



## Marriott International Earns \$0.32 Per Share For The 2002 First Quarter

WASHINGTON, April 18 /PRNewswire-FirstCall/ -- Marriott International, Inc. (NYSE: MAR - news) today reported diluted earnings per share of 32 cents in its 2002 first quarter ended March 22, down 32 percent from the first quarter of 2001. Net income for the quarter was \$82 million compared to \$121 million a year ago. Systemwide sales totaled \$4.6 billion, a decrease of four percent compared to the 2001 first quarter.

J.W. Marriott, Jr., chairman and chief executive officer of Marriott International, said he was pleased that the company's 2002 first quarter performance came in ahead of expectations. "We are encouraged by the first quarter trends in occupancy. While the company's overall occupancy at comparable hotels in the U.S. declined nearly four percentage points, stronger than expected leisure and group business, especially at our Marriott, Hotels, Resorts and Suites hotels, helped offset the impact of continued soft business transient demand. Our efforts to keep our guests satisfied have proven successful as well. Even with discounting prevalent in the industry, our brands' REVPAR (revenue per available room) premiums have increased over our competitors during the past several months.

"Our results in controlling costs this quarter were truly outstanding. With U.S. REVPAR down 12.7 percent during the first quarter, the house profit margins at our hotels declined approximately 1 percent, reflecting the strength of our management team and the dedication of our associates.

"Room openings for 2002 are on track, with 7,000 new rooms opened in the first quarter. Interest in converting hotels to a Marriott brand has increased, reflecting owners' and franchisees' desire to have the best performing lodging brands in this challenging economic environment. For the year, we continue to expect to add between 25,000 and 30,000 hotel rooms to our worldwide lodging portfolio. At the end of the first quarter, the company's pipeline of properties either under construction or approved for development was approximately 55,000 rooms."

MARRIOTT LODGING reported a 31 percent decrease in operating profit and 7 percent sales decline in the 2002 first quarter. Results reflected weaker lodging demand and lower profits in the vacation timeshare business, partially offset by contributions from new properties worldwide.

Across Marriott's lodging brands, REVPAR for comparable U.S. properties declined by an average of 12.7 percent in the 2002 first quarter. Average room rates for these hotels decreased nearly 8 percent, while occupancy declined to 67 percent. Marriott's full service brands (including Marriott Hotels, Resorts and Suites, The Ritz-Carlton, and Renaissance Hotels, Resorts and Suites) experienced a REVPAR decline of 13.2 percent in the quarter, driven largely by an 8 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 12.0 percent in the first quarter of 2002, with declines in both rate and occupancy.

Results for international lodging operations reflected slightly better trends than in the United States in the 2002 first quarter, with REVPAR in constant U.S. dollars down only 7 percent and improved margins. Demand was particularly healthy in Hong Kong, China and Central Europe.

Marriott's timeshare business achieved an 11 percent increase in contract sales in the quarter. Sales growth was especially robust at timeshare resorts in Colorado, Hawaii, and California, but remained soft in Orlando. Profits for the quarter in the timeshare business declined 28 percent largely as a result of higher sales and marketing expenses.

The company has added 281 hotels and timeshare resorts (44,751 rooms) to its worldwide lodging portfolio over the past 12 months, while 16 properties (3,456 rooms) exited the system. A net total of 30 hotels and resorts (6,784 rooms) were added in the 2002 first quarter, including four Marriott Hotels, Resorts and Suites (1,208 rooms) and nine Courtyard hotels (1,752 rooms). At quarter-end, the Marriott lodging group encompassed 2,428 hotels and timeshare resorts (442,767 rooms).

MARRIOTT SENIOR LIVING SERVICES posted 9 percent sales growth in the quarter. The division produced \$6 million in operating profit, a substantial improvement from \$1 million a year ago, due to the continued maturation of communities and a \$2 million one-time payment relating to the sale of the communities owned by Crestline Capital Corporation. Occupancy for comparable communities was 83 percent in the quarter, stable with a year ago. The company operates 156 facilities totaling 26,218 residential units.

MARRIOTT DISTRIBUTION SERVICES reported a 4 percent increase in sales in the 2002 first quarter. The division posted an operating loss of \$6 million, primarily resulting from lower margins on existing business and reduced levels of Sodexo business. Results were also impacted by a \$2 million (pre-tax) write-off relating to an investment in a customer contract.

Marriott is continuing its strategic review of this business.

CORPORATE EXPENSES decreased 3 percent in the 2002 first quarter, benefiting substantially from cost containment plans implemented in 2001. Corporate expenses for the quarter also included a \$5 million reserve related to the pending sale of a land parcel. Interest expense was down \$3 million, reflecting lower average borrowings and lower interest rates. Long-term debt at the end of the quarter, net of cash reserves, was \$2.2 billion, down slightly from \$2.3 billion at year end. Interest income totaled \$19 million for the quarter, up \$3 million from a year ago, largely due to income associated with higher average loan balances and cash reserves.

The company's synthetic fuel investment began to produce results sooner than anticipated and posted an operating deficit of \$6 million, pre-tax, for the first quarter of 2002. As a result of this investment, taxes declined by \$8 million, resulting in almost \$0.01 per share of earnings in the quarter. The company's effective income tax rate decreased to approximately 30.5 percent in the first quarter of 2002, compared to 36.5 percent in the 2001 first quarter.

During the 2002 first quarter, the company sold four hotels for approximately \$100 million. The company ended the first quarter owning just six open hotels. Contingent liabilities at the end of the quarter remained essentially flat compared to year end 2001 levels.

## Outlook

Given the strong margin performance in our lodging business, lower than anticipated average borrowings and corporate expenses, and higher than expected volumes from synthetic fuel, the company believes that earnings per share of \$1.65 to \$1.70 is achievable in 2002. This outlook assumes an average REVPAR decline of 2 to 3 percent and a house profit margin decline of approximately 1 to 2 percentage points. The following table provides updated quarterly earnings guidance for the remainder of 2002.

2002	Fully Diluted Earnings Per Share
First Quarter Actual	\$ .32
Second Quarter Estimate	\$.41 to \$.43
Third Quarter Estimate	\$.41 to \$.43
Fourth Quarter Estimate	\$.51 to \$.53
Full Year 2002 Estimate	\$1.65 to \$1.70

The company expects investment spending in 2002 to include approximately \$50 million for maintenance spending and approximately \$300 million for new company-developed hotels. We anticipate timeshare spending to total approximately \$200 million. We expect to invest \$300 million in equity slivers, mezzanine financing and mortgage loans for hotels developed by our partners.

We invite individual investors and members of the news media to listen to our first quarter earnings conference call on April 18 at 10 a.m. ET on the Internet. Go to web page <http://www.marriott.com/investor> and click on "recent investor news." A recording of the call will be available by telephone until April 25, 2002 at 8:00 p.m. ET by calling (719) 457-0820, reservation number 459717.

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; 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; and the availability of capital to finance growth, 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 nearly 2,600 operating units in the United States and 64 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 142,500 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>.

MARRIOTT INTERNATIONAL, INC.  
Financial Highlights

12 Weeks Ended	March 22, 2002				
(in millions, except per share amounts)					
	Lodging	Senior Living Services	Distribution Services	Synthetic Fuel	Total
Sales					
Management and franchise fees	\$168	\$8	\$--	\$--	\$176
Other	373	82	376	5	836
	-----	-----	-----	-----	-----
	541	90	376	5	1,012
Other revenues from managed and franchised properties	1,262	90	--	--	1,352
	-----	-----	-----	-----	-----
	1,803	180	376	5	2,364
	-----	-----	-----	-----	-----
Operating costs and expenses					
Operating costs	388	84	382	11	865
Other costs from managed and franchised properties	1,262	90	--	--	1,352
	-----	-----	-----	-----	-----
	1,650	174	382	11	2,217
	-----	-----	-----	-----	-----
Operating profit (loss) before corporate expenses and interest	\$153	\$6	\$(6)	\$(6)	147
	=====	=====	=====	=====	
Corporate expenses					(29)
Interest expense					(19)
Interest income					19
					-----
Income before income taxes					118
Provision for income taxes					(36)
					-----
Net income					\$82
					=====
Basic Earnings Per Share					\$0.34
					=====
Diluted Earnings Per Share					\$0.32
					=====
Diluted Shares					254.3

12 Weeks Ended

March 23, 2001

(in millions, except per share amounts)

Sales	Lodging	Senior Living Services	Distribution Services	Synthetic Fuel	Total	Better/ (Worse)
Management and franchise fees	\$196	\$8	\$--	\$--	\$204	
Other	405	76	361	--	842	
	-----	-----	-----	-----	-----	
	601	84	361	--	1,046	
Other revenues from managed and franchised properties	1,334	81	--	--	1,415	
	-----	-----	-----	-----	-----	
	1,935	165	361	--	2,461	-4%
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Operating costs and expenses						
Operating costs	378	83	359	--	820	
Other costs from managed and franchised properties	1,334	81	--	--	1,415	
	-----	-----	-----	-----	-----	
	1,712	164	359	--	2,235	1%
	-----	-----	-----	-----	-----	
Operating profit (loss) before corporate expenses and interest	\$223	\$1	\$2	\$--	226	-35%
	=====	=====	=====	=====		
Corporate expenses					(30)	
Interest expense					(22)	
Interest income					16	
					-----	
Income before income taxes					190	-38%
Provision for income taxes					(69)	
					-----	
Net income					\$121	-32%
					=====	
Basic Earnings Per Share					\$0.50	-32%
					=====	
Diluted Earnings Per Share					\$0.47	-32%
					=====	
Diluted Shares					257.6	

MARRIOTT INTERNATIONAL, INC.  
Business Segment Results  
2002 First Quarter

(\$ in millions)

Twelve weeks ended  
March 22, 2002      March 23, 2001

Sales

Full-Service	\$1,221	\$1,349
Select-Service	207	213
Timeshare	254	234
Extended-Stay	121	139
	-----	-----
Total Lodging	1,803	1,935
Senior Living Services	180	165
Distribution Services	376	361
Synthetic Fuel	5	--
	-----	-----
	\$2,364	\$2,461
	=====	=====

Operating profit (loss) before  
corporate expenses and interest

Full-Service	\$86	\$117
Select-Service	28	44
Timeshare	31	43
Extended-Stay	8	19
	-----	-----
Total Lodging	153	223
Senior Living Services	6	1
Distribution Services	(6)	2
Synthetic Fuel	(6)	--
	-----	-----
	\$147	\$226
	=====	=====

MARRIOTT INTERNATIONAL, INC.  
Key Lodging Statistics

First Quarter

Brand	REVPAR vs.2001	Occupancy 2002	vs.2001	Average Daily Rate 2002	vs.2001
Marriott Hotels, Resorts and Suites	-12.7%	69.4%	-3.5% pts.	\$142.25	-8.2%
The Ritz-Carlton	-14.0%	67.1%	-1.9% pts.	\$248.86	-11.6%
Renaissance Hotels, Resorts and Suites	-15.3%	64.5%	-5.7% pts.	\$134.70	-7.8%
Domestic Composite - Full-Service (1)	-13.2%	68.5%	-3.8% pts.	\$147.39	-8.4%
Residence Inn	-15.6%	74.2%	-5.0% pts.	\$99.38	-10.0%
Courtyard	-15.1%	65.8%	-7.2% pts.	\$97.01	-5.8%
Fairfield Inn	-5.2%	60.9%	-2.4% pts.	\$63.76	-1.4%
TownePlace Suites	-5.8%	69.9%	+3.3% pts.	\$62.67	-10.2%
SpringHill Suites	-3.4%	67.7%	+1.6% pts.	\$79.92	-5.7%
Domestic Composite - Select- Service & Extended-Stay (2)	-12.0%	66.0%	-3.9% pts.	\$83.49	-6.7%
Domestic Composite - All (3)	-12.7%	67.2%	-3.8% pts.	\$113.43	-7.7%

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

Number of  
Properties

Number of  
Rooms/Suites

Brand	March 2002	vs. March 2001	March 2002	vs. March 2001
Full-Service Lodging				
Marriott Hotels, Resorts and Suites	428	+27	159,320	+7,038
The Ritz-Carlton	46	+7	15,365	+2,119
Renaissance Hotels, Resorts and Suites	124	+11	45,130	+3,638
Ramada International	137	+75	19,890	+8,533
Select-Service Lodging				
Courtyard	562	+33	80,537	+5,488
Fairfield Inn	487	+40	46,748	+4,388
SpringHill Suites	87	+22	9,975	+3,019
Extended-Stay Lodging				
Residence Inn	395	+33	46,698	+4,392
TownePlace Suites	99	+10	10,260	+1,186
Marriott Executive Apartments	12	+3	2,068	+335
Timeshare				
Marriott Vacation Club International	44	+1	6,287	+886
Horizons	2	--	146	--
The Ritz-Carlton Club	4	+2	144	+74
Marriott Grand Residence Club	1	+1	199	+199
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Total	2,428	+265	442,767	+41,295
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- (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.