments; provides furnished corporate housing through its ExecuStay by Marriott division; and operates conference centers. Other Marriott businesses include senior living communities and services, and wholesale food distribution. The company is headquartered in Washington, D.C., and has approximately 154,000 employees. In fiscal year 2000, Marriott International reported systemwide sales of \$19.8 billion. For more information or reservations, please visit our web site at <http://www.marriott.com>.

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

Marriott International, Inc.
Second Quarter 2001
Financial Highlights

12 Weeks Ended

June 15, 2001

(in millions, except per share
amounts)

Sales	Lodging	Senior Living Services	Distribution Services	Total
Management and franchise fees	\$219	\$8	\$-	\$227

Other	433	75	397	905
	652	83	397	1,132
Other revenues from managed properties	1,220	81	-	1,301
	1,872	164	397	2,433
Operating costs and expenses				
Operating costs	421	78	394	893
Other costs from managed properties	1,220	81	-	1,301
	1,641	159	394	2,194
Operating profit before corporate expenses and interest	\$231	\$5	\$3	\$239
Corporate expenses				(29)
Interest expense				(27)
Interest income				20
Income before income taxes				203
Provision for income taxes				73
Net income				\$130
Basic Earnings Per Share				\$0.54
Diluted Earnings Per Share				\$0.50
Diluted Shares				260.3

12 Weeks Ended

June 16, 2000

(in millions, except per share amounts)

		Senior Living Lodging	Distri- bution Services	Total	
Sales				Total	Change
Management and franchise fees	\$222	\$7	\$-	\$229	
Other	412	68	381	861	
	634	75	381	1,090	
Other revenues from managed properties	1,226	75	-	1,301	
	1,860	150	381	2,391	2%
Operating costs and expenses					
Operating costs	390	78	375	843	
Other costs from managed properties	1,226	75	-	1,301	
	1,616	153	375	2,144	2%
Operating profit before corporate expenses and interest	\$244	\$(3)	\$6	\$247	-3%
Corporate expenses				(25)	

Interest expense	(27)	
Interest income	5	
Income before income taxes	200	2%
Provision for income taxes	74	
Net income	\$126	3%
Basic Earnings Per Share	\$0.53	2%
Diluted Earnings Per Share	\$0.50	0%
Diluted Shares	251.8	

Marriott International, Inc.
Second Quarter 2001
Financial Highlights

24 Weeks Ended

June 15, 2001

(in millions, except per share
amounts)

Sales	Lodging	Senior Living Services	Distri- bution Services	Total
Management and franchise fees	\$415	\$16	\$-	\$431
Other	824	151	758	1,733
	1,239	167	758	2,164
Other revenues from managed properties	2,548	162	-	2,710
	3,787	329	758	4,874
Operating costs and expenses				
Operating costs	785	161	753	1,699
Other costs from managed properties	2,548	162	-	2,710
	3,333	323	753	4,409
Operating profit before corporate expenses and interest	\$454	\$6	\$5	\$465
Corporate expenses				(59)
Interest expense				(49)
Interest income				36
Income before income taxes				393
Provision for income taxes				142
Net income				\$251
Basic Earnings Per Share				\$1.03
Diluted Earnings Per Share				\$0.97

Diluted Shares

258.9

24 Weeks Ended

June 16, 2000

(in millions, except per share amounts)

	Lodging	Senior Living Services	Distribution Services	Total	Total Change
Sales					
Management and franchise fees	\$405	\$13	\$-	\$418	
Other	755	142	688	1,585	
	1,160	155	688	2,003	
Other revenues from managed properties	2,411	144	-	2,555	
	3,571	299	688	4,558	7%
Operating costs and expenses					
Operating costs	713	156	694	1,563	
Other costs from managed properties	2,411	144	-	2,555	
	3,124	300	694	4,118	7%
Operating profit before corporate expenses and interest	\$447	\$(1)	\$(6)	\$440	6%
Corporate expenses				(51)	
Interest expense				(50)	
Interest income				10	
Income before income taxes				349	13%
Provision for income taxes				129	
Net income				\$220	14%
Basic Earnings Per Share				\$0.91	13%
Diluted Earnings Per Share				\$0.87	11%
Diluted Shares				253.5	

MARRIOTT INTERNATIONAL, INC.
KEY LODGING STATISTICS

Brand	2001 REVPAR vs. 2000	2001	Second Quarter Occupancy vs. 2000	Average Daily Rate 2001	vs. 2000
Marriott Hotels, Resorts and Suites	- 5.6%	75.8%	- 5.8% pts.	\$152.08	+ 1.7%
Ritz-Carlton	- 0.3%	74.8%	- 7.4% pts.	\$280.94	+ 9.6%

Renaissance					
Hotels, Resorts					
and Suites	- 6.7%	72.6%	- 4.8% pts.	\$144.46	- 0.6%
Residence Inn	- 5.1%	80.1%	- 5.5% pts.	\$109.09	+ 1.5%
Courtyard	- 2.1%	76.5%	- 5.1% pts.	\$103.46	+ 4.5%
Fairfield Inn	- 2.3%	69.8%	- 4.4% pts.	\$ 63.88	+ 3.9%

Brand	Second Quarter Year-to-Date				
	2001	Occupancy		Average Daily Rate	
	REVPAR vs. 2000	2001	vs. 2000	2001	vs. 2000
Marriott Hotels, Resorts and Suites	- 2.2%	74.5%	- 4.2% pts.	\$153.33	+ 3.2%
Ritz-Carlton Renaissance Hotels, Resorts and Suites	+ 0.5%	73.4%	- 7.0% pts.	\$284.09	+10.1%
Residence Inn	- 2.7%	71.6%	- 3.4% pts.	\$147.31	+ 1.9%
Courtyard	- 0.4%	79.8%	- 3.3% pts.	\$109.75	+ 3.7%
Fairfield Inn	+ 1.2%	75.0%	- 3.1% pts.	\$103.04	+ 5.4%
	- 0.5%	65.9%	- 3.2% pts.	\$ 63.32	+ 4.4%

Note: Statistics for above tables are based on comparable company-operated U.S. properties, except for Fairfield Inn, which data also include franchised units.

Brand	Number of Properties		Number of Rooms/Suites	
	June 2001	vs. June 2000	June 2001	vs. June 2000
Marriott Hotels,				
Resorts and Suites	413	+ 41	155,400	+12,600
Ritz-Carlton	41	+ 5	13,600	+ 1,900
Renaissance Hotels,				
Resorts and Suites	114	+ 15	42,200	+ 3,400
Ramada International	70	+ 43	12,300	+ 6,700
Residence Inn	372	+ 36	43,800	+ 3,900
Courtyard	537	+ 44	76,100	+ 6,400
Fairfield Inn	464	+ 38	44,300	+ 4,200
TownePlace Suites	90	+ 16	9,200	+ 1,800
SpringHill Suites	69	+ 24	7,500	+ 2,900
Marriott Vacation				
Club International*	49	+ 4	5,800	+ 900
Other**	9	0	1,800	+ 100
Total	2,228	+266	412,000	+44,800

* Includes The Ritz-Carlton Club and Horizons by Marriott Vacation Club International.

** Includes Marriott Executive Apartments. Excludes ExecuStay by Marriott.