MARRIOTT INTERNATIONAL INC /MD/
Form 424B5
February 22, 2012
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The information in this prospectus supplement and the accompanying prospectus is not complete and may be changed. This prospectus supplement and accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion

Preliminary Prospectus Supplement dated February 22, 2012

PRELIMINARY PROSPECTUS SUPPLEMENT

(To prospectus dated February 16, 2012)

$

Marriott International, Inc.

% Series K Notes due 20

We will pay interest on the notes on and of each year, beginning , 2012. The notes will mature on , 20 . We may redeem some or all of the notes prior to maturity at the redemption prices described in this prospectus supplement. If a change of control repurchase event as described herein occurs, unless we have exercised our option to redeem the notes, we will be required to offer to purchase the notes at the price described in this prospectus supplement, plus accrued and unpaid interest, if any, to the date of purchase.

The notes will be our unsecured obligations and rank equally with all of our other unsecured senior indebtedness. The notes will be issued only in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.

Investing in the notes involves risks that are described in the Risk Factors section beginning on page S-7 of this prospectus supplement.

	Per Note	Total
Public offering price [1]	%	$
Underwriting discount	%	$
Proceeds, before expenses, to Marriott International, Inc.	%	$

(1) Plus accrued interest from February , 2012, if settlement occurs after that date.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The notes will be ready for delivery in book-entry form only through The Depository Trust Company for the accounts of its direct and indirect participants (including Euroclear S.A./N.V., as operator of the Euroclear System, and Clearstream Banking S.A.) on or about February , 2012.

Joint Book-Running Managers

J.P. Morgan **BofA Merrill Lynch**

The date of this prospectus supplement is February , 2012.

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Prospectus Supplement

Prospectus

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus or any free writing prospectus provided, authorized or used by us. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

As used in this prospectus supplement and the accompanying prospectus, unless the context requires otherwise, we, us, the Company or Marriott means Marriott International, Inc. and its predecessors and consolidated subsidiaries.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document contains two parts. The first part is this prospectus supplement, which describes the specific terms of the notes we are offering and certain other matters relating to us. The second part, the accompanying prospectus, gives more general information about securities we may offer from time to time, some of which does not apply to the notes we are offering by this prospectus supplement. You should read this entire prospectus supplement, as well as the accompanying prospectus, and the documents incorporated by reference. See Where You Can Find More Information.

To the extent any inconsistency or conflict exists between the information included in this prospectus supplement and the information included in the accompanying prospectus, the information included or incorporated by reference in this prospectus supplement updates and supersedes the information in the accompanying prospectus. This prospectus supplement incorporates by reference important business and financial information about us that is not included in or delivered with this prospectus supplement.

FORWARD-LOOKING STATEMENTS

We make forward-looking statements in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference based on the beliefs and assumptions of our management and on information currently available to us. Forward-looking statements include information about our possible or assumed future results of operations in Management s Discussion and Analysis of Financial Condition and Results of Operations under the headings Business and Overview and Liquidity and Capital Resources included in our Annual Report on Form 10-K for the fiscal year ended December 30, 2011, and other statements preceded by, followed by or that include the words believes, expects, anticipates, intends, plans, estimates or similar expressions.

Forward-looking statements are subject to a number of risks and uncertainties which could cause actual results to differ materially from those expressed in these forward-looking statements, including the risks and uncertainties described on page S-6 of this prospectus supplement and other factors described from time to time in our various public filings which we incorporate by reference in this prospectus supplement and in the accompanying prospectus. We therefore caution you not to rely unduly on any forward-looking statements. The forward-looking statements in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference speak only as of the date of the document in which the forward-looking statement is made, and we undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

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SUMMARY

The following summary highlights selected information from this prospectus supplement and may not contain all of the information that is important to you. This prospectus supplement includes the basic terms of the notes we are offering, as well as information regarding our business and financial data. We encourage you to read this prospectus supplement and the accompanying prospectus in their entirety as well as the information incorporated by reference.

The Company

Marriott International, Inc. is one of the world s leading lodging companies. We are a worldwide operator, franchisor, and licensor of hotels corporate housing properties, and timeshare properties under numerous brand names at different price and service points. We also develop, operate, and market residential properties and provide services to home/condominium owner associations. We group our operations into four business segments, North American Full-Service Lodging, North American Limited-Service Lodging, International Lodging and Luxury Lodging, which represented 44%, 19%, 10% and 14%, respectively, of our total sales in the fiscal year ended December 30, 2011. Our unallocated corporate represented 1% and our former Timeshare segment represented 12% of our total sales in the fiscal year ended December 30, 2011.

We operate or franchise 3,718 lodging properties worldwide, with 643,196 rooms as of year-end 2011 inclusive of 32 home and condominium products (3,838 units) for which we manage the related owners associations. In addition, we provided 2,166 furnished corporate housing rental units, which are not included in the totals. We believe that our portfolio of lodging brands is the broadest of any company in the world. Consistent with our focus on management, franchising, and licensing we own very few of our lodging properties. Our brands are listed in the following table:

Marriott® Hotels & Resorts	*Marriott Executive Apartments®*
JW Marriott®	*The Ritz-Carlton®*
Renaissance® Hotels	*Bulgari Hotels & Resorts®*
Autograph Collection®	*EDITION®*
Courtyard by Marriott®	*AC Hotels by Marriott*
Fairfield Inn & Suites by Marriott®	*Marriott Vacation Club®*
SpringHill Suites by Marriott®	*The Ritz-Carlton Destination Club®*
Residence Inn by Marriott®	*The Ritz-Carlton Residences®*
TownePlace Suites by Marriott®	*Grand Residences by Marriott®*
Marriott ExecuStay®	

Our principal executive offices are located at 10400 Fernwood Road, Bethesda, Maryland 20817. Our telephone number is (301) 380-3000.

Recent Developments

On November 21, 2011, we completed a spin-off of our timeshare operations and timeshare development business through a special tax-free dividend to our shareholders of all of the issued and outstanding common stock of our wholly owned subsidiary, Marriott Vacations Worldwide Corporation (MVW). MVW focuses on the timeshare business and, under license agreements with us, is both the exclusive developer and operator of timeshare, fractional, and related products under the Marriott brand and the exclusive developer of fractional and related products under The Ritz-Carlton brand. In connection with the Spin-off, we entered into several agreements with MVW, and, in some cases, certain of its subsidiaries, that govern our post-spin-off relationship

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with MVW, including a Separation and Distribution Agreement, two License Agreements for the use of Marriott and Ritz-Carlton marks and intellectual property, an Employee Benefits and Other Employment Matters Allocation Agreement, a Tax Sharing and Indemnification Agreement, a Marriott Rewards Affiliation Agreement, and a Non-Competition Agreement.

Prior to the spin-off date, we developed, operated, marketed, and sold timeshare interval, fractional ownership, and residential properties as part of our former Timeshare segment. Because of our significant continuing involvement in MVW operations after the spin-off date (by virtue of the license and other agreements between us and MVW), our former Timeshare segment s historical financial results for periods prior to the spin-off date continue to be included in our historical financial results as a component of continuing operations. Following the spin-off, license fees associated with the timeshare business are included in other unallocated corporate.

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The Offering

The following is a brief summary of some of the terms of this offering. For a more complete description of the terms of the notes, see Description of the Series K Notes.

Issuer	Marriott International, Inc.
Notes offered	$ aggregate principal amount of % Series K Notes due 20 .
Maturity	, 20 .
Interest payment dates	Interest will be payable semi-annually on and of each year, beginning on , 2012.
Ranking	The notes will be our unsecured senior obligations and will rank equally with all of our existing and future unsecured and unsubordinated indebtedness. The notes will effectively rank junior to all liabilities of our subsidiaries.
Optional redemption	We may redeem the notes in whole or in part from time to time prior to , 20 (three months prior to the maturity date of the notes), at our option, at a redemption price described under the heading Description of the Series K Notes Redemption at Our Option in this prospectus supplement, plus any accrued and unpaid interest on the notes being redeemed to the redemption date. We may redeem the notes in whole or in part from time to time on or after , 20 (three months prior to the maturity date of the notes), at our option, at a redemption price equal to 100% of the principal amount of the notes being redeemed, plus any accrued and unpaid interest on the notes being redeemed to the redemption date.
Purchase of notes upon a change of control repurchase event	If we experience a change of control (defined herein) and the notes are rated below investment grade (defined herein) by Standard & Poor s Ratings Services and Moody s Investors Service, Inc. (or the equivalent under any successor rating categories of Standard and Poor s or Moody s, respectively), we will offer to repurchase all of the notes at a price equal to 101% of the principal amount plus accrued and unpaid interest to the repurchase date. See Description of the Series K Notes Change of Control.
Covenants	We will agree to certain restrictions on liens, sale and leaseback transactions, mergers, consolidations and transfers of substantially all of our assets. These covenants are subject to important qualifications and exceptions. See Description of the Series K Notes Certain Covenants.
Further issuances of notes	We will issue the notes under the Indenture. We may, without the consent of the existing holders of the notes, issue additional notes having the same terms so that the existing notes and the additional notes form a single series under the Indenture.

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Governing law	The notes and the Indenture will be governed by New York law.
Use of proceeds	We estimate that the net proceeds from this offering of notes, after deducting the underwriting discount and estimated expenses of this offering, will be approximately $ million. We intend to use these net proceeds for general corporate purposes, which may include working capital, capital expenditures, acquisitions, stock repurchases or repayment of outstanding commercial paper borrowings Pending any application of the proceeds of the notes, we intend to invest the net proceeds in short term investment grade securities. See Use of Proceeds.

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SUMMARY CONSOLIDATED FINANCIAL DATA

The following table presents certain summary financial data for the five most recent fiscal years, which is from our consolidated financial statements. Since the information in this table is only a summary and does not provide all of the information contained in our financial statements, including the related notes, you should read Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements contained in our Annual Report on Form 10-K for the fiscal year ended December 30, 2011.

	Fiscal Year (1)				
	2011	2010	2009	2008	2007
	(in millions, except per share data and ratios)				
Income Statement Data:					
Revenues (2)	$ 12,317	$ 11,691	$ 10,908	$ 12,879	$ 12,990
Operating income (loss) (2)	$ 526	$ 695	$ (152)	$ 765	$ 1,183
Income (loss) from continuing operations attributable to Marriott	$ 198	$ 458	$ (346)	$ 359	$ 697
Cumulative effect of change in accounting principle (3)					
Discontinued operations (4)				3	(1)
Net income (loss) attributable to Marriott	$ 198	$ 458	$ (346)	$ 362	$ 696
Per Share Data:					
Diluted earnings (losses) per share from continuing operations attributable to Marriott shareholders (7)	$ 0.55	$ 1.21	$ (0.97)	$ 0.97	$ 1.73
Diluted losses per share from cumulative effect of accounting change (7)					
Diluted earnings (losses) per share from discontinued operations attributable to Marriott shareholders (7)				0.01	
Diluted earnings (losses) per share attributable to Marriott shareholders (7)	$ 0.55	$ 1.21	$ (0.97)	$ 0.98	$ 1.73
Cash dividends declared per share (7)	$ 0.3875	$ 0.2075	$ 0.0866	$ 0.3339	$ 0.2844
Balance Sheet Data (at year-end):					
Total assets	$ 5,910	$ 8,983	$ 7,933	$ 8,903	$ 8,942
Long-term debt	1,816	2,691	2,234	2,975	2,790
Shareholders equity	(781)	1,585	1,142	1,380	1,429
Other Data:					
Base management fees	$ 602	$ 562	$ 530	$ 635	$ 620
Franchise fees	506	441	400	451	439
Incentive management fees	195	182	154	311	369
Total fees	$ 1,303	$ 1,185	$ 1,084	$ 1,397	$ 1,428
Fee Revenue-Source:					
North America (5)	$ 970	$ 878	$ 806	$ 1,038	$ 1,115
Total Outside North America (6)	333	307	278	359	313
Total fees	$ 1,303	$ 1,185	$ 1,084	$ 1,397	$ 1,428
Ratio of Earnings to Fixed Charges (8)	2.3x	2.9x	*	3.1x	4.3x

(1) All fiscal years included 52 weeks, except for 2008, which included 53 weeks.
(2) Balances do not reflect the impact of discontinued operations.

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(3) We adopted certain provisions of Accounting Standards Certification Topic 978 (previously Statement of Position 04-2, Accounting for Real Estate Time Sharing Transactions), in our 2006 first quarter, which we reported in our Income Statements as a cumulative effect of change in accounting principle.

(4) In 2007, we exited our synthetic fuel business. This business is now reflected as discontinued operations.

(5) Includes the continental United States and Canada, except for 2011, which represents the United States and Canada.

(6) Represents fee revenue outside the continental United States and Canada, except for 2011, which represents fee revenue outside the United States and Canada.

(7) For periods prior to the stock dividends issued in the third and fourth quarters of 2009, all per share data have been retroactively adjusted to reflect the stock dividends.

(8) In 2009, earnings were inadequate to cover fixed charges by approximately $364 million. See Ratio of Earnings to Fixed Charges for an explanation of the calculation of these ratios.

RISK FACTORS

You should consider carefully the following risks and all of the information set forth or incorporated by reference in this prospectus supplement and the accompanying prospectus, including the risks and uncertainties described under the heading Risk Factors included in our Annual Report on Form 10-K for the fiscal year ended December 30, 2011, before investing in the notes offered by this prospectus supplement.

We depend on cash flow of our subsidiaries to make payments on our securities.

Marriott International, Inc. is in part a holding company. Our subsidiaries conduct a significant percentage of our consolidated operations and own a significant percentage of our consolidated assets. Consequently, our cash flow and our ability to meet our debt service obligations depend in large part upon the cash flow of our subsidiaries and the payment of funds by the subsidiaries to us in the form of loans, dividends or otherwise. Our subsidiaries are not obligated to make funds available to us for payment of our debt securities or preferred stock dividends or otherwise. In addition, their ability to make any payments will depend on their earnings, the terms of their indebtedness, business and tax considerations and legal restrictions. The notes effectively rank junior to all liabilities of our subsidiaries. In the event of a bankruptcy, liquidation or dissolution of a subsidiary and following payment of its liabilities, the subsidiary may not have sufficient assets remaining to make payments to us as a shareholder or otherwise. The indenture governing the notes does not limit the amount of unsecured debt which our subsidiaries may incur. In addition, we and our subsidiaries may incur secured debt and enter into sale and leaseback transactions, subject to certain limitations. See Description of the Series K Notes Certain Covenants.

A liquid trading market for the notes may not develop.

There is no existing trading market for the notes. We have been advised by the underwriters for this offering that they presently intend to make a market in the notes after the consummation of the offering contemplated by this prospectus supplement, although they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. The liquidity of any market for the notes will depend upon the number of holders of the notes, our performance, the market for similar securities, the interest of securities dealers in making a market in the notes and other factors. A liquid trading market may not develop for the notes. As a result, the market price of the notes could be adversely affected.

We may not be able to repurchase the notes upon a change of control repurchase event.

Upon the occurrence of specific kinds of change of control events accompanied by a below investment grade rating event, we will be required to offer to purchase all of the notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of purchase, unless we had previously exercised our right to redeem the notes. If we experience such a change of control and rating downgrade, there can be no assurance that we would have sufficient financial resources available to satisfy our obligations to repurchase the notes. Our failure to purchase the notes as required under the terms of the notes would result in a default, which could have material adverse consequences for us and the holders of the notes. See Description of the Series K Notes Change of Control.

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USE OF PROCEEDS

We estimate that the net proceeds from this offering of notes, after deducting the underwriting discount and estimated expenses of this offering, will be approximately $ million. We intend to use these net proceeds for general corporate purposes, which may include working capital, capital expenditures, acquisitions, stock repurchases or repayment of outstanding commercial paper borrowings as they come due. Pending any application of the proceeds of the notes, we intend to invest the net proceeds in short term investment grade securities.

RATIO OF EARNINGS TO FIXED CHARGES