



## 2022 ANNUAL REPORT

# Letter to Stockholders



**Anthony Capuano**  
*President and Chief Executive Officer*

## Dear Stockholder,

The company had a terrific year in 2022 as travel demand continued to recover. Our associates led the way — taking care of our guests and each other, embracing change, and focusing on the details — and what we accomplished is a source of pride. We strengthened our operations, grew our portfolio, expanded our powerful loyalty program, captured growing global demand, and gave back to the communities where we do business. We look forward with great optimism to our next chapter of innovation and growth.

Last year marked a significant milestone in our company's history, as we celebrated Marriott International's 95<sup>th</sup> anniversary. We also paid tribute to J.W. Marriott, Jr. for his inspiring and transformative 65+ year career as well as his incredible contributions to the company and the industry, as he transitioned from Executive Chairman to Chairman Emeritus in May. David Marriott was elected Chairman of our Board of Directors, and it has been a true honor to partner with David and our Board as we transition out of recovery mode and focus on positioning the company for the future.

## 2022 Financial Highlights

Two years after experiencing the sharpest downturn in our company's history, we reported record financial results in 2022. We achieved full global revenue per available room (RevPAR)<sup>1</sup> recovery to pre-pandemic levels in June. Fourth quarter global RevPAR rose 5 percent compared to 2019, with occupancy down just 5 percentage points, and average daily rate (ADR) up 13 percent.

One of the highlights was our group business, which experienced significant improvement last year. We're excited that our outlook for group in 2023 remains strong. Leisure demand has also remained incredibly robust. Business travel is still lagging 2019 levels, but also improved meaningfully during 2022. Rising cross-border travel and the blending of business and leisure trips have also continued to help spur overall demand.

For the full year 2022, gross fee revenues totaled \$4.1 billion, a significant increase of more than 50 percent compared to 2021 which reflects higher RevPAR, rooms additions, and significant growth in our non-RevPAR related franchise fees, primarily driven by

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<sup>1</sup> All occupancy, ADR and RevPAR statistics are systemwide constant dollar and include hotels that have been temporarily closed due to COVID-19. Occupancy, ADR and RevPAR comparisons between 2022 and 2019 reflect properties that are defined as comparable as of December 31, 2022 or June 30, 2022 (as applicable), even if they were not open and operating for the full year 2019 or they did not meet all the other criteria for comparable in 2019. Unless otherwise stated, all comparisons to 2019 are comparing the same time period in each year.

our co-branded credit card fees. Full year incentive management fees rose impressively over the prior year, reaching \$529 million. Adjusted EBITDA reached nearly \$3.9 billion in 2022, up almost 70 percent year over year. Full year adjusted diluted earnings per share (EPS) more than doubled from 2021, totaling \$6.69.<sup>2</sup> Our fee-driven, asset-light business model generated significant cash during the year, allowing us to both invest in the growth of our business and return \$2.9 billion to stockholders.

At the hotel level, we have continued to work closely with our owners and franchisees to provide superior customer service while containing operating costs. Importantly, our guest surveys indicate that customer satisfaction continues to rise.

Booking trends at the beginning of 2023 were robust. We see additional runway for RevPAR growth in 2023, particularly with the reopening of borders in China and more cross-border travel.

### Global Growth Trends

We grew the system in 2022 with new hotel openings and conversions. We added more than 65,000 rooms on a gross basis, achieving 3.1 percent net rooms growth year over year. We continue to see strong interest in conversions, with those rooms accounting for 27 percent of our room additions in the year. At the end of 2022, we had nearly 8,300 properties — about 1,000 more hotels than were in our portfolio pre-pandemic — and roughly 1.5 million rooms in 138 countries and territories.

Owners and franchisees continue to show preference for our brands and we have a strong development pipeline. Our development team had an excellent 2022, signing

nearly 108,000 rooms globally, almost half of which were in markets outside the U.S. Nearly 40 percent of rooms signed were in high-value luxury and premium brands, and nearly 20 percent of rooms signed were conversions. The company's industry-leading global development pipeline totaled over 3,000 properties representing more than 496,000 hotel rooms at the end of the year.<sup>3</sup>

The company is continuing to focus on expanding the breadth of travel offerings available to its customers. In October, we were pleased to announce our planned entry into the popular affordable midscale segment with an agreement to acquire the highly regarded City Express brand portfolio, comprised of around 17,000 rooms in Mexico and three additional countries in Latin America. We are expanding our all-inclusive platform to meet rising guest demand, and we have received a great deal of initial interest from owners and developers in Apartments by Marriott Bonvoy, a new serviced apartment brand in the upper-upscale and luxury segments. In 2022, we also celebrated the inaugural sailing of *Evrima*, the first yacht in The Ritz-Carlton Yacht Collection, offering intimate yachting experiences around the world and contributing to the company's growth in areas beyond traditional lodging.

### Marriott Bonvoy

With more than 177 million members at year-end 2022, our powerful Marriott Bonvoy program has been a key driver of demand for our hotels and other lodging offerings, and for adjacent products such as our co-branded credit cards. Our growing portfolio of co-branded credit cards, now in nine countries following our November card launch in Saudi Arabia, had record global card-member acquisitions and card spend last year.

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<sup>2</sup>Please see pages 72–73 for further information on the calculation of adjusted EBITDA and adjusted diluted EPS, including a reconciliation of these adjusted financial measures to the corresponding generally accepted accounting principles (GAAP) measures.

<sup>3</sup>The company's global development pipeline at the end of 2022 does not include the City Express portfolio.

Product innovation and engagement with our members remain key focus areas, especially through investments in our Marriott Bonvoy app and other digital offerings. In 2022, our mobile app users were up 32 percent year over year, digital room nights rose 27 percent and digital revenues climbed 41 percent. We have made great gains in contributions from our digital platforms, which are highly profitable channels for our owners, and anticipate many additional enhancements over the next few years.

## **Serve Our World**

Environmental, Social, and Governance (ESG) is an integral part of our company's culture and strategy, and we are focused on making a positive and sustainable impact wherever we do business.

One of our core values, *Serve Our World*, guides our efforts to support communities and manage our environmental impact. During tragic humanitarian crises, including the war in Ukraine and the aftermath of the devastating earthquakes in Türkiye and Syria, we provided support to impacted associates and their families and assisted with relief efforts in the community — efforts that continue today.

Our climate action efforts include committing to set a near-term science-based emissions reduction target and a long-term science-based target to reach net-zero value chain greenhouse gas emissions by no later than 2050. Our sustainability strategy and initiatives focus on a wide range of issues, including designing resource-efficient hotels, implementing technologies to track and reduce energy and water consumption, as well as waste and food waste, increasing the use of renewable energy, managing climate and water-related risks, supporting

ecosystem restoration initiatives, and focusing on responsible and local sourcing.

Last year, we launched Marriott's Bridging The Gap, a multi-year program designed to meaningfully increase diverse hotel ownership. As part of the program, Marriott allocated an initial commitment of \$50 million to offer financial and other incentives to qualified historically underrepresented owners and franchisees who will have a controlling equity interest in select branded projects. In 2022, Marriott's Bridging the Gap program resulted in nine signed deals.

We have taken the lead in the fight against one of the industry's most pressing human rights issues — human trafficking — and in December 2022, we reached a milestone of training one million Marriott associates in human trafficking awareness. We donated our human trafficking awareness training for use in the broader hospitality workforce, and by December, nearly 850,000 hotel workers outside of Marriott had completed the training. In addition, Marriott partnered with the Global Fund to End Modern Slavery to create a hospitality training curriculum for survivors of human trafficking.

All of these efforts are part of our sustainability and social impact platform, Serve 360: Doing Good in Every Direction, which guides our efforts to make a difference in the communities where we operate.

## **Leadership Update**

Stephanie Linnartz, a long-time Marriott veteran and President of the company since 2021, stepped down in February 2023 to take on a leadership role outside of the hospitality industry. Craig Smith, Group President, International Division, recently retired after 35 years

with the company. I wish Stephanie and Craig much success and every happiness in the next chapters of their lives. They have both left an indelible mark on Marriott.

These transitions have allowed me and my executive team to make changes to reflect our current environment and position us for future growth. To support the company's international growth, the importance of our loyalty program, contributions of our luxury brands, new business opportunities, and emphasis on driving revenue and leveraging technology, the following leaders have joined my leadership team, now directly reporting to me:

- **Satya Anand**, *President, Europe, Middle East & Africa (EMEA)*
- **Tina Edmundson**, *President, Luxury*
- **Brian King**, *President, Caribbean & Latin America (CALA)*
- **Yibing Mao**, *President, Greater China (GC)*
- **Raj Menon**, *President, Asia Pacific Excluding China (APEC)*
- **Drew Pinto**, *Executive Vice President and Chief Revenue & Technology Officer*
- **Peggy Fang Roe**, *Executive Vice President and Chief Customer Officer*

In addition, Leeny Oberg now leads our Global Development organization in her new role as Chief Financial Officer and Executive Vice President, Development. Liam Brown takes on expanded oversight for the Global Operations function in his role as Group President, U.S. & Canada. My executive team also

includes Ty Breland, Executive Vice President and Chief Human Resources Officer, Tricia Primrose, Executive Vice President and Chief Global Communications & Public Affairs Officer, and Rena Reiss, Executive Vice President and General Counsel. With this leadership team in place, I couldn't be more energized about our future.

## **Our Commitment**

I would like to thank our associates around the world for their hard work and commitment in navigating through the last few challenging years and in helping the company achieve our record 2022 financial results. Our associates continue to show a tremendous amount of resilience and dedication in taking care of the company, our guests and each other, and demonstrating their commitment to service excellence.

With our industry-leading brand portfolio, powerful loyalty program, the largest global rooms distribution, and our incredibly dedicated associates, we believe Marriott is well-positioned for strong growth over the coming years as we fulfill our purpose of connecting people through the power of travel.

Thank you for your support of Marriott International. We look forward to welcoming you at one of our hotels in the near future.



**Anthony Capuano**  
*President and Chief Executive Officer*

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-K**

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the Fiscal Year Ended December 31, 2022**

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from                      to**

**Commission File No. 1-13881**



**MARRIOTT INTERNATIONAL, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**52-2055918**

(IRS Employer  
Identification No.)

**7750 Wisconsin Avenue Bethesda Maryland**

(Address of Principal Executive Offices)

**20814**

(Zip Code)

(Registrant's Telephone Number, Including Area Code) (301) 380-3000

**Securities registered pursuant to Section 12(b) of the Act:**

<u>Title of Each Class</u>	<u>Trading Symbol(s)</u>	<u>Name of Each Exchange on Which Registered</u>
<b>Class A Common Stock, \$0.01 par value</b>	<b>MAR</b>	<b>Nasdaq Global Select Market</b>

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of shares of common stock held by non-affiliates at June 30, 2022, was \$37,283,265,895.

There were 308,121,159 shares of Class A Common Stock, par value \$0.01 per share, outstanding at February 7, 2023.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the Proxy Statement prepared for the 2023 Annual Meeting of Stockholders are incorporated by reference into Part III of this report.

**MARRIOTT INTERNATIONAL, INC.**  
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Throughout this report, we refer to Marriott International, Inc., together with its consolidated subsidiaries, as “we,” “us,” “Marriott,” or the “Company.” In order to make this report easier to read, we also refer throughout to (1) our Consolidated Financial Statements as our “Financial Statements,” (2) our Consolidated Statements of Income (Loss) as our “Income Statements,” (3) our Consolidated Balance Sheets as our “Balance Sheets,” (4) our Consolidated Statements of Cash Flows as our “Statements of Cash Flows,” (5) our properties, brands, or markets in the United States and Canada as “U.S. & Canada,” and (6) our properties, brands, or markets in our Caribbean and Latin America, Europe, Middle East and Africa, Greater China, and Asia Pacific excluding China regions, as “International.” In addition, references throughout to numbered “Notes” refer to the Notes to our Financial Statements, unless otherwise stated.

### **Cautionary Statement**

All statements in this report are made as of the date this Form 10-K is filed with the U.S. Securities and Exchange Commission (the “SEC”). We undertake no obligation to publicly update or revise these statements, whether as a result of new information, future events or otherwise. We make forward-looking statements in Management’s Discussion and Analysis of Financial Condition and Results of Operations and elsewhere in this report based on the beliefs and assumptions of our management and on information available to us through the date this Form 10-K is filed with the SEC. Forward-looking statements include information related to Revenue per Available Room (“RevPAR”), average daily rate (“ADR”), occupancy and other future demand and recovery trends and expectations; our expectations regarding rooms growth; our expectations regarding our ability to meet our liquidity requirements; our capital expenditures and other investment spending expectations; our expectations regarding future dividends and share repurchases; our expectations regarding our acquisition of the City Express brand and the addition of the City Express hotels to our franchise system; and other statements that are preceded by, followed by, or include the words “believes,” “expects,” “anticipates,” “intends,” “plans,” “estimates,” “foresees,” or similar expressions; 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 evolving risks and uncertainties that we may not be able to accurately predict or assess, including the risks and uncertainties we describe in Part I, Item 1A of this report and other factors we describe from time to time in our periodic filings with the SEC.



## PART I

### Item 1. Business.



























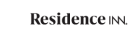



#### *Corporate Structure and Business*

We are a worldwide operator, franchisor, and licensor of hotel, residential, timeshare, and other lodging properties under numerous brand names at different price and service points. Consistent with our focus on management, franchising, and licensing, we own or lease very few of our lodging properties (less than one percent of our system).

The following table shows our portfolio of brands at year-end 2022.

#### MARRIOTT INTERNATIONAL

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We discuss our operations in the following two operating segments, both of which meet the applicable accounting criteria for separate disclosure as a reportable business segment: (1) U.S. & Canada and (2) International. See Note 14 for more information.

#### *Company-Operated Properties*

At year-end 2022, we had 2,053 company-operated properties (576,243 rooms), which included properties under long-term management or lease agreements with property owners (management and lease agreements together, the “Operating Agreements”) and properties that we own.

Terms of our management agreements vary, but we earn a management fee that is typically composed of a base management fee, which is a percentage of the revenues of the hotel, and an incentive management fee, which is based on the profits of the hotel. Our management agreements also typically include reimbursement of costs of operations (both direct and indirect). Such agreements are generally for initial periods of 20 to 30 years, with options for us to renew for up to 10 or more additional years. Our lease agreements also vary, but may include fixed annual rentals plus additional rentals based on a specified percentage of annual revenues that exceed a fixed amount. Many of our Operating Agreements are subordinated to mortgages or other liens securing indebtedness of the owners. Many of our Operating Agreements also permit the owners to terminate the agreement if we do not meet certain performance metrics, financial returns fail to meet defined levels for a period of time, and we have not cured those deficiencies. In certain circumstances, some of our management agreements allow owners to convert company-operated properties to franchised properties under our brands.

For the lodging facilities we operate, we generally are responsible for hiring, training, and supervising the managers and employees needed to operate the facilities and for purchasing supplies, and owners are required to reimburse us for those costs. We provide centralized programs and services, such as our Marriott Bonvoy loyalty program, reservations, and marketing, as well as various accounting and data processing services, and owners are required to reimburse us for those costs as well.

#### *Franchised and Licensed Properties*

We have franchising and licensing arrangements that permit hotel owners and operators to use many of our lodging brand names and systems. Under our hotel franchising arrangements, we generally receive an initial application fee and continuing royalty fees, which typically range from four to seven percent of room revenues for all brands, plus two to three percent of food and beverage revenues for certain full-service brands. Franchisees contribute to our centralized programs and services, such as our Marriott Bonvoy loyalty program, reservations, and marketing.

We also receive royalty fees under license agreements with Marriott Vacations Worldwide Corporation, our former timeshare subsidiary that we spun off in 2011, and its affiliates (collectively, “MVW”), for certain brands, including Marriott Vacation Club, Grand Residences by Marriott, The Ritz-Carlton Destination Club, Westin, Sheraton, and for certain existing properties, St. Regis and The Luxury Collection. We receive license fees from MVW consisting of a fixed annual fee, adjusted for inflation, plus certain variable fees based on sales volumes.

Finally, we receive royalty fees under agreements for The Ritz-Carlton Yacht Collection®, which first set sail in 2022, combining the luxury lifestyle of The Ritz-Carlton with a yachting experience.

At year-end 2022, we had 6,122 franchised and licensed properties (937,683 rooms and timeshare units).

### *Residential*

We use or license our trademarks for the sale of residential real estate, often in conjunction with hotel development, and receive branding fees for sales of such branded residential real estate by others. Third-party owners typically construct and sell residences with limited amounts, if any, of our capital at risk. We have used or licensed the JW Marriott, The Ritz-Carlton, Ritz-Carlton Reserve, W, The Luxury Collection, St. Regis, EDITION, Bvlgari, Renaissance, Le Méridien, Marriott, Sheraton, Westin, Four Points, Delta Hotels by Marriott, Autograph Collection, and Tribute Portfolio brand names and trademarks for residential real estate sales. At year-end 2022, we had 113 branded residential communities (11,481 residential units), for which we typically manage the related homeowners’ associations.

### *Intellectual Property*

We operate in a highly competitive industry and our brand names, trademarks, service marks, trade names, and logos are very important to the development, sales and marketing of our properties and services. We believe that our brand names and other intellectual property have come to represent outstanding quality, care, service, and value to our customers, guests, and the traveling public. Accordingly, we register and protect our intellectual property where we deem appropriate and otherwise protect against its unauthorized use.

### *Brand Portfolio*

We believe that our brand portfolio offers the most compelling range of brands and hotels in hospitality. Our brands are categorized by style of offering - Classic and Distinctive. Our Classic brands offer time-honored hospitality for the modern traveler, and our Distinctive brands offer memorable experiences with a unique perspective - each of which we group into three quality tiers: Luxury, Premium, and Select.

**Luxury** offers bespoke and superb amenities and services. Our Classic Luxury hotel brands include JW Marriott, The Ritz-Carlton, and St. Regis. Distinctive Luxury hotel brands in our portfolio include W Hotels, The Luxury Collection, EDITION, and Bvlgari.

**Premium** offers sophisticated and thoughtful amenities and services. Our Classic Premium hotel brands include Marriott Hotels, Sheraton, Delta Hotels by Marriott, Marriott Executive Apartments, and Marriott Vacation Club. Our Distinctive Premium hotel brands include Westin, Renaissance Hotels, Le Méridien, Autograph Collection Hotels, Gaylord Hotels, Tribute Portfolio, and Design Hotels.

**Select** offers smart and easy amenities and services, with our longer stay brands offering amenities that mirror the comforts of home. Our Classic Select hotel brands include Courtyard, Residence Inn, Fairfield, SpringHill Suites, Four Points, TownePlace Suites, and Protea Hotels. Our Distinctive Select hotel brands include Aloft Hotels, AC Hotels by Marriott, Element Hotels, and Moxy Hotels.

The following table shows the geographic distribution of our brands at year-end 2022:

		U.S. & Canada	Europe	Middle East & Africa	Asia Pacific	Caribbean & Latin America	Total
<b>Luxury</b>							
JW Marriott®	Properties	33	7	10	47	16	113
	Rooms	18,796	2,387	4,247	17,009	4,296	46,735
The Ritz-Carlton®	Properties	41	12	15	38	9	115
	Rooms	12,508	2,689	3,988	9,192	2,007	30,384
W® Hotels	Properties	25	8	7	20	7	67
	Rooms	7,295	1,734	2,317	5,514	1,752	18,612
The Luxury Collection® (1)	Properties	18	46	13	32	15	124
	Rooms	5,484	6,616	2,493	8,268	1,542	24,403
St. Regis®	Properties	10	5	11	23	4	53
	Rooms	1,977	668	3,049	5,530	569	11,793
EDITION®	Properties	5	4	3	3	—	15
	Rooms	1,379	726	638	852	—	3,595
Bvlgari®	Properties	—	3	1	3	—	7
	Rooms	—	222	121	260	—	603
<b>Premium</b>							
Marriott® Hotels	Properties	339	75	28	102	31	575
	Rooms	132,960	21,454	8,726	33,992	8,311	205,443
Sheraton®	Properties	172	50	33	146	29	430
	Rooms	66,621	14,096	9,516	52,487	8,226	150,946
Westin®	Properties	132	18	8	63	14	235
	Rooms	53,756	5,968	2,030	19,450	3,955	85,159
Renaissance® Hotels	Properties	89	27	5	44	9	174
	Rooms	28,998	6,307	1,476	14,791	2,745	54,317
Le Méridien®	Properties	25	16	23	49	2	115
	Rooms	5,705	5,154	6,848	12,486	271	30,464
Autograph Collection® Hotels (1)	Properties	146	68	13	19	36	282
	Rooms	29,678	8,482	2,344	4,455	12,158	57,117
Delta Hotels by Marriott® (Delta Hotels®)	Properties	87	30	5	2	1	125
	Rooms	20,893	5,134	1,284	978	117	28,406
Gaylord® Hotels	Properties	6	—	—	—	—	6
	Rooms	10,220	—	—	—	—	10,220
Marriott Executive Apartments®	Properties	—	4	12	18	2	36
	Rooms	—	361	1,665	2,742	240	5,008
Tribute Portfolio® (1)	Properties	51	17	2	12	7	89
	Rooms	7,952	1,741	344	1,859	640	12,536
Design Hotels®	Properties	10	26	6	2	6	50
	Rooms	1,385	2,123	619	581	146	4,854

		U.S. & Canada	Europe	Middle East & Africa	Asia Pacific	Caribbean & Latin America	Total
<b>Select</b>							
Courtyard by Marriott® (Courtyard®)	Properties	1,050	74	10	99	47	1,280
	Rooms	145,025	14,003	2,139	22,398	7,612	191,177
Residence Inn by Marriott® (Residence Inn®)	Properties	849	21	7	—	8	885
	Rooms	104,463	2,408	1,117	—	1,213	109,201
Fairfield by Marriott® (Fairfield®)	Properties	1,141	—	—	96	16	1,253
	Rooms	108,338	—	—	14,283	2,222	124,843
SpringHill Suites by Marriott® (SpringHill Suites®)	Properties	532	—	—	—	—	532
	Rooms	63,014	—	—	—	—	63,014
Four Points by Sheraton® (Four Points®)	Properties	159	19	21	89	18	306
	Rooms	24,058	3,291	5,113	23,133	2,332	57,927
TownePlace Suites by Marriott® (TownePlace Suites®)	Properties	486	—	—	—	—	486
	Rooms	49,719	—	—	—	—	49,719
Aloft® Hotels	Properties	156	10	11	31	14	222
	Rooms	22,582	1,676	2,555	6,790	2,313	35,916
AC Hotels by Marriott®	Properties	107	89	2	7	17	222
	Rooms	17,766	11,959	286	1,910	2,696	34,617
Protea Hotels® by Marriott (Protea Hotels®)	Properties	—	1	64	—	—	65
	Rooms	—	72	6,627	—	—	6,699
Element® Hotels	Properties	82	1	6	8	—	97
	Rooms	11,396	160	1,009	1,651	—	14,216
Moxy® Hotels	Properties	28	81	—	13	—	122
	Rooms	5,316	15,321	—	2,471	—	23,108
<b>Residences</b>							
Residences	Properties	67	9	11	14	12	113
	Rooms	7,128	326	1,580	1,864	583	11,481
	<b>Subtotal Properties</b>	<b>5,846</b>	<b>721</b>	<b>327</b>	<b>980</b>	<b>320</b>	<b>8,194</b>
	<b>Subtotal Rooms</b>	<b>964,412</b>	<b>135,078</b>	<b>72,131</b>	<b>264,946</b>	<b>65,946</b>	<b>1,502,513</b>
Timeshare <sup>(2)</sup>	Properties						93
	Rooms						22,745
Yacht <sup>(2)</sup>	Properties						1
	Rooms						149
	<b>Total Properties</b>						<b>8,288</b>
	<b>Total Rooms</b>						<b>1,525,407</b>

(1) Includes properties acquired when we purchased Elegant Hotels Group plc in December 2019, which we currently intend to re-brand under the following brands after the completion of planned renovations: The Luxury Collection (one property), Autograph Collection Hotels (four properties), and Tribute Portfolio (two properties).

(2) We exclude geographical data for Timeshare and Yacht as these offerings are captured within “Unallocated corporate and other.”

### *Loyalty and Credit Card Programs*

Marriott Bonvoy® is our travel loyalty program and marketplace through which members have access to our diverse brand portfolio, rich benefits, and travel experiences. Members can earn points for stays at our hotels and other lodging offerings, such as Homes & Villas by Marriott Bonvoy™, a global offering focusing on the premium and luxury tiers of rental homes, as well as through purchases with co-branded credit cards and our travel partners. Members can redeem their points for stays at most of our properties, airline tickets, airline frequent flyer program miles, rental cars, products from Marriott Bonvoy Boutiques®, and a variety of other awards, including experiences from Marriott Bonvoy Moments™. We refer to our Marriott Bonvoy loyalty program throughout this report as “Marriott Bonvoy” or our “Loyalty Program.”

We believe that Marriott Bonvoy generates substantial repeat business that might otherwise go to competing hotels. In 2022, over half of our global room nights were booked by Marriott Bonvoy members. We strategically market to this large and growing guest base to generate revenue. See the “Loyalty Program” caption in Note 2 for more information.

We have co-branded credit cards associated with Marriott Bonvoy in nine countries. In the U.S., we have multi-year agreements with JPMorgan Chase and American Express. We also license credit card programs internationally, including in Japan, Canada, the United Kingdom, United Arab Emirates, Saudi Arabia, South Korea, Mexico, and China. We generally earn fixed amounts that are payable at contract inception and variable amounts that are paid to us monthly over the term of the agreements primarily based on card usage. We believe that our co-branded credit cards contribute to the success of Marriott Bonvoy and reflect the quality and value of our portfolio of brands.

### *Sales and Marketing and Reservation Systems*

Marriott.com, our international websites, and our mobile application allow for a seamless booking experience and easy enrollment in Marriott Bonvoy to book our exclusive Member Rates and participate in program benefits. Our Best Rate Guarantee ensures best rate integrity, strengthening consumer confidence in our brand and giving guests access to the best rates when they book hotel rooms through our direct channels. We remain focused on creating digital experiences that better connect our customers to travel, namely through our mobile application, which offers contactless check-in and check-out, chat, service requests, mobile key, and more. Our digital strategy remains focused on growing customer engagement via these elevated digital experiences to drive bookings to our direct channels, which generally deliver more profitable business to hotels in our system compared to bookings made through intermediary channels. We aim to create frictionless digital experiences for our guests, from inspiration to stay, to generate superior guest satisfaction and grow our loyal customer base. In addition, we are focused on driving digital engagement and direct bookings through improved search engine optimization, merchandising placements, increased destination-based content for leisure travelers, and additional language availability across our digital channels.

At year-end 2022, we operated 20 customer care and reservation centers, seven in the U.S. and 13 in other countries and territories. We own two of the U.S. facilities and either lease the others or share space with a company-operated property.

We believe our global sales and revenue management organizations are a key competitive advantage due to our focus on optimizing our investment in people, processes, and systems. Our above-property sales deployment strategy aligns our sales efforts around how the customer wants to buy, reducing duplication of efforts by individual hotels and allowing us to cover a larger number of accounts. We also utilize innovative and sophisticated revenue management systems, many of which are proprietary, which we believe provide a competitive advantage in pricing decisions, increasing efficiency and optimizing property-level revenue for hotels in our portfolio. Most of the hotels in our portfolio utilize web-based programs to effectively manage the rate set-up and modification processes. The use of these web-based programs provides for greater pricing flexibility, reduces time spent on rate program creation and maintenance, and increases the speed to market of new products and services.

### *Competition*

We encounter strong competition in the short-term lodging market from large national and international chains that operate hotels or franchise their brands, unaffiliated hotels, and online platforms, including Airbnb and Vrbo, that allow travelers to book short-term rentals of homes and apartments as an alternative to hotel rooms. We compete for guests in many areas, including brand recognition and reputation, location, guest satisfaction, room rates, quality of service, amenities, quality of accommodations, safety and security, and the ability to earn and redeem loyalty program points.

Our direct digital channels also compete for guests with large companies that offer online travel services as part of their business model, such as Expedia.com, Priceline.com, Booking.com, Travelocity.com, and Orbitz.com and search engines such as Google, Bing, Yahoo, and Baidu.

Affiliation with a brand is common in the U.S. lodging industry, and we believe that our strong brand recognition assists us in attracting and retaining guests, owners, and franchisees. In 2022, approximately 72 percent of U.S. hotel rooms were brand-affiliated. Most of the branded properties in the U.S. are franchises, under which the owner pays the franchisor a fee for use of its brand name and reservation system. In the franchising business, we face many competitors that have strong brands and guest appeal, including Hilton, IHG Hotels & Resorts, Hyatt, Wyndham Hotels & Resorts, Accor, Choice Hotels, Best Western Hotels & Resorts, and others.

Outside the U.S., branding is less prevalent, and many markets are served primarily by independent operators, although branding is more common for new hotel development compared to the past. We believe that chain affiliation will continue to become more attractive in many overseas markets as local economies grow, trade barriers decline, international travel accelerates, and hotel owners seek the benefits of centralized reservation systems, marketing programs, and loyalty programs.

Based on lodging industry data, we have an approximately 16 percent share of the U.S. hotel market and a four percent share of the hotel market outside the U.S. (based on number of rooms). We believe that our hotel brands are attractive to hotel owners seeking a management company or franchise affiliation because our hotels typically generate higher RevPAR than our

direct competitors in most market areas. We attribute this performance premium to our success in achieving and maintaining strong guest preference. We believe that the location and quality of our lodging facilities, our marketing programs, our reservation systems, Marriott Bonvoy, and our emphasis on guest service and guest and associate satisfaction contribute to guest preference across all our brands.

### *Seasonality*

In general, business at company-operated and franchised properties fluctuates moderately with the seasons. Business at some resort properties may be more seasonal depending on location.

### *Human Capital Management*

Marriott's long history of service, innovation, and growth is built on a culture of putting people first. We are committed to investing in our associates, with a focus on leadership development, recognition, compensation, career opportunity, and skills training. Over the past several years, we faced a number of staffing challenges, including the continuing impact of the COVID-19 pandemic, evolving work environment, and competitive talent landscape. To address these challenges, we are focused on our talent attraction and retention strategies and reinforcing our culture to position us for future growth.

At year-end 2022, Marriott managed the employment of approximately 377,000 associates. This number includes 140,000 associates employed by Marriott at properties, customer care centers, and above-property operations, as well as 237,000 associates who are employed by our property owners but whose employment is managed by Marriott (which is common outside the U.S.). Approximately 111,000 of the associates employed by Marriott are located in the U.S., of which approximately 18,000 belong to labor unions. Outside the U.S., some of our associates are represented by trade unions, works councils, or employee associations. These numbers do not include hotel personnel employed by our franchisees or management companies hired by our franchisees. Marriott encourages our independent franchisees to develop responsible human capital management practices.

We are focused on maintaining Marriott's position as an employer of choice both for job seekers and our existing associates. To attract talent, we are targeting new labor pools, optimizing our recruiting practices, and sharing our story of long-term career potential. With the opening of our new global headquarters in Bethesda, Maryland, we adopted a hybrid work model to allow for increased flexibility and choice, to meet the evolving needs of our corporate workforce. For hotel-based associates, we are innovating the way hotel jobs are structured with the goal of increasing associate satisfaction and providing better service for our guests.

We encourage continual feedback discussions with our associates at all levels, and measure associate satisfaction through our Associate Engagement Survey, which gives all associates the opportunity to provide feedback about their work experience, providing us with valuable insights to drive improvements in our culture. Our associate engagement scores exceeded the "Best Employer" external benchmark in 2022, as they have in 10 prior years, and we were recognized as one of the Fortune Best Companies to Work for in 2022 for the 25th consecutive year.

Our human capital strategy is based on three signature elements – Growing Great Leaders, Investing in Associates, and Access to Opportunity.

#### Growing Great Leaders

We believe that all associates, at every level, can inspire others through great leadership. Our framework is designed to help us grow great leaders and starts with competencies that clearly define what great leadership means at Marriott. These competencies have been integrated into our performance management process and leadership development programs.

Our talent development strategy is designed to provide opportunities for our associates to develop and grow their careers. It includes a variety of skills training, professional development, and other learning opportunities. Our Leadership Performance Acceleration program encourages managers and associates to have regular career and development conversations in order to provide actionable feedback and to help associates set and achieve career goals.

These programs and opportunities provide associates with career development and personal growth options and support our leadership development culture.

#### Investing in Associates

We are focused on providing our associates with the tools, resources, and support they need to thrive – both personally and professionally. We have comprehensive compensation and benefits offerings designed to invest in our associates, and we regularly evaluate these programs for competitiveness against the external talent market. In addition, pay equity is foundational



to our compensation structures and practices. In the U.S., we conduct pay equity audits at least annually and make adjustments as needed.

We provide our eligible U.S. associates and their families with access to health care coverage, work/life support benefits, as well as other benefits, such as a retirement savings plan, employee stock purchase plan, paid time off, paid parental leave, and financial assistance to help with adoption fees. Outside the U.S., we also offer comprehensive compensation and benefit programs that vary based on the geographic market. Our TakeCare program provides associates with tools and resources to support their physical, mental, and financial wellbeing.

#### Access to Opportunity

Our company-wide diversity, equity, and inclusion (“DEI”) efforts include a range of initiatives and programs to support our goal to make all stakeholders (including associates, guests, owners, and suppliers) feel welcome and valued. The Inclusion and Social Impact Committee of our Board of Directors (the “ISI Committee”), established 20 years ago, helps drive accountability for these efforts across the Company. The ISI Committee assists the Board in providing oversight of the Company’s strategy, efforts, and commitments related to its people-first culture, associate well-being, inclusion, and other environmental, social and governance (“ESG”) matters. As part of our efforts to continue to diversify our senior leadership, we have established a goal to achieve global gender parity at the Vice President level and above by the end of 2023. We also have established an objective to increase the representation of people of color at the Vice President level and above in the U.S. to twenty-five percent by year-end 2025.

To better meet the needs of our diverse and changing workforce, we are continuing to evolve our hospitality jobs through workforce innovation. As part of this effort, we are blending certain hotel jobs to enhance the employment experience for our associates as well as providing scheduling flexibility.

#### *Sustainability and Social Impact*

Guided by our 2025 sustainability and social impact goals, as well as the United Nations Sustainable Development Goals, we are focused on creating a positive and sustainable impact wherever we do business. Our sustainability and social impact platform, Serve 360: Doing Good in Every Direction, is built around four focus areas: Nurture Our World; Sustain Responsible Operations; Empower Through Opportunity; and Welcome All and Advance Human Rights – each with targets to drive our efforts through 2025. These targets reflect our goals to (1) support the resiliency and sustainable development of the communities and environments where we do business, (2) work to reduce our environmental impacts, design and operate sustainable hotels, and source responsibly, while mitigating climate-related risk, (3) facilitate workplace readiness and access to opportunity in our business, and (4) create a safe, welcoming world, including by working with organizations to educate and advocate on issues related to human rights throughout and beyond our business. Although the COVID-19 pandemic and certain other factors have impacted our progress in some areas, we remain focused on advancing our sustainability and social impact goals and initiatives.

Our climate action efforts include committing to set a near-term science-based emissions reduction target (“SBT”) and set a long-term science-based target to reach net-zero value chain greenhouse gas (“GHG”) emissions by no later than 2050. We are currently preparing our SBT and net-zero targets for submission and developing longer-term strategies to support those targets.

Our sustainability strategy and initiatives focus on a wide range of issues, including designing resource-efficient hotels, implementing technologies to track and reduce energy and water consumption, as well as waste and food waste, increasing the use of renewable energy, managing climate and water-related risks, driving third-party certifications at the hotel-level, supporting innovative ecosystem restoration initiatives, and focusing on responsible and local sourcing.

In response to humanitarian crises, like war and natural disasters, our hotels often look to support their local communities in need by donating funds, hotel stays, food, supplies, and volunteer hours. We also deploy our Marriott Disaster Relief Fund to support associates and their families impacted by crises, such as the war in Ukraine, as well as charitable organizations providing relief on the ground. In 2022, to further our human rights efforts, we reached the milestone of training one million associates in human trafficking awareness, a major step toward our goal to train 100 percent of on-property associates by 2025. Additionally, in collaboration with leading anti-trafficking and hospitality organizations, we donated our recently updated training to the lodging industry and made it available to other individuals and organizations outside the industry, such as travelers and non-profit organizations.

## *Government Regulations*

As a company with global operations, we are subject to a wide variety of laws, regulations, and government policies in the U.S. and in jurisdictions around the world. Some of the regulations that most affect us include those related to employment practices; environment, health, and safety; trade and economic sanctions; competition; anti-bribery and anti-corruption; cybersecurity; data privacy, data localization, and the handling of personally identifiable information; the offer and sale of franchises; and liquor sales.

## *Internet Address and Company SEC Filings*

Our primary Internet address is Marriott.com. On the investor relations portion of our website, Marriott.com/investor, we provide a link to our electronic filings with the SEC, including our annual report on Form 10-K, our quarterly reports on Form 10-Q, our current reports on Form 8-K, and any amendments to these reports. We make all such filings available free of charge as soon as reasonably practicable after filing. The information found on our website is not part of this or any other report we file with or furnish to the SEC.

## **Item 1A. Risk Factors.**

We are subject to various risks that make an investment in our securities risky. The events and consequences discussed in these risk factors could, in circumstances we may or may not be able to accurately predict, recognize, or control, have a material adverse effect on our business, liquidity, financial condition, and results of operations. In addition, these risks could cause results to differ materially from those we express in forward-looking statements contained in this report or in other Company communications. These risk factors do not identify all risks that we face; our operations could also be affected by factors, events, or uncertainties that are not presently known to us or that we currently do not consider to present significant risks to our operations.

### **Risks Relating to Our Industry**

***Our industry is highly competitive, which may impact our ability to compete successfully for guests.*** We operate in markets that contain many competitors. Our hotel brands and other lodging offerings generally compete with major hotel chains, regional hotel chains, independent hotels, and home sharing and rental services across national and international venues. Our ability to remain competitive and attract and retain business, group and leisure travelers depends on our success in distinguishing and driving preference for our lodging products and services, including our Loyalty Program, direct booking channels, consumer-facing technology platforms and services, and other offerings (including our co-branded credit cards). If we cannot compete successfully in these areas, our operating margins could contract, our market share could decrease, and our earnings could decline. Further, new lodging supply in individual markets could have a negative impact on the hotel industry and hamper our ability to maintain or increase room rates or occupancy in those markets.

***Economic downturns and other global, national, and regional conditions and events could further impact our business, financial results and growth.*** Because we conduct our business on a global scale, we are affected by changes in global, national, or regional economies, governmental policies (including in areas such as trade, travel, immigration, healthcare, and related issues), and geopolitical, public health, social and other conditions and events. Our business, financial results and growth are impacted by weak or volatile economic conditions, pandemics and other outbreaks of disease, natural and man-made disasters, changes in energy prices and currency values, political instability, geopolitical conflict, actual or threatened war, terrorist activity and other acts of violence, heightened travel security measures, travel advisories, disruptions in air travel, and concerns over the foregoing. These conditions and events have in the past materially negatively impacted, and could in the future materially negatively impact, our business, operations, and financial results in many ways, including, but not limited to, as follows:

- reducing revenues at our managed and franchised hotels, owned and leased hotels, and properties in which we have an investment, potentially impacting their ability to meet expenses, including payment of amounts owed to us;
- adversely affecting the value of our owned and leased properties or investments;
- affecting the ability or willingness of hotel owners and franchisees to service, repay or refinance existing indebtedness or similar obligations, including loans or guaranty advances we have made to or for them;
- making it more difficult for hotel owners and franchisees to obtain financing on commercially acceptable terms, or at all;
- causing hotel construction and opening delays;
- decreasing the rate at which new projects enter our pipeline;
- causing hotels to exit our system;



- requiring us to borrow or otherwise raise a significant amount of cash in order to preserve financial flexibility, repay maturing debt and manage debt maturities;
- causing the terms of our borrowing to be more expensive or more restrictive; and
- adversely affecting associate hiring and retention.

Although COVID-19's negative impact on our business, operations, and financial results has significantly decreased since 2020, we are continuing to see some of the foregoing effects and could see additional effects in the future. The conditions and events discussed in this risk factor could also give rise to, aggravate, and impact our ability to allocate resources to mitigate the other risks that we identify below, which in turn could materially adversely affect our business, liquidity, financial condition, and results of operations.

## **Risks Relating to Our Business**

### Operational Risks

***Premature termination of our management or franchise agreements could hurt our financial performance.*** Our hotel management and franchise agreements may be subject to premature termination in certain circumstances, such as the bankruptcy of a hotel owner or franchisee, the failure of a hotel owner or franchisee to comply with its payment or other obligations under the agreement, a failure under some agreements to meet specified financial or performance criteria which we do not cure, or in certain limited cases, other negotiated contractual termination rights. Some courts have also applied agency law principles and related fiduciary standards to managers of third-party hotel properties, including us (or have interpreted hotel management agreements to be "personal services contracts"). Property owners may assert the right to terminate management agreements even where the agreements provide otherwise, and some courts have upheld such assertions about our management agreements and may do so in the future. When terminations occur for certain of these or other reasons, we may need to enforce our right to damages for breach of contract and related claims, which may cause us to incur significant legal fees and expenses. We may have difficulty collecting damages from the hotel owner or franchisee, and any damages we ultimately collect could be less than the projected future value of the fees and other amounts we would have otherwise collected under the management or franchise agreement. A significant loss of these agreements could hurt our financial performance or our ability to grow our business.

***Disagreements with owners of hotels that we manage or franchise may result in arbitration or litigation or delay implementation of product or service initiatives.*** Consistent with our focus on management and franchising, we own very few of our lodging properties. The nature of our responsibilities under our management agreements to manage each hotel and enforce the standards required for our brands under both management and franchise agreements may be subject to interpretation. This has from time to time given rise to disagreements with hotel owners and franchisees, and may give rise to such disagreements in the future, including over the need for or payment for new product, service, or systems initiatives, the timing and amount of capital investments, and reimbursement for operating costs, system costs, or other amounts. We have seen, and may in the future see, an increase in such disagreements with hotel owners and franchisees during periods when hotel returns are weaker. We seek to resolve any disagreements and to develop and maintain positive relations with current and potential hotel owners, franchisees, and real estate investment partners, but we cannot always do so. Failure to resolve such disagreements has resulted in arbitration or litigation, and could do so in the future. We could suffer significant losses, reduced profits, or constraints on our operations as the result of adverse dispute resolution outcomes.

***An increase in the use of third-party Internet services to book online hotel reservations could adversely impact our business.*** Some of our hotel rooms are booked through Internet travel intermediaries such as Expedia.com, Priceline.com, Booking.com, Travelocity.com, and Orbitz.com, as well as lesser-known online travel service providers. These intermediaries initially focused on leisure travel, but now also provide offerings for corporate travel and group meetings. Although our Best Rate Guarantee and Member Rate programs have helped limit guest preference shift to intermediaries and greatly reduced the ability of intermediaries to undercut the published rates at our hotels, intermediaries continue to use a variety of aggressive online marketing methods to attract guests, including the purchase by certain companies of trademarked online keywords such as "Marriott" from Internet search engines such as Google, Bing, Yahoo, and Baidu to steer guests toward their websites. Our business and profitability could be harmed to the extent that online intermediaries succeed in significantly shifting loyalties from our lodging brands to their travel services, diverting bookings away from our direct online channels, or through their fees, increasing the overall cost of Internet bookings for our hotels. At the same time, if we are not able to negotiate new agreements on satisfactory terms when our existing contracts with intermediaries (which generally have two- to three- year terms) come up for renewal, our business and prospects could be negatively impacted in a number of ways, including by reducing bookings or making our brands less attractive to hotel owners.

***Our growth strategy depends upon attracting third-party owners and franchisees to our platform, and future arrangements with these third parties may be less favorable to us, depending on the terms offered by our competitors.***

Adding properties to our system entails entering into and maintaining various arrangements with property owners. The terms of our management agreements and franchise agreements for each of our properties are influenced by contract terms offered by our competitors, among other things. We cannot assure you that any of our current arrangements will continue or that we will be able to renew agreements or enter into new agreements in the future on terms that are as favorable to us as those that exist today.

***The effects of, or our failure to comply with, applicable laws, regulations and government policies may disrupt our business, lower our revenues, increase our costs, reduce our profits, limit our growth, or damage our reputation.*** We and the hotels that we franchise or manage are subject to a variety of laws, regulations and government policies around the globe, including, among others, those related to employment practices; marketing and advertising efforts; trade and economic sanctions; anti-bribery and anti-corruption; intellectual property; cybersecurity, data privacy, data localization, and the handling of personally identifiable information; competition; climate and the environment; health and safety; liquor sales; and the offer and sale of franchises. These laws, regulations, and government policies may be complex and change frequently and could have a range of adverse effects on our business. The compliance programs, internal controls, and policies we maintain and enforce may need to be updated regularly to keep pace with changing laws, regulations and government policies and may not prevent our associates, contractors, or agents from materially violating applicable laws, regulations and government policies. The requirements of applicable laws, regulations, and government policies, our failure to meet such requirements (including investigations and publicity resulting from actual or alleged failures), or actions we take in order to comply with such requirements or investigations could have significant adverse effects on our results of operations, reputation, or ability to grow our business.

***Exchange rate fluctuations could result in significant foreign currency gains and losses and affect our business results.*** We earn revenues and incur expenses in foreign currencies as part of our operations outside of the U.S. Accordingly, fluctuations in currency exchange rates may significantly increase the amount of U.S. dollars required for foreign currency expenses or significantly decrease the U.S. dollars we receive from foreign currency revenues. We are also exposed to currency translation risk because the results of our non-U.S. business are generally reported in local currency, which we then translate to U.S. dollars for inclusion in our Financial Statements. As a result, exchange rate changes between foreign currencies and the U.S. dollar affect the amounts we record for our foreign assets, liabilities, revenues and expenses, and could have a negative effect on our financial results. To the extent that our international operations continue to grow, our exposure to foreign currency exchange rate fluctuations will grow. Even though we enter into foreign exchange hedging arrangements for some of the currencies in which we do business, exchange rate fluctuations could result in significant foreign currency gains and losses and affect our results. Our hedging arrangements may also create their own costs and risks, in the form of transaction costs, credit requirements, and counterparty risk.

***Our business depends on the quality and reputation of our Company and our brands, and any deterioration could adversely impact our market share, reputation, business, financial condition, or results of operations.*** Many factors can affect the reputation and value of our Company or one or more of our properties or brands, including our ability to protect and use our brands and trademarks; our properties' adherence to service and other brand standards; our approach to, or incidents involving, matters related to food quality and safety, guest and associate safety, health and cleanliness, managing and reducing our carbon footprint and our use of scarce natural resources, supply chain management, and diversity, human rights, and support for local communities; and our compliance with applicable laws. Reputational value is also based on perceptions, and broad access to social media makes it easy for anyone to provide public feedback that can influence perceptions of us, our brands, and our properties, and it may be difficult to control or effectively manage negative publicity, regardless of whether it is accurate. While reputations may take decades to build, negative incidents can quickly erode trust and confidence, particularly if they result in adverse mainstream and social media publicity, governmental investigations, proceedings or penalties, or litigation. Negative incidents could lead to tangible adverse effects on our business, including lost sales, boycotts, reduced enrollment and/or participation in our Loyalty Program, loss of development opportunities, adverse government attention, or associate retention and recruiting difficulties. Any material decline in the reputation or perceived quality of our brands or corporate image could affect our market share, reputation, business, financial condition, or results of operations.

***Actions by our franchisees and licensees or others could adversely affect our image and reputation.*** We franchise and license many of our brand names and trademarks to third parties for lodging, timeshare, and residential properties, and with respect to our credit card programs and other offerings. Under the terms of their agreements with us, these third parties interact directly with guests and others under our brand and trade names. If these third parties fail to maintain or act in accordance with applicable brand standards; experience operational problems, including any data or privacy incident, or a circumstance involving guest or associate health or safety; or project a brand image inconsistent with ours, then our image and reputation could suffer. Although our agreements with these parties provide us with recourse and remedies in the event of a breach, including termination of the agreements under certain circumstances, it could be expensive or time-consuming for us to pursue such remedies and even if we are successful in pursuing such remedies, that may not be sufficient to mitigate reputational harm

to us. We also cannot assure you that in every instance a court would ultimately enforce our contractual termination rights or that we could collect any awarded damages from the defaulting party.

***Collective bargaining activity and strikes could disrupt our operations, increase our labor costs, and interfere with the ability of our management to focus on executing our business strategies.*** A significant number of associates at our managed, leased, and owned hotels are covered by collective bargaining agreements. If relationships with our organized associates or the unions that represent them become adverse, then the properties we operate could experience labor disruptions such as strikes, lockouts, boycotts, and public demonstrations. Numerous collective bargaining agreements are typically subject to negotiation each year, and our ability in the past to resolve such negotiations does not mean that we will be able to resolve future negotiations without strikes, disruptions, or on terms that we consider reasonable. Labor disputes and disruptions could result in adverse publicity or regulatory investigations and adversely affect operations and revenues at affected hotels, as we have seen at times in the past. In addition, labor disputes and disruptions or increased demands from labor unions could harm our relationship with our associates, result in increased regulatory requirements or inquiries and enforcement by governmental authorities, harm our relationships with our guests and customers, divert management attention, and reduce customer demand for our services, all of which could have an adverse effect on our reputation, business, financial condition, or results of operations.

In addition, labor regulation and the negotiation of new or existing collective bargaining agreements could lead to higher wage and benefit costs, changes in work rules that raise operating expenses and legal costs, and could impose limitations on our ability or the ability of our third-party property owners to take cost saving measures during economic downturns. We do not have the ability to control the negotiations of collective bargaining agreements covering unionized labor employed by the operators of our franchised properties. Increased unionization of our workforce, new labor legislation, or changes in regulations could disrupt our operations, reduce our profitability, or interfere with the ability of our management to focus on executing our business strategies.

***Our business could suffer if we cannot attract and retain associates or as the result of the loss of the services of our senior executives.*** We compete with other companies both within and outside of our industry for personnel. We have experienced challenges hiring for certain positions due to various factors, such as increasing wage expectations and competition for labor from other industries, and these circumstances could continue or worsen in the future to an extent and for durations that we are not able to predict. If we cannot recruit, train, develop, and retain sufficient numbers of associates, we could experience significant negative impacts on our operations, associate morale and turnover, guest satisfaction, or our internal control environment. Insufficient numbers of associates could also limit our ability to grow and expand our businesses. Labor shortages have resulted and could continue to result in higher wages and initial hiring costs, increasing our labor costs and labor costs at our hotels, which could reduce our revenues and profits. In addition, the efforts and abilities of our senior executives are important elements of maintaining our competitive position and driving future growth, and the loss of the services of one or more of our senior executives could result in challenges executing our business strategies or other adverse effects on our business. The impact of COVID-19 on the hospitality industry, and actions that we and others in the hospitality industry have taken and may take in the future with respect to our associates and executives in response to COVID-19, have adversely affected and may in the future continue to adversely affect our ability to attract and retain associates and executives.

***Extreme weather, climate change, and sustainability-related concerns could have a material adverse effect on our business and results of operations.*** We are subject to the risks associated with extreme weather and climate change, including the impacts of the physical effects of climate change, changes in laws and regulations related to climate change and sustainability, and changing consumer preferences. Natural disasters and extreme weather in locations where we manage, franchise, own or lease properties or in areas of the world from which we draw a large number of guests may cause a significant decline in travel and reduced demand for lodging. The prevalence of these events may continue to increase as the result of climate change. Natural disasters, extreme weather, and other physical impacts of climate change (including rising sea levels, extreme hot or cold weather, water shortages, fire, and droughts) have in the past and could in the future result in increases in related insurance, energy or other operating costs, and physical damage to our hotels that might not be covered by insurance and might prevent or limit the operations of the property. Significant costs could be involved in improving the efficiency and climate resiliency of our hotels and otherwise preparing for, responding to, and mitigating the physical effects of climate change or sustainability-related concerns. Compliance with future climate-related legislation and regulation, and our current or future voluntary efforts to achieve science-based emissions reduction targets or other sustainability initiatives, could also be difficult and costly. Growing public recognition of the dangers of climate change and other sustainability-related concerns may affect customers' travel choices, including their frequency of travel. As a result of the foregoing, we may experience reduced demand, significant increased operating and compliance costs, operating disruptions or limitations, constraints on our room growth, and even physical damage to our hotels, all of which could adversely affect our profits and growth.

***Insurance may not cover damage to, or losses involving, properties that we own, manage, or franchise, or other aspects of our business, and the cost of such insurance could increase.*** We require comprehensive property and liability insurance

policies for our managed, leased, and owned properties with coverage features and insured limits that we believe are customary. We also require our franchisees to maintain similar levels of insurance. Market forces beyond our control may nonetheless limit the scope of the insurance coverage we, our hotel owners, or our franchisees can obtain, or our or their ability to obtain coverage at reasonable rates. Certain types of losses, generally of a catastrophic nature, such as earthquakes, hurricanes and floods, terrorist acts, pandemics, or liabilities that result from incidents involving the security of information systems, may result in high deductibles, low limits, or may be uninsurable, or the cost of obtaining insurance may be unacceptably high. As a result, we, our hotel owners, and our franchisees may not be successful in obtaining insurance without increases in cost or decreases in coverage levels, or may not be successful in obtaining insurance at all. For example, over the past several years following the severe and widespread damage caused by natural disasters, coupled with continued large global losses, the property, liability, and other insurance markets have seen significant cost increases. Also, due to the data security incident involving unauthorized access to the Starwood reservations database, which we initially reported in November 2018 (the “Data Security Incident”), and the state of the cyber insurance market generally, the costs for our cyber insurance increased with each of our renewals over the last several years, and the cost of such insurance could continue to increase for future policy periods. Further, in the event of a substantial loss, the insurance coverage we, our hotel owners, or our franchisees carry may not be sufficient to pay the full market value or replacement cost of any lost investment or in some cases could result in certain losses being totally uninsured. As a result, our revenues and profits could be adversely affected, and for properties we own or lease, we could lose some or all of the capital that we have invested in the property and we could remain obligated for guarantees, debt, or other financial obligations.

***If our brands, goodwill, or other intangible assets become impaired, we may be required to record significant non-cash charges to earnings.*** As of December 31, 2022, we had \$17.6 billion of goodwill and other intangible assets. We review goodwill and indefinite-lived intangible assets for impairment annually or whenever events or circumstances indicate impairment may have occurred. Estimated fair values of our brands or reporting units could change if, for example, there are changes in the business climate, unanticipated changes in the competitive environment, adverse legal or regulatory actions or developments, changes in guests’ perception and the reputation of our brands, or changes in interest rates, operating cash flows, or market capitalization. Because of the significance of our goodwill and other intangible assets, any future impairment of these assets could require material non-cash charges to our results of operations, which could have a material adverse effect on our reported financial condition and results of operations.

#### Development and Financing Risks

***Our hotel owners and franchisees depend on capital to buy, develop, and improve hotels, and they may be unable to access capital when necessary.*** Current and potential hotel owners and franchisees must periodically spend money to fund new hotel investments, as well as to refurbish and improve existing hotels. The availability of funds for new investments and improvement of existing hotels by our current and potential hotel owners and franchisees depends in large measure on their ability to access the capital markets, over which we have little control. Obtaining financing on attractive terms has been, and may in the future be further, constrained by the capital markets for hotel and real estate investments. In addition, owners of existing hotels that we franchise or manage may have difficulty meeting required debt service payments or refinancing loans at maturity.

***Our ability to grow our management and franchise systems is subject to the range of risks associated with real estate investments.*** Our ability to sustain continued growth through management or franchise agreements for new hotels and the conversion of existing facilities to managed or franchised Marriott brands is affected, and may potentially be limited, by a variety of factors influencing real estate development generally. These include site availability, financing availability, planning, zoning and other local approvals, and other limitations that may be imposed by market and submarket factors, such as projected room occupancy and rate, changes in growth in demand compared to projected supply, territorial restrictions in our management and franchise agreements, costs of construction, demand for and availability of construction resources, and other disruptive conditions in global, regional, or local markets.

***Our renovation activities expose us to project cost, completion, and resale risks.*** We occasionally acquire and renovate hotel properties, both directly and through partnerships and other business structures with third parties. This presents a number of risks, including that: (1) market conditions may limit the availability of capital for project completion or take-out financing or make properties that we renovate less attractive to potential purchasers, with the result that we may not be able to complete or sell such properties at the prices or times we anticipate or we may be required to record additional impairment charges; and (2) construction delays or cost overruns, including those due to general market conditions, shortages or increased costs of skilled labor and/or materials, lender financial defaults, or so-called “Acts of God” such as earthquakes, hurricanes, floods, or fires may increase project costs. We could face similar risks to the extent we undertake development activities again in the future.



***Our owned properties and other real estate investments subject us to numerous risks.*** We have a number of owned and leased properties, which are subject to the risks that generally relate to investments in real property. We may seek to sell some of these properties over time; however, equity real estate investments can be difficult to sell quickly. We may not be able to complete asset sales at prices we find acceptable, or at all. Moreover, the investment returns available from equity investments in real estate depend in large part on the amount of income earned and capital appreciation generated, if any, by the particular properties, and the expenses incurred. A variety of other factors also affect income from properties and real estate values, including local market conditions and new supply of hotels and other lodging products, availability and costs of staffing, governmental regulations, insurance, zoning, tax and eminent domain laws, interest rate levels, and the availability of financing. Our real estate investments have been, and could in the future be, impacted by any of these factors, resulting in a material adverse impact on our results of operations or financial condition. If our properties do not generate revenue sufficient to meet operating expenses and make needed capital expenditures, our income could be adversely affected, and we could be required to record additional significant non-cash impairment charges to our results of operations.

***Risks associated with development and sale of residential properties associated with our lodging properties or brands may reduce our profits.*** We participate, through licensing agreements, in the development and sale of residential properties associated with our brands, including residences and condominiums under many of our luxury and premium brand names and trademarks. Such projects pose further risks beyond those generally associated with our lodging business, which may reduce our profits or compromise our brand equity, including risks that: (1) changes in residential real estate demand generally may reduce our profits and could make it more difficult to convince future project developers of the value added by our brands; (2) increases in interest rates, reductions in mortgage availability or the tax benefits of mortgage financing or residential ownership generally, or increases in the costs of residential ownership could prevent potential customers from buying residential products or reduce the prices they are willing to pay; and (3) residential construction may be subject to warranty and liability claims or claims related to purchaser deposits, and the costs of resolving such claims may be significant.

***More hotel projects in our development pipeline may be cancelled or delayed in opening, which could adversely affect our growth prospects.*** We report a significant number of hotels in our development pipeline, including hotels under construction, hotels subject to signed contracts, and hotels approved for development but not yet under contract. The eventual opening of such pipeline hotels and, in particular, the approved hotels that are not yet under contract, is subject to numerous risks, including the other risks described in this section. We have seen construction timelines for pipeline hotels lengthen due to various factors, including competition for skilled construction labor, challenges related to financing, and disruption in permitting and the supply chain for materials, and these circumstances could continue or worsen in the future. Accordingly, we cannot assure you that all of our development pipeline will result in new hotels entering our system, or that those hotels will open when we anticipate.

***Losses on loans or loan guarantees that we have made to third parties impact our profits.*** At times, we make loans for hotel development, acquisition, or renovation expenditures when we enter into or amend management or franchise agreements. From time to time we also provide third-party lenders with financial guarantees for the timely repayment of all or a portion of debt related to hotels that we manage or franchise, generally subject to an obligation that the owner reimburse us for any fundings. We have suffered losses, and could suffer losses in the future, when hotel owners or franchisees default on loans that we provide or fail to reimburse us for loan guarantees that we have funded.

***If owners of hotels that we manage or franchise cannot repay or refinance mortgage loans secured by their properties, our revenues and profits could decrease and our business could be harmed.*** The owners of many of our managed or franchised properties have pledged their hotels as collateral for mortgage loans that they entered into when those properties were purchased or refinanced. If those owners cannot repay or refinance maturing indebtedness on favorable terms or at all, the lenders could declare a default, accelerate the related debt, and foreclose on the property, or the owners could declare bankruptcy, as we have seen in the past and could see in the future. In some cases, such foreclosures or bankruptcies have in the past resulted, and could in the future result, in the termination of our management or franchise agreements, eliminating our anticipated income and cash flows, which could have a significant negative effect on our results of operations.

#### Technology, Information Protection, and Privacy Risks

***Any disruption in the functioning of our reservation, Loyalty Program, or other core operational systems could adversely affect our performance and results.*** We manage global reservation and Loyalty Program systems or use third-party service providers' reservation systems that communicate reservation and transactional information to our properties from individuals who book reservations directly with us online, through our mobile apps, through our telephone call centers, or through intermediaries like travel agents, Internet travel websites, and other distribution channels. The cost, speed, accuracy, and efficiency of our reservation, Loyalty Program, and other core operational systems are critical aspects of our business and are important considerations for hotel owners when choosing our brands. Our business may suffer if we fail to maintain,

upgrade, or prevent disruption to these systems. Disruptions in or changes to these systems could result in a disruption to our business and the loss of important data.

***A failure to keep pace with developments in technology could impair our operations or competitive position.*** The lodging industry continues to demand the use of sophisticated technology and systems, including those used for our reservation, revenue management, property management, human resources and payroll systems, our Loyalty Program, and technologies we make available to our guests and for our associates. We are currently undertaking a multi-year initiative to upgrade certain of our core technologies and systems, as these and other technologies and systems described in this risk factor must be refined, updated, and/or replaced with more advanced systems on a regular basis. Our business could suffer if we cannot refine, update, and/or replace technologies and systems as quickly or effectively as our competitors, sufficiently in advance of obsolescence or performance failure or degradation, or within budgeted costs and time frames. We also may not achieve the benefits that we anticipate from any new or upgraded technology or system, and a failure to do so could result in higher than anticipated costs or lower guest satisfaction or could impair our operating results. Our business could also suffer if the use of technologies that provide alternatives to in-person meetings and events results in a decrease in demand for our lodging properties.

***We are exposed to risks and costs associated with protecting the integrity and security of Company, associate, and guest data.*** In the operation of our business, we collect, store, use, and transmit large volumes of personal data regarding associates, guests, customers, owners, licensees, franchisees, and our own business operations, including credit card numbers, reservation and loyalty data, and other personal data, in various information systems that we maintain and in systems maintained by third parties, including those of our owners, franchisees, licensees, and service providers. The integrity and protection of this personal data is critical to our business. Our guests and associates also have a high expectation that we, as well as our owners, franchisees, licensees, and service providers, will adequately protect and appropriately use their personal data. The information, security, and privacy requirements imposed by global laws and governmental regulation, our contractual obligations, and the requirements of the payment card industry continue to become increasingly stringent in many jurisdictions in which we operate. Our systems and the systems maintained or used by our owners, franchisees, licensees, and service providers may not be able to satisfy these changing legal and regulatory requirements and associate and guest expectations, or may require significant additional investments or time to do so. We have incurred and may in the future incur significant additional costs to meet these requirements, obligations, and expectations, and in the event of alleged or actual noncompliance, we may experience increased operating costs, increased exposure to payment obligations and litigation, and increased risk of damage to our reputation and brand.

***The Data Security Incident, and other information security incidents, could have numerous adverse effects on our business.*** As a result of the Data Security Incident, numerous lawsuits were filed against us, as described further in Note 7. We may be named as a party in additional lawsuits and other claims may be asserted by or on behalf of guests, customers, hotel owners, stockholders, or others seeking monetary damages or other relief related to the Data Security Incident. A number of federal, state, and foreign governmental authorities made inquiries, opened investigations, or requested information and/or documents related to the Data Security Incident, including under various data protection and privacy regulations. Responding to and resolving these lawsuits, claims, and/or investigations has resulted in payments and other expenses, such as the £18.4 million payment imposed by the Information Commissioner's Office in the United Kingdom (the "ICO") in connection with the ICO's final decision issued in October 2020, and could result in material additional payments or remedial or other expenses. Other governmental authorities investigating or seeking information about the Data Security Incident have imposed and may further impose undertakings, injunctive relief, consent decrees, or other civil or criminal penalties, which could, among other things, materially increase our costs or otherwise require us to alter how we operate our business. Significant management time and Company resources have been, and will continue to be, devoted to matters related to the Data Security Incident. Future publicity or developments related to the Data Security Incident, including as a result of subsequent reports or regulatory actions or developments, could have a range of other adverse effects on our business or prospects, including causing or contributing to loss of consumer confidence, reduced consumer demand, reduced enrollment and/or participation in our Loyalty Program, and associate retention and recruiting difficulties. Insurance coverage designed to limit our exposure to losses such as those related to the Data Security Incident may not be sufficient or available to cover all of our expenses or other losses (including the final payment imposed by the ICO and any other payments, fines or penalties) related to the Data Security Incident, and certain expenses by their nature (such as, for example, expenses related to enhancing our cybersecurity program) are not covered by our insurance program.

***Additional cybersecurity incidents could have adverse effects on our business.*** We have implemented enhanced security measures to safeguard our systems and data, and we intend to continue implementing additional measures in the future, but, as we have seen in the past, our measures may not be sufficient to maintain the confidentiality, security, or availability of the data we collect, store, and use to operate our business. Measures taken by our service providers or our owners, franchisees, licensees, other business partners or their service providers also may not be sufficient, as we have seen in the past. Efforts to hack or circumvent security measures, efforts to gain unauthorized access to, exploit or disrupt the operation or integrity of our data or systems, failures of systems or software to operate as designed or intended, viruses, "ransomware" or other malware,

“supply chain” attacks, “phishing” or other types of business communications compromises, operator error, or inadvertent releases of data have impacted, and may in the future impact, our information systems and records or those of our owners, franchisees, licensees, other business partners, or service providers. Our reliance on computer, Internet-based, and mobile systems and communications, and the frequency and sophistication of efforts by third parties to gain unauthorized access or prevent authorized access to such systems, have greatly increased in recent years. Our increased reliance on cloud-based services and on remote access to information systems increases the Company’s exposure to potential cybersecurity incidents. We have experienced cyberattacks, attempts to disrupt access to our systems and data, and attempts to affect the operation or integrity of our data or systems, and the frequency and sophistication of such efforts could continue to increase. Any additional significant theft of, unauthorized access to, compromise or loss of, loss of access to, or fraudulent use of guest, associate, owner, franchisee, licensee, or Company data could adversely impact our reputation and could result in legal, regulatory and other consequences, including remedial and other expenses, fines, or litigation. Depending on the nature and scope of the event, future compromises in the security of our information systems or those of our owners, franchisees, licensees, other business partners, or service providers or other future disruptions or compromises of data or systems could lead to future interruptions in, or other adverse effects on, the operation of our systems or those of our owners, franchisees, licensees, other business partners, or service providers. This could result in operational interruptions and/or outages and a loss of profits, as well as negative publicity and other adverse effects on our business, including lost sales, loss of consumer confidence, boycotts, reduced enrollment and/or participation in our Loyalty Program, litigation, diminished associate satisfaction, and/or retention and recruiting difficulties, all of which could materially affect our market share, reputation, business, financial condition, or results of operations.

Because we have experienced cybersecurity incidents in the past, additional incidents or the failure to detect and appropriately respond to additional incidents could magnify the severity of the adverse effects on our business. The techniques used to obtain unauthorized access, disable or degrade service, or sabotage information systems change frequently, can be difficult to detect for long periods of time, and can involve difficult or prolonged assessment or remediation periods even once detected, which could also magnify the severity of these adverse effects. We cannot assure you that all potential causes of past significant incidents have been identified and remediated; additional measures may be needed to prevent significant incidents in the future. The steps we take may not be sufficient to prevent future significant incidents and as a result, such incidents may occur again. Although we carry cyber insurance that is designed to protect us against certain losses related to cyber risks, that insurance coverage may not be sufficient or available to cover all expenses or other losses (including payments to regulatory authorities) or all types of claims that may arise in connection with cyberattacks, security compromises, and other related incidents. Furthermore, in the future such insurance may not be available on commercially reasonable terms, or at all.

***Changes in privacy and data security laws could increase our operating costs and increase our exposure to payment obligations and litigation.*** We are subject to numerous, complex, and frequently changing laws, regulations, and contractual obligations designed to protect personal information. Various U.S. federal and state laws, data privacy and data security laws outside of the U.S., payment card industry security standards, and other information privacy and security standards are all applicable to us. Significant legislative, judicial, or regulatory changes have been and could be issued in the future. Compliance with changes in applicable data security and privacy laws and regulations and contractual obligations, including the need to respond to investigations into our compliance, has increased and may in the future increase our costs, and may restrict our business operations, increase our exposure to payment obligations and litigation in the event of alleged noncompliance, and adversely affect our reputation.

***Changes in laws could adversely affect our ability to market our products effectively.*** We rely on a variety of direct marketing techniques, including email marketing, online advertising (including through social media), and postal mailings. Any further legal restrictions under various U.S. federal, state, or international laws, or new international, federal, or state laws on marketing and solicitation or international privacy, e-privacy, and anti-spam laws that govern these activities could adversely affect the continuing effectiveness of email, online advertising (including through social media), and postal mailing techniques and could require changes in our marketing strategy. If this occurs, we may not be able to develop adequate alternative marketing strategies, which could impact the amount and timing of our sales of certain products. We also obtain access to potential guests and customers from travel service providers or other companies with whom we have substantial relationships, and we market to some individuals on these lists directly or by including our marketing message in the other companies’ marketing materials. If access to these lists were to be prohibited or otherwise restricted, our ability to develop new guests and customers and introduce them to our products could be impaired.

#### Governance Risk

***Delaware law and our governing corporate documents contain, and our Board of Directors could implement, anti-takeover provisions that could deter takeover attempts.*** Under the Delaware business combination statute, a stockholder holding 15 percent or more of our outstanding voting stock could not acquire us without Board of Directors’ consent for at least three years after the date the stockholder first held 15 percent or more of the voting stock. Our governing corporate documents

also, among other things, require supermajority votes for mergers and similar transactions. In addition, our Board of Directors could, without stockholder approval, implement other anti-takeover defenses, such as a stockholder rights plan.

#### **Item 1B. Unresolved Staff Comments.**

None.

#### **Item 2. Properties.**

Under our asset-light business model, we typically manage or franchise hotels and other lodging offerings, rather than own them. As of December 31, 2022, we owned or leased 26 hotels in U.S. & Canada and 38 hotels in International. Additionally, most of our regional offices, customer care and reservation centers, and sales offices, as well as our corporate headquarters, are in leased facilities. See Part I, Item 1, “Business,” earlier in this report, and the “Properties and Rooms” caption in Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for more information about our company-operated properties.

#### **Item 3. Legal Proceedings.**

See the information under the “Litigation, Claims, and Government Investigations” caption in Note 7, which we incorporate here by reference. Within this section, we use a threshold of \$1 million in disclosing material environmental proceedings involving a governmental authority, if any.

From time to time, we are also subject to other legal proceedings and claims in the ordinary course of business, including adjustments proposed during governmental examinations of the various tax returns we file. While management presently believes that the ultimate outcome of these other proceedings, individually and in aggregate, will not materially harm our financial position, cash flows, or overall trends in results of operations, legal proceedings are inherently uncertain, and unfavorable rulings could, individually or in aggregate, have a material adverse effect on our business, financial condition, or operating results.

#### **Item 4. Mine Safety Disclosures.**

Not applicable.

#### **Information about our Executive Officers**

See the information under “Information about our Executive Officers” in Part III, Item 10 of this report for information about our executive officers, which we incorporate here by reference.

## **PART II**

#### **Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities.**

##### **Market Information**

At February 7, 2023, 308,121,159 shares of our Class A Common Stock (our “common stock”) were outstanding and were held by 32,128 stockholders of record. Our common stock trades on the Nasdaq Global Select Market (“Nasdaq”) under the trading symbol MAR.

##### **Fourth Quarter 2022 Issuer Purchases of Equity Securities**

*(in millions, except per share amounts)*

Period	Total Number of Shares Purchased	Average Price per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs <sup>(1)</sup>	Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs <sup>(1)</sup>
October 1, 2022 - October 31, 2022	3.0	\$ 149.16	3.0	6.3
November 1, 2022 - November 30, 2022	2.8	\$ 159.06	2.8	28.5
December 1, 2022 - December 31, 2022	2.9	\$ 155.66	2.9	25.6

<sup>(1)</sup> On February 28, 2019, we announced that our Board of Directors increased our common stock repurchase authorization by 25 million shares. In addition, on November 10, 2022, we announced that our Board of Directors further increased our common stock repurchase authorization by 25 million shares. At year-end 2022, 25.6 million shares remained available for repurchase under Board approved authorizations. We repurchase shares in the open market and in privately negotiated transactions and account for these shares as treasury stock.



**Item 6. Reserved.**

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

*A discussion regarding our financial condition and results of operations for year-end 2021 compared to year-end 2020 can be found in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," of our Annual Report on Form 10-K for the fiscal year ended December 31, 2021, as filed with the SEC on February 15, 2022 ("2021 Form 10-K").*

**BUSINESS AND OVERVIEW**

*Overview*

We are a worldwide operator, franchisor, and licensor of hotel, residential, timeshare, and other lodging properties in 138 countries and territories under 30 brand names. Under our asset-light business model, we typically manage or franchise hotels, rather than own them. We discuss our operations in the following reportable business segments: (1) U.S. & Canada and (2) International.

Terms of our management agreements vary, but our management fees generally consist of base management fees and incentive management fees. Base management fees are typically calculated as a percentage of property-level revenue. Incentive management fees are typically calculated as a percentage of a hotel profitability measure, and, in many cases (particularly in our U.S. & Canada, Europe, and Caribbean & Latin America regions), are subject to a specified owner return. Under our franchise agreements, franchise fees are typically calculated as a percentage of property-level revenue or a portion thereof. Additionally, we earn franchise fees for the use of our intellectual property, such as fees from our co-branded credit card, timeshare, and residential programs.

On September 23, 2016, we completed the acquisition of Starwood Hotels & Resorts Worldwide, LLC, formerly known as Starwood Hotels & Resorts Worldwide, Inc. ("Starwood"), through a series of transactions, after which Starwood became an indirect wholly-owned subsidiary of the Company.

*Performance Measures*

We believe Revenue per Available Room ("RevPAR"), which we calculate by dividing room sales for comparable properties by room nights available for the period, is a meaningful indicator of our performance because it measures the period-over-period change in room revenues for comparable properties. RevPAR may not be comparable to similarly titled measures, such as revenues, and should not be viewed as necessarily correlating with our fee revenue. We also believe occupancy and average daily rate ("ADR"), which are components of calculating RevPAR, are meaningful indicators of our performance. Occupancy, which we calculate by dividing occupied rooms by total rooms available (including rooms in hotels temporarily closed due to issues related to COVID-19), measures the utilization of a property's available capacity. ADR, which we calculate by dividing property room revenue by total rooms sold, measures average room price and is useful in assessing pricing levels. RevPAR, occupancy, and ADR statistics are on a systemwide basis for comparable properties, unless otherwise stated. Comparisons to prior periods are on a constant U.S. dollar basis. We calculate constant dollar statistics by applying exchange rates for the current period to the prior comparable period.

We define our comparable properties as our properties that were open and operating under one of our brands since the beginning of the last full calendar year (since January 1, 2021 for the current period) and have not, in either the current or previous year: (1) undergone significant room or public space renovations or expansions, (2) been converted between company-operated and franchised, or (3) sustained substantial property damage or business interruption, with the exception of properties closed or otherwise experiencing interruptions related to COVID-19, which we continue to classify as comparable. For 2022 compared to 2021, we had 5,123 comparable U.S. & Canada properties and 1,548 comparable International properties. RevPAR, occupancy, and ADR comparisons between 2022 and 2019, which we discuss under the "Business Trends" caption below, reflect properties that are defined as comparable as of December 31, 2022, September 30, 2022, June 30, 2022, or March 31, 2022 (as applicable), even if in 2019 they were not open and operating for the full year or did not meet all the other criteria listed above. Unless otherwise stated, all comparisons to pre-pandemic or 2019 are comparing to the same time period each year.

*Business Trends*

We continued to see strong global RevPAR improvement throughout 2022 despite Greater China continuing to be significantly negatively impacted by COVID-19 through the end of the 2022 fourth quarter. While RevPAR recovery at the beginning of 2022 was dampened due to the emergence of COVID-19 variants, RevPAR quickly improved, resulting in 2022 third quarter worldwide RevPAR exceeding 2019 levels for the first time since the pandemic began. By the 2022 fourth quarter,

worldwide RevPAR exceeded 2019 levels by 4.6 percent, reflecting ADR growth of 12.8 percent, partially offset by a decline in occupancy of 5.1 percentage points compared to 2019 levels. The global recovery continued across all customer segments, led by robust leisure demand as well as strengthening group demand, which was higher than 2019 levels in certain regions during the 2022 fourth quarter. Business transient demand also continued to improve during 2022, although it continued to lag behind 2019 levels.

RevPAR in 2022 compared to 2021 improved 46.5 percent in our U.S. & Canada segment, 66.2 percent in our International segment, and 51.0 percent worldwide. RevPAR in 2022 compared to pre-pandemic 2019 levels declined 4.0 percent worldwide, with improvement in the decline each succeeding quarter during 2022 for each of our segments and worldwide.

In the U.S. & Canada, RevPAR declined only 0.8 percent in 2022 compared to 2019, due to a decline in occupancy of 6.0 percentage points, partially offset by ADR growth of 8.1 percent. In the 2022 fourth quarter, U.S. & Canada RevPAR improved 5.2 percent compared to the same period in 2019, due to ADR growth of 11.1 percent, partially offset by a decline in occupancy of 3.7 percentage points. The decline in occupancy as compared to 2019 improved sequentially in each quarter of 2022, reflecting strong demand recovery in many markets within the U.S. & Canada.

Internationally, RevPAR declined 11.9 percent in 2022 compared to 2019, due to a decline in occupancy of 12.2 percentage points, partially offset by ADR growth of 7.0 percent. In the 2022 fourth quarter, International RevPAR improved 3.4 percent compared to the same period in 2019, due to ADR growth of 17.3 percent, partially offset by a decline in occupancy of 8.3 percentage points. In the 2022 fourth quarter, RevPAR remained significantly below 2019 levels in Greater China, but exceeded pre-pandemic 2019 levels in the Caribbean & Latin America, Europe, Middle East & Africa, and Asia Pacific excluding China regions, driven by strengthening demand, especially from cross-border guests and meaningful growth in ADR.

Although COVID-19's negative impact on our business has significantly decreased and we saw strong global RevPAR improvement in 2022, our business is subject to the effects of changes in global and regional conditions and these conditions can change rapidly. We continue to monitor global economic conditions, and although we are not currently seeing signs of a slowdown in lodging demand, the lodging booking window is short and trends can change quickly.

#### *Starwood Data Security Incident*

On November 30, 2018, we announced a data security incident involving unauthorized access to the Starwood reservations database (the "Data Security Incident"). The Starwood reservations database is no longer used for business operations.

We are currently unable to reasonably estimate the range of total possible financial impact to the Company from the Data Security Incident in excess of the expenses already recorded. However, we do not believe this incident will impact our long-term financial health. Although our insurance program includes coverage designed to limit our exposure to losses such as those related to the Data Security Incident, that insurance may not be sufficient or available to cover all of our expenses or other losses (including monetary payments to regulators and/or litigants) related to the Data Security Incident. In addition, certain expenses by their nature (such as, for example, expenses related to enhancing our cybersecurity program) are not covered by our insurance program. We expect to incur significant expenses associated with the Data Security Incident in future periods in excess of the amounts already recorded, primarily related to legal proceedings and regulatory investigations (including possible additional monetary payments to regulators and/or litigants as well as costs associated with compliance with any settlements or resolutions of matters). See Note 7 for additional information related to legal proceedings and governmental investigations related to the Data Security Incident.

#### *System Growth and Pipeline*

In 2022, our system grew from 7,989 properties (1,479,179 rooms) at year-end 2021 to 8,288 properties (1,525,407 rooms) at year-end 2022, reflecting gross additions of 394 properties (65,376 rooms) and deletions of 94 properties (19,079 rooms), including the impact of the Company's decision to suspend its operations in Russia. Approximately 61 percent of our 2022 gross room additions were located outside U.S. & Canada, and 27 percent were conversions from competitor brands.

At year-end 2022, we had more than 496,000 hotel rooms in our development pipeline, which includes approximately 199,000 hotel rooms under construction and roughly 22,300 hotel rooms approved for development but not yet under signed contracts. Over half of the rooms in our development pipeline are outside U.S. & Canada. In 2022, we signed 726 new management and franchise agreements, representing nearly 108,000 rooms, of which approximately half of the rooms are located outside U.S. & Canada. Our Select hotel brands continued to be a key growth driver globally with 523 hotel properties signed during 2022. In particular, our longer stay brands, which include Element Hotels, Residence Inn, and TownePlace Suites, accounted for 30 percent of the Company's signings in 2022. In addition, contracts signed in 2022 reflected the Company's strength in the luxury tier, with 42 luxury hotel agreements signed, representing nearly 8,000 rooms. Conversions accounted for nearly 20 percent of rooms signings in 2022.

In 2023, we expect total gross rooms growth of approximately 5.5 percent and net rooms growth of 4.0 to 4.5 percent, including approximately 1.1 percent from the anticipated addition of rooms associated with the City Express brand acquisition discussed in Note 3, which are not reflected in the development pipeline discussed above.

## Properties and Rooms

At year-end 2022, we operated, franchised, and licensed the following properties and rooms:

	Managed		Franchised/Licensed		Owned/Leased		Residential		Total	
	Properties	Rooms	Properties	Rooms	Properties	Rooms	Properties	Rooms	Properties	Rooms
U.S. & Canada	632	215,331	5,121	735,470	26	6,483	67	7,128	5,846	964,412
International	1,357	345,220	907	179,319	38	9,209	46	4,353	2,348	538,101
Timeshare	—	—	93	22,745	—	—	—	—	93	22,745
Yacht	—	—	1	149	—	—	—	—	1	149
<b>Total</b>	<b>1,989</b>	<b>560,551</b>	<b>6,122</b>	<b>937,683</b>	<b>64</b>	<b>15,692</b>	<b>113</b>	<b>11,481</b>	<b>8,288</b>	<b>1,525,407</b>

## Lodging Statistics

The following tables present RevPAR, occupancy, and ADR statistics for comparable properties for 2022, and 2022 compared to 2021. Systemwide statistics include data from our franchised properties, in addition to our company-operated properties.

	RevPAR		Occupancy		Average Daily Rate	
	2022	vs. 2021	2022	vs. 2021	2022	vs. 2021
<i>Comparable Company-Operated Properties</i>						
U.S. & Canada	\$ 159.06	67.0 %	65.3 %	17.9 % pts.	\$ 243.73	21.3 %
Greater China	\$ 53.22	(18.5)%	47.5 %	(8.0)% pts.	\$ 112.14	(4.8)%
Asia Pacific excluding China	\$ 84.41	122.5 %	59.2 %	23.1 % pts.	\$ 142.60	35.8 %
Caribbean & Latin America	\$ 126.55	67.0 %	60.8 %	17.7 % pts.	\$ 208.17	18.4 %
Europe	\$ 153.51	148.3 %	63.5 %	30.3 % pts.	\$ 241.65	29.9 %
Middle East & Africa	\$ 124.63	52.8 %	64.7 %	13.1 % pts.	\$ 192.54	22.0 %
International - All <sup>(1)</sup>	\$ 94.64	55.5 %	57.0 %	11.7 % pts.	\$ 166.06	23.4 %
Worldwide <sup>(2)</sup>	\$ 123.30	61.9 %	60.7 %	14.5 % pts.	\$ 203.23	23.3 %
<i>Comparable Systemwide Properties</i>						
U.S. & Canada	\$ 118.97	46.5 %	67.0 %	11.6 % pts.	\$ 177.47	21.1 %
Greater China	\$ 51.38	(16.6)%	46.8 %	(7.2)% pts.	\$ 109.71	(3.9)%
Asia Pacific excluding China	\$ 83.87	111.8 %	59.3 %	22.2 % pts.	\$ 141.47	32.5 %
Caribbean & Latin America	\$ 105.26	72.3 %	58.0 %	17.1 % pts.	\$ 181.42	21.6 %
Europe	\$ 121.38	146.2 %	61.1 %	29.8 % pts.	\$ 198.67	25.9 %
Middle East & Africa	\$ 116.91	55.8 %	64.2 %	13.3 % pts.	\$ 182.07	23.5 %
International - All <sup>(1)</sup>	\$ 91.30	66.2 %	57.0 %	14.6 % pts.	\$ 160.21	23.7 %
Worldwide <sup>(2)</sup>	\$ 110.64	51.0 %	64.0 %	12.5 % pts.	\$ 172.85	21.5 %

<sup>(1)</sup> Includes Greater China, Asia Pacific excluding China, Caribbean & Latin America, Europe, and Middle East & Africa.

<sup>(2)</sup> Includes U.S. & Canada and International - All.

## CONSOLIDATED RESULTS

Our consolidated results in 2022 improved significantly compared to 2021 due to the continued recovery in lodging demand from the impacts of COVID-19. The discussion below presents an additional analysis of our consolidated results of operations for 2022 compared to 2021.

### Fee Revenues

(\$ in millions)	2022	2021	Change 2022 vs. 2021	
Base management fees	\$ 1,044	\$ 669	\$ 375	56 %
Franchise fees	2,505	1,790	715	40 %
Incentive management fees	529	235	294	125 %
Gross fee revenues	4,078	2,694	1,384	51 %
Contract investment amortization	(89)	(75)	(14)	(19)%
Net fee revenues	\$ 3,989	\$ 2,619	\$ 1,370	52 %

The increase in base management fees primarily reflected higher RevPAR and unit growth, partially offset by net unfavorable foreign exchange rates (\$25 million).

The increase in franchise fees primarily reflected higher RevPAR, higher co-branded credit card fees (\$119 million) and unit growth (\$109 million), partially offset by net unfavorable foreign exchange rates (\$17 million).

The increase in incentive management fees primarily reflected higher profits at certain managed hotels and unit growth, partially offset by net unfavorable foreign exchange rates (\$16 million). In 2022, we earned incentive management fees from 61 percent of our managed properties worldwide, compared to 47 percent in 2021. We earned incentive management fees from 29 percent of our U.S. & Canada managed properties and 76 percent of our International managed properties in 2022, compared to 13 percent in U.S. & Canada and 63 percent in International in 2021. In addition, 58 percent of our total incentive management fees in 2022 came from our International managed properties versus 71 percent in 2021.

### Owned, Leased, and Other

(\$ in millions)	2022	2021	Change 2022 vs. 2021	
Owned, leased, and other revenue	\$ 1,367	\$ 796	\$ 571	72 %
Owned, leased, and other - direct expenses	1,074	734	340	46 %
Owned, leased, and other, net	\$ 293	\$ 62	\$ 231	373 %

Owned, leased, and other revenue, net of direct expenses, increased primarily due to net stronger results at our owned and leased properties, partially offset by an estimated monetary payment related to a portfolio of 12 leased hotels in the U.S. & Canada (\$31 million) and lower termination fees (\$18 million).

### Cost Reimbursements

(\$ in millions)	2022	2021	Change 2022 vs. 2021	
Cost reimbursement revenue	\$ 15,417	\$ 10,442	\$ 4,975	48 %
Reimbursed expenses	15,141	10,322	4,819	47 %
Cost reimbursements, net	\$ 276	\$ 120	\$ 156	130 %

Cost reimbursements, net (cost reimbursement revenue, net of reimbursed expenses) varies due to timing differences between the costs we incur for centralized programs and services and the related reimbursements we receive from hotel owners and franchisees. Over the long term, our centralized programs and services are not designed to impact our economics, either positively or negatively. See Note 2 for more information about the accounting for cost reimbursements, including our Loyalty Program.

The increase in cost reimbursements, net primarily reflects higher revenues, net of expenses, for our centralized programs and services as well as our insurance program.

## Other Operating Expenses

(\$ in millions)	2022	2021	Change 2022 vs. 2021	
Depreciation, amortization, and other	\$ 193	\$ 220	\$ (27)	(12)%
General, administrative, and other	891	823	68	8 %
Restructuring, merger-related charges, and other	12	8	4	50 %

Depreciation, amortization, and other expenses decreased primarily due to lower impairment charges.

General, administrative, and other expenses increased primarily due to higher administrative and compensation costs.

## Non-Operating Income (Expense)

(\$ in millions)	2022	2021	Change 2022 vs. 2021	
Gains and other income, net	\$ 11	\$ 10	\$ 1	10 %
Loss on extinguishment of debt	—	(164)	164	100 %
Interest expense	(403)	(420)	17	4 %
Interest income	26	28	(2)	(7)%
Equity in earnings (losses)	18	(24)	42	175 %

The loss on extinguishment of debt in 2021 was due to the September 2021 tender offer in which we purchased and retired \$1 billion aggregate principal amount of our 5.750 percent Series EE Notes maturing May 1, 2025.

Interest expense decreased primarily due to lower average debt balances driven by Senior Notes maturities and repurchases.

Equity in earnings (losses) changed, primarily due to our share of the gains on the sales of properties (\$23 million) and higher profits related to our equity method investments.

## Income Taxes

(\$ in millions)	2022	2021	Change 2022 vs. 2021	
(Provision) benefit for income taxes	\$ (756)	\$ (81)	\$ (675)	(833)%

Our tax provision increased in 2022, compared to our tax provision in 2021, primarily due to the increase in operating income (\$422 million), the prior year release of tax reserves due to favorable audit resolutions (\$143 million), the prior year tax benefit from the loss on extinguishment of debt (\$42 million), and the current year tax expense from the completion of prior years' tax audits (\$27 million).

## BUSINESS SEGMENTS

Our segment results in 2022 improved significantly compared to 2021 due to the continued recovery in lodging demand from the impacts of COVID-19. The following discussion presents an additional analysis of the operating results of our reportable business segments.

(\$ in millions)	2022		2021		Change 2022 vs. 2021	
<b>U.S. &amp; Canada</b>						
Segment revenues	\$	15,753	\$	10,356	\$	5,397 52 %
Segment profit		2,446		1,394		1,052 75 %
<b>International</b>						
Segment revenues		3,486		2,254		1,232 55 %
Segment profit		794		258		536 208 %

	Properties				Rooms			
	December 31, 2022	December 31, 2021	vs. December 31, 2021		December 31, 2022	December 31, 2021	vs. December 31, 2021	
<b>U.S. &amp; Canada</b>	5,846	5,712	134	2 %	964,412	945,987	18,425	2 %
<b>International</b>	2,348	2,185	163	7 %	538,101	510,491	27,610	5 %

### U.S. & Canada

U.S. & Canada segment profit increased primarily due to the following:

- \$906 million of higher gross fee revenues, primarily reflecting higher comparable systemwide RevPAR driven by increases in both ADR and occupancy, higher profits at certain managed hotels, and unit growth;
- \$83 million of higher cost reimbursement revenue, net of reimbursed expenses; and
- \$62 million of higher owned, leased, and other revenue, net of direct expenses, primarily reflecting stronger results at owned and leased properties, partially offset by an estimated monetary payment related to a portfolio of 12 leased hotels in U.S. & Canada (\$31 million);

partially offset by:

- \$23 million of higher general, administrative, and other expenses, primarily reflecting a favorable litigation settlement in 2021 (\$18 million).

### International

International segment profit increased primarily due to the following:

- \$349 million of higher gross fee revenues, primarily reflecting higher comparable systemwide RevPAR driven by increases in both ADR and occupancy in all regions except Greater China, higher profits at certain managed hotels, and unit growth, partially offset by net unfavorable foreign exchange rates (\$56 million);
- \$141 million of higher owned, leased, and other revenue, net of direct expenses, primarily reflecting net stronger results at owned and leased properties, partially offset by lower termination fees (\$16 million); and
- \$35 million of higher cost reimbursement revenue, net of reimbursed expenses;

partially offset by:

- \$28 million of higher general, administrative, and other expenses, primarily reflecting higher compensation costs.



## LIQUIDITY AND CAPITAL RESOURCES

### *Our Credit Facility*

In the 2022 fourth quarter, we amended and restated our \$4.5 billion multicurrency revolving credit agreement (the “Credit Facility”). Available borrowings under the Credit Facility support our commercial paper program and general corporate needs. Borrowings under the Credit Facility generally bear interest at SOFR (the Secured Overnight Financing Rate) plus a spread based on our public debt rating. We also pay quarterly fees on the Credit Facility at a rate based on our public debt rating. We classify outstanding borrowings under the Credit Facility and outstanding commercial paper borrowings as long-term based on our ability and intent to refinance the outstanding borrowings on a long-term basis. The Credit Facility expires on December 14, 2027.

The Credit Facility contains certain covenants, including a single financial covenant that limits our maximum leverage (consisting of the ratio of Adjusted Total Debt to EBITDA, each as defined in the Credit Facility) to not more than 4.5 to 1.0. Our outstanding public debt does not contain a corresponding financial covenant or a requirement that we maintain certain financial ratios.

We currently satisfy the covenants in our Credit Facility and public debt instruments, including the leverage covenant under the Credit Facility, and do not expect the covenants will restrict our ability to meet our anticipated borrowing and liquidity needs.

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 fund our liquidity needs. We believe the Credit Facility, and our access to capital markets, together with cash we expect to generate from operations, remain adequate to meet our liquidity requirements.

### *Commercial Paper*

We issue commercial paper in the U.S. Because we do not have purchase commitments from buyers for our commercial paper, our ability to issue commercial paper is subject to market demand. We do not expect that fluctuations in the demand for commercial paper will affect our liquidity, given our borrowing capacity under the Credit Facility and access to capital markets.

### *Cash from Operations*

Net cash provided by operating activities increased by \$1,186 million in 2022 compared to 2021, primarily due to higher net income (adjusted for non-cash items and the prior year loss on extinguishment of debt), partially offset by higher cash paid for income taxes and working capital changes driven by accounts receivable timing. Cash inflow from our Loyalty Program in 2020 included \$920 million of cash received from the prepayment of certain future revenues under the 2020 amendments to our existing U.S.-issued co-branded credit card agreements, which reduced in both 2021 and 2022, and will in the future reduce, the amount of cash we receive from these card issuers. We expect such reductions to end by year-end 2023.

Our ratio of current assets to current liabilities was 0.5 to 1.0 at year-end 2022 and 0.6 to 1.0 at year-end 2021. We have significant borrowing capacity under our Credit Facility should we need additional working capital.

### *Investing Activities Cash Flows*

**Capital Expenditures and Other Investments.** We made capital and technology expenditures of \$332 million in 2022 and \$183 million in 2021. Capital and technology expenditures in 2022 increased by \$149 million compared to 2021, primarily reflecting higher spending on improvements to our worldwide technology systems.

We expect capital expenditures and other investments will total approximately \$850 million to \$1 billion for 2023, including capital and technology expenditures, loan advances, contract acquisition costs, and other investing activities (including approximately \$300 million for maintenance capital spending). This estimate also includes \$100 million of investment spending related to the City Express brand acquisition discussed in Note 3, which we currently expect to close in the first half of 2023, and approximately \$160 million of renovation spending on hotels that we expect to sell after renovations are complete.

Over time, we have sold lodging properties, both completed and under development, subject to long-term management agreements. The ability of third-party purchasers to raise the debt and equity capital necessary to acquire such properties depends in part on the perceived risks in the lodging industry and other constraints inherent in the capital markets. We monitor the status of the capital markets and regularly evaluate the potential impact of changes in capital market conditions on our business operations. We have made, and expect to continue making, selective and opportunistic investments to add units to our lodging business, which may include property acquisitions and renovations, new construction, loans, guarantees, and equity

investments. Over time, we seek to minimize capital invested in our business through asset sales subject to long-term management or franchise agreements.

**Loan Activity.** From time to time, we make loans to owners of hotels that we operate or franchise. Loan collections, net of loan advances, amounted to \$3 million in 2022, compared to net collections of \$27 million in 2021. At year-end 2022, we had \$162 million of senior, mezzanine, and other loans outstanding, compared to \$153 million outstanding at year-end 2021.

#### *Financing Activities Cash Flows*

**Debt.** Debt decreased by \$74 million in 2022, to \$10,064 million at year-end 2022 from \$10,138 million at year-end 2021, primarily due to lower outstanding Credit Facility borrowings (\$1,050 million), the maturity of our Series Q Notes (\$399 million), the maturity of our Series DD Notes (\$224 million), and the redemption of our Series L Notes (\$173 million), partially offset by the issuance of our Series JJ Notes (\$983 million) and higher outstanding commercial paper borrowings (\$868 million). See Note 9 for additional information on the Senior Notes issuance and redemption.

Our long-term financial objectives include diversifying our financing sources, optimizing the mix and maturity of our long-term debt, and reducing our working capital. At year-end 2022, our long-term debt had a weighted average interest rate of 4.1 percent and a weighted average maturity of approximately 5.8 years. Including the effect of interest rate swaps, the ratio of our fixed-rate long-term debt to our total long-term debt was 0.9 to 1.0 at year-end 2022.

See the “Our Credit Facility,” caption in this “Liquidity and Capital Resources” section for more information on our Credit Facility.

**Share Repurchases and Dividends.** We repurchased 16.8 million shares of our common stock for \$2.6 billion in 2022. Year-to-date through February 10, 2023, we repurchased 2.5 million shares for \$400 million. For additional information, see “Market for Registrant’s Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities” in Part II, Item 5.

Our Board of Directors declared the following quarterly cash dividends in 2022: (1) \$0.30 per share declared on May 2, 2022 and paid on June 30, 2022 to stockholders of record on May 16, 2022; (2) \$0.30 per share declared on August 4, 2022 and paid on September 30, 2022 to stockholders of record on August 18, 2022; and (3) \$0.40 per share declared on November 10, 2022 and paid on December 30, 2022 to stockholders of record on November 23, 2022. Our Board of Directors declared a cash dividend of \$0.40 per share on February 10, 2023, payable on March 31, 2023 to stockholders of record on February 24, 2023.

We expect to continue to return cash to stockholders through a combination of share repurchases and cash dividends.

#### *Material Cash Requirements*

Our material cash requirements include the following contractual obligations and off-balance sheet arrangements.

- At year-end 2022, we had \$11,989 million of debt, including principal and future interest payments, of which \$1,032 million is payable within the next 12 months from year-end 2022. See Note 9 for further information about our long-term debt.
- We enter into operating and finance leases primarily for hotels, offices, and equipment, which are discussed in Note 8.
- At December 31, 2022, projected Deemed Repatriation Transition Tax payments under the U.S. tax legislation enacted on December 22, 2017, commonly referred to as the 2017 Tax Cuts and Jobs Act, totaled \$336 million, of which \$89 million is payable within the next 12 months from year-end 2022.
- The Company also had guarantees, a contingent purchase obligation, commitments, and letters of credit as of year-end 2022, which are discussed in Note 7. The majority of our guarantee commitments are not expected to be funded within the next 12 months from year-end 2022. In addition to the purchase obligations discussed in Note 7, in the normal course of business, we enter into purchase commitments and incur other obligations to manage the daily operating needs of the hotels that we manage. Since our contracts with owners require reimbursement for these amounts, these obligations are expected to have minimal impact on our net income and cash flow.

#### **NEW ACCOUNTING STANDARDS**

We do not expect that accounting standard updates issued to date and that are effective after December 31, 2022 will have a material effect on our Financial Statements.



## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect reported amounts and related disclosures. Management considers an accounting policy and estimate to be critical if: (1) we must make assumptions that were uncertain when the estimate was made; and (2) changes in the estimate, or selection of a different estimate methodology could have a material effect on our consolidated results of operations or financial condition.

While we believe that our estimates, assumptions, and judgments are reasonable, they are based on information available when the estimate or assumption was made. Actual results may differ significantly. Additionally, changes in our assumptions, estimates or assessments due to unforeseen events or otherwise could have a material impact on our financial position or results of operations.

See Note 2 for further information related to our critical accounting policies and estimates, which are as follows:

*Loyalty Program*, including how we estimate the breakage of hotel points, credit card points, and free night certificates, the volume of points and free night certificates that will be issued under our co-branded credit card agreements, the amount of consideration to which we will be entitled under our co-branded credit card agreements, and the stand-alone selling prices of goods and services provided under our co-branded credit card agreements. Changes in these estimates could result in material changes to our liability for guest loyalty program and Loyalty Program revenue. Based on the conditions existing at December 31, 2022 and holding other factors constant, a one percent decrease in our estimate of the breakage of points could result in an increase in the liability for guest loyalty program of approximately \$50 million. The breakage impact may vary significantly depending on the specific Loyalty Program points for which the anticipated breakage changes.

*Goodwill*, including how we evaluate the fair value of reporting units and when we record an impairment loss on goodwill. During the 2022 fourth quarter, we conducted our annual goodwill impairment test and no impairment charges were recorded. The estimated fair values of all our reporting units significantly exceeded their carrying amounts at the date of their most recent estimated fair value determination.

*Intangibles and Long-Lived Assets*, including how we evaluate the fair value of intangibles and long-lived assets and when we record impairment losses on intangibles and long-lived assets. During 2022, we evaluated our intangibles and long-lived asset groups for impairment and did not record any material impairment charges. The estimated fair values of all our indefinite-lived intangible assets significantly exceeded their carrying amounts at the date of their most recent estimated fair value determination.

### **Item 7A. Quantitative and Qualitative Disclosures About Market Risk.**

We are exposed to market risk from changes in interest rates and currency exchange rates. We manage our exposure to these risks by monitoring available financing alternatives, through the development and application of credit granting policies, and by entering into derivative arrangements. We do not foresee any significant changes in either our exposure to fluctuations in interest rates or currency rates or how we manage such exposure in the future.

We are exposed to interest rate risk on our floating-rate notes receivable and floating-rate debt. Changes in interest rates also impact the fair value of our fixed-rate notes receivable and the fair value of our fixed-rate long-term debt.

We use derivative instruments, including cash flow hedges, fair value hedges, net investment in non-U.S. operations hedges, and other derivative instruments, as part of our overall strategy to manage our exposure to market risks associated with fluctuations in interest rates and currency exchange rates. As a matter of policy, we only enter into transactions that we believe will be highly effective at offsetting the underlying risk, and we do not use derivatives for trading or speculative purposes. See Note 2 for more information on derivative instruments.

The following table sets forth the scheduled maturities and the total fair value as of year-end 2022 for our financial instruments that are impacted by market risks:

	Maturities by Period								
(\$ in millions)	2023	2024	2025	2026	2027	There- after	Total Carrying Amount	Total Fair Value	
Assets - Maturities represent expected principal receipts. Fair values represent assets.									
Fixed-rate notes receivable	\$ 3	\$ 17	\$ 3	\$ 1	\$ 1	\$ 25	\$ 50	\$ 45	
Average interest rate								1.13 %	
Floating-rate notes receivable	\$ 7	\$ 81	\$ 15	\$ 4	\$ 4	\$ 1	\$ 112	\$ 107	
Average interest rate								5.73 %	
Liabilities - Maturities represent expected principal payments. Fair values represent liabilities.									
Fixed-rate debt	\$ (676)	\$ —	\$ (1,301)	\$ (747)	\$ (984)	\$ (4,815)	\$ (8,523)	\$ (7,810)	
Average interest rate								3.92 %	
Floating-rate debt	\$ —	\$ (1,402)	\$ —	\$ —	\$ —	\$ —	\$ (1,402)	\$ (1,411)	
Average interest rate								5.05 %	

**Item 8. Financial Statements and Supplementary Data.**

The following financial information is included on the pages indicated:

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## **MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Management of Marriott International, Inc. (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting and for assessing the effectiveness of internal control over financial reporting. The Company has designed its internal control over financial reporting to provide reasonable assurance on the reliability of financial reporting and the preparation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles.

The Company's internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the Company's transactions and dispositions of the Company's assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of the Company's management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the consolidated financial statements.

Because of inherent limitations in internal control over financial reporting, such controls may not prevent or detect misstatements. Also, projections of any evaluation of the effectiveness of internal controls to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In connection with the preparation of the Company's annual consolidated financial statements, management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) (the "COSO criteria").

Based on this assessment, management has concluded that, applying the COSO criteria, as of December 31, 2022, the Company's internal control over financial reporting was effective to provide reasonable assurance of the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

Ernst & Young LLP, the independent registered public accounting firm that audited the Company's consolidated financial statements included in this report, has issued an attestation report on the effectiveness of the Company's internal control over financial reporting, a copy of which appears on the following page.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of Marriott International, Inc.

### Opinion on Internal Control over Financial Reporting

We have audited Marriott International, Inc.'s internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) (the COSO criteria). In our opinion, Marriott International, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2022 and 2021, and the related consolidated statements of income (loss), comprehensive income (loss), stockholders' equity and cash flows for each of the three years in the period ended December 31, 2022, and the related notes, and our report dated February 14, 2023 expressed an unqualified opinion thereon.

### Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Tysons, Virginia  
February 14, 2023

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of Marriott International, Inc.

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Marriott International, Inc. (the Company) as of December 31, 2022 and 2021, the related consolidated statements of income (loss), comprehensive income (loss), stockholders' equity and cash flows for each of the three years in the period ended December 31, 2022, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) and our report dated February 14, 2023 expressed an unqualified opinion thereon.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

*Description of the Matter*

***Accounting for the Loyalty Program***

During 2022 the Company recognized \$2,692 million of revenues previously deferred as of December 31, 2021, and had deferred revenue of \$6,594 million as of December 31, 2022 associated with the Marriott Bonvoy guest loyalty program (the “Loyalty Program”). As discussed in Note 2 to the financial statements, the Company recognizes revenue for performance obligations relating to Loyalty Program points and free night certificates as they are redeemed and the related performance obligations are satisfied. The Company recognizes a portion of revenue for the Licensed IP performance obligation under the sales-based royalty criteria, with the remaining portion recognized on a straight-line basis over the contract term. Revenue is recognized utilizing complex models based upon the estimated standalone selling price per point and per free night certificate, which includes judgment in making the estimates of variable consideration and breakage of points.

Auditing Loyalty Program results is complex due to: (1) the complexity of models and high volume of data used to monitor and account for Loyalty Program results, (2) the complexity in accounting for the amendments to the Company’s domestic co-branded credit card agreements, as well as the judgment in estimating the relative standalone selling price of the related performance obligations, and (3) the complexity and judgment of estimating the standalone selling price per Loyalty Program point, including both the estimate of variable consideration under the Company’s co-branded credit card agreements which has significant estimation uncertainty associated with projecting future cardholder spending and redemption activity, and the estimated breakage of Loyalty Program points which requires the use of specialists.

*How We Addressed the Matter in Our Audit*

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company’s process of accounting for the Loyalty Program. For example, we tested controls over the accounting methods and model used in reporting results of the Loyalty Program, management’s review of the assumptions and data inputs utilized in estimating the standalone selling price per Loyalty Program point, as well as the development of the estimated breakage.

To test the recognition of revenues and costs associated with the Loyalty Program, we performed audit procedures that included, among others, testing the clerical accuracy and consistency with US GAAP of the accounting model developed by the Company to recognize revenue and costs associated with the Loyalty Program, and testing significant inputs into the accounting model, including the estimated standalone selling price and recognition of points earned and redeemed during the period. We involved our valuation specialists to assist in our testing procedures with respect to the estimate of relative standalone selling price of the performance obligations associated with the amendments to the domestic co-branded credit card agreements. We involved our actuarial professionals to assist in our testing procedures with respect to the estimate of the breakage of Loyalty Program points. We evaluated management’s methodology for estimating the breakage of Loyalty Program points, and we tested underlying data and actuarial assumptions used in estimating the breakage. We evaluated the reasonableness of management’s assumptions, including projections of cash flows, used to estimate variable consideration under the Company’s co-branded credit cards.

<i>Description of the Matter</i>	<p><b><i>Accounting for General and Administrative Expenses and Reimbursed Expenses</i></b></p> <p>During 2022 the Company recognized \$891 million of general and administrative expenses and \$15,141 million of reimbursed expenses. As discussed in Note 2 to the financial statements, the Company incurs certain expenses that are for the benefit of, and reimbursable from, hotel owners and franchisees. Such amounts are recorded in the period in which the expense is incurred and include judgment with respect to the allocation of certain costs between general and administrative expenses, which are non-reimbursable, and reimbursed expenses.</p>
<i>How We Addressed the Matter in Our Audit</i>	<p>Auditing the classification of general and administrative expenses and reimbursed expenses is complex due to: (1) judgment associated with testing management’s conclusions regarding the allocation of costs between reimbursable and non-reimbursable expenses, (2) the complexity associated with allocating above-property expenses to hotel owners and franchisees due to the high volume of data used to monitor and account for reimbursed expenses and (3) incentives within management’s compensation structure designed to achieve certain financial targets that exclude the impact of reimbursed expenses.</p> <p>We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company’s process of accounting for reimbursed expenses, general and administrative expenses, and the process for allocating expenses. For example, we tested management’s controls over the review of the allocation of certain costs to determine if they were reasonably classified.</p> <p>To test the recognition of reimbursed expenses for appropriate classification, we performed audit procedures that included, among others, (1) testing a sample of transactions that were classified within reimbursed expenses in order to evaluate the appropriate accounting treatment and financial statement classification pursuant to the terms of the management and franchise agreements, (2) performed analytical procedures over total reimbursed expenses and general and administrative expenses in order to identify any trends or indicators of material errors in the classification of expenses, (3) tested manual journal entries made to reimbursed expenses and general and administrative expenses and (4) evaluated the methodology of cost allocations, including any material changes to allocations during the period.</p>
/s/ Ernst & Young LLP	
We have served as the Company’s auditor since 2002.	
Tysons, Virginia February 14, 2023	



**MARRIOTT INTERNATIONAL, INC.**  
**CONSOLIDATED STATEMENTS OF INCOME (LOSS)**  
**Fiscal Years 2022, 2021, and 2020**  
(\$ in millions, except per share amounts)

	2022	2021	2020
<b>REVENUES</b>			
Base management fees	\$ 1,044	\$ 669	\$ 443
Franchise fees	2,505	1,790	1,153
Incentive management fees	529	235	87
Gross fee revenues	4,078	2,694	1,683
Contract investment amortization	(89)	(75)	(132)
Net fee revenues	3,989	2,619	1,551
Owned, leased, and other revenue	1,367	796	568
Cost reimbursement revenue <sup>(1)</sup>	15,417	10,442	8,452
	20,773	13,857	10,571
<b>OPERATING COSTS AND EXPENSES</b>			
Owned, leased, and other-direct	1,074	734	677
Depreciation, amortization, and other	193	220	346
General, administrative, and other	891	823	762
Restructuring, merger-related charges, and other	12	8	267
Reimbursed expenses <sup>(1)</sup>	15,141	10,322	8,435
	17,311	12,107	10,487
<b>OPERATING INCOME</b>	3,462	1,750	84
Gains and other income, net	11	10	9
Loss on extinguishment of debt	—	(164)	—
Interest expense	(403)	(420)	(445)
Interest income	26	28	27
Equity in earnings (losses) <sup>(1)</sup>	18	(24)	(141)
<b>INCOME (LOSS) BEFORE INCOME TAXES</b>	3,114	1,180	(466)
(Provision) benefit for income taxes	(756)	(81)	199
<b>NET INCOME (LOSS)</b>	\$ 2,358	\$ 1,099	\$ (267)
<b>EARNINGS (LOSS) PER SHARE</b>			
Earnings (loss) per share – basic	\$ 7.27	\$ 3.36	\$ (0.82)
Earnings (loss) per share – diluted	\$ 7.24	\$ 3.34	\$ (0.82)

<sup>(1)</sup> See Note 15 for disclosure of related party amounts.

See Notes to Consolidated Financial Statements.

**MARRIOTT INTERNATIONAL, INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
**Fiscal Years 2022, 2021, and 2020**  
(\$ in millions)

	<b>2022</b>	<b>2021</b>	<b>2020</b>
Net income (loss)	\$ 2,358	\$ 1,099	\$ (267)
Other comprehensive income (loss)			
Foreign currency translation adjustments	(389)	(212)	229
Other adjustments, net of tax	2	5	(3)
Total other comprehensive income (loss), net of tax	(387)	(207)	226
Comprehensive income (loss)	<u>\$ 1,971</u>	<u>\$ 892</u>	<u>\$ (41)</u>

See Notes to Consolidated Financial Statements.

**MARRIOTT INTERNATIONAL, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
**Fiscal Years-Ended 2022 and 2021**  
(\$ in millions)

	December 31, 2022	December 31, 2021
<b>ASSETS</b>		
Current assets		
Cash and equivalents	\$ 507	\$ 1,393
Accounts and notes receivable, net	2,571	1,982
Prepaid expenses and other	235	251
	3,313	3,626
Property and equipment, net	1,585	1,503
Intangible assets		
Brands	5,812	5,979
Contract acquisition costs and other	2,935	2,947
Goodwill	8,872	9,073
	17,619	17,999
Equity method investments	335	387
Notes receivable, net	152	144
Deferred tax assets	240	228
Operating lease assets	987	1,062
Other noncurrent assets	584	604
	<u>\$ 24,815</u>	<u>\$ 25,553</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Current portion of long-term debt	\$ 684	\$ 805
Accounts payable	746	726
Accrued payroll and benefits	1,299	1,187
Liability for guest loyalty program	3,314	2,522
Accrued expenses and other	1,296	1,167
	7,339	6,407
Long-term debt	9,380	9,333
Liability for guest loyalty program	3,280	3,949
Deferred tax liabilities	313	169
Deferred revenue	1,059	1,181
Operating lease liabilities	1,034	1,098
Other noncurrent liabilities	1,842	2,002
Stockholders' equity		
Class A Common Stock	5	5
Additional paid-in-capital	5,965	5,892
Retained earnings	12,342	10,305
Treasury stock, at cost	(17,015)	(14,446)
Accumulated other comprehensive loss	(729)	(342)
	568	1,414
	<u>\$ 24,815</u>	<u>\$ 25,553</u>

See Notes to Consolidated Financial Statements.

**MARRIOTT INTERNATIONAL, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**Fiscal Years 2022, 2021, and 2020**  
(\$ in millions)

	2022	2021	2020
<b>OPERATING ACTIVITIES</b>			
Net income (loss)	\$ 2,358	\$ 1,099	\$ (267)
Adjustments to reconcile to cash provided by operating activities:			
Depreciation, amortization, and other	282	295	478
Stock-based compensation	192	182	201
Income taxes	280	(281)	(478)
Liability for guest loyalty program	(119)	(28)	535
Contract acquisition costs	(149)	(210)	(142)
Restructuring, merger-related charges, and other	(8)	(10)	200
Working capital changes	(542)	110	(28)
Loss on extinguishment of debt	—	164	—
Deferred revenue changes and other	69	(144)	1,140
Net cash provided by operating activities	<u>2,363</u>	<u>1,177</u>	<u>1,639</u>
<b>INVESTING ACTIVITIES</b>			
Capital and technology expenditures	(332)	(183)	(135)
Dispositions	1	12	260
Loan advances	(11)	(13)	(41)
Loan collections	14	40	8
Other	31	(43)	(57)
Net cash (used in) provided by investing activities	<u>(297)</u>	<u>(187)</u>	<u>35</u>
<b>FINANCING ACTIVITIES</b>			
Commercial paper/Credit Facility, net	(182)	150	(2,290)
Issuance of long-term debt	983	1,793	3,561
Repayment of long-term debt	(804)	(2,174)	(1,887)
Issuance of Class A Common Stock	—	2	—
Debt extinguishment costs	—	(155)	—
Dividends paid	(321)	—	(156)
Purchase of treasury stock	(2,566)	—	(150)
Stock-based compensation withholding taxes	(89)	(90)	(103)
Other	17	11	(8)
Net cash used in financing activities	<u>(2,962)</u>	<u>(463)</u>	<u>(1,033)</u>
(DECREASE) INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(896)	527	641
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of period <sup>(1)</sup>	1,421	894	253
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, end of period <sup>(1)</sup>	<u>\$ 525</u>	<u>\$ 1,421</u>	<u>\$ 894</u>

<sup>(1)</sup> The 2022 amounts include beginning restricted cash of \$28 million at December 31, 2021 and ending restricted cash of \$18 million at December 31, 2022, which we present in the “Prepaid expenses and other” and “Other noncurrent assets” captions of our Balance Sheets.

See Notes to Consolidated Financial Statements.

**MARRIOTT INTERNATIONAL, INC.**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

**Fiscal Years 2022, 2021, and 2020**

(in millions, except per share amounts)

Common Shares Outstanding		Total	Class A Common Stock	Additional Paid-in- Capital	Retained Earnings	Treasury Stock, at Cost	Accumulated Other Comprehensive Loss
324.0	Balance at December 31, 2019	\$ 703	\$ 5	\$ 5,800	\$ 9,644	\$ (14,385)	\$ (361)
—	Adoption of ASU 2016-13	(15)	—	—	(15)	—	—
—	Net loss	(267)	—	—	(267)	—	—
—	Other comprehensive income	226	—	—	—	—	226
—	Dividends (\$0.48 per share)	(156)	—	—	(156)	—	—
1.4	Stock-based compensation plans	89	—	51	—	38	—
(1.0)	Purchase of treasury stock	(150)	—	—	—	(150)	—
324.4	Balance at December 31, 2020	430	5	5,851	9,206	(14,497)	(135)
—	Net income	1,099	—	—	1,099	—	—
—	Other comprehensive loss	(207)	—	—	—	—	(207)
1.9	Stock-based compensation plans	92	—	41	—	51	—
326.3	Balance at December 31, 2021	1,414	5	5,892	10,305	(14,446)	(342)
—	Net income	2,358	—	—	2,358	—	—
—	Other comprehensive loss	(387)	—	—	—	—	(387)
—	Dividends (\$1.00 per share)	(321)	—	—	(321)	—	—
1.1	Stock-based compensation plans	104	—	73	—	31	—
(16.8)	Purchase of treasury stock	(2,600)	—	—	—	(2,600)	—
310.6 <sup>(1)</sup>	Balance at December 31, 2022	\$ 568	\$ 5	\$ 5,965	\$ 12,342	\$ (17,015)	\$ (729)

<sup>(1)</sup> Our restated certificate of incorporation authorizes 800 million shares of our common stock, with a par value of \$0.01 per share and 10 million shares of preferred stock, without par value. At year-end 2022, we had 310.6 million of these authorized shares of our common stock and no preferred stock outstanding.

See Notes to Consolidated Financial Statements.

**MARRIOTT INTERNATIONAL, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1. BASIS OF PRESENTATION**

The consolidated financial statements present the results of operations, financial position, and cash flows of Marriott International, Inc. and subsidiaries (referred to in this report as “we,” “us,” “Marriott,” or the “Company”). In order to make this report easier to read, we also refer throughout to (1) our Consolidated Financial Statements as our “Financial Statements,” (2) our Consolidated Statements of Income (Loss) as our “Income Statements,” (3) our Consolidated Balance Sheets as our “Balance Sheets,” (4) our Consolidated Statements of Cash Flows as our “Statements of Cash Flows,” (5) our properties, brands, or markets in the United States and Canada as “U.S. & Canada,” and (6) our properties, brands, or markets in our Caribbean and Latin America, Europe, Middle East and Africa, Greater China, and Asia Pacific excluding China regions, as “International.” In addition, references throughout to numbered “Notes” refer to these Notes to Consolidated Financial Statements, unless otherwise stated.

Preparation of financial statements that conform with U.S. generally accepted accounting principles (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements, the reported amounts of revenues and expenses during the reporting periods, and the disclosures of contingent liabilities. Accordingly, ultimate results could differ from those estimates.

The accompanying Financial Statements reflect all normal and recurring adjustments necessary to present fairly our financial position at fiscal year-end 2022 and fiscal year-end 2021 and the results of our operations and cash flows for fiscal years 2022, 2021, and 2020. We have eliminated all material intercompany transactions and balances between entities consolidated in these Financial Statements.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Revenue Recognition*

Base Management and Incentive Management Fees: For our managed hotels, we have performance obligations to provide hotel management services and a license to our intellectual property for the use of our brand names. As compensation for such services, we are generally entitled to receive base fees, which are a percentage of the revenues of hotels, and incentive management fees, which are generally based on a measure of hotel profitability. Both the base and incentive management fees are variable consideration, as the transaction price is based on a percentage of revenue or profit, as defined in each contract. We recognize base management fees on a monthly basis over the term of the agreement as those amounts become payable. We recognize incentive management fees on a monthly basis over the term of the agreement based on each property’s financial results, as long as we do not expect a significant reversal due to projected future hotel performance or cash flows in future periods.

Franchise Fee and Royalty Fee Revenue: For our franchised hotels, we have a performance obligation to provide franchisees and operators a license to our intellectual property for use of certain of our brand names. As compensation for such services, we are typically entitled to initial application fees and ongoing royalty fees. Our ongoing royalty fees represent variable consideration, as the transaction price is based on a percentage of certain revenues of the hotels, as defined in each contract. We recognize royalty fees on a monthly basis over the term of the agreement as those amounts become payable. Initial application and relicensing fees are fixed consideration payable upon submission of a franchise application or renewal and are recognized on a straight-line basis over the initial or renewal term of the franchise agreements.

Owned and Leased Hotel Revenue: At our owned and leased hotels, we have performance obligations to provide accommodations and other ancillary services to hotel guests. As compensation for such goods and services, we are typically entitled to a fixed nightly fee for an agreed upon period and additional fixed fees for any ancillary services purchased. These fees are generally payable at the time the hotel guest checks out of the hotel. We generally satisfy the performance obligations over time, and we recognize the revenue from room sales and from other ancillary guest services on a daily basis, as the rooms are occupied and we have rendered the services.

Cost Reimbursements: Under our management and franchise agreements, we are entitled to be reimbursed for certain costs we incur on behalf of the managed, franchised, and licensed properties, with no added mark-up. These costs primarily consist of payroll and related expenses at managed properties where we are the employer of the employees at the properties and include certain operational and administrative costs as provided for in our contracts with the owners. We are entitled to reimbursement in the period we incur the related reimbursable costs, which we recognize within the “Cost reimbursement revenue” caption of our Income Statements.



Under our management and franchise agreements, hotel owners and franchisees participate in certain centralized programs and services, such as marketing, sales, reservations, and insurance programs. We operate these programs and services for the benefit of our hotel owners. We do not operate these programs and services to generate a profit over the long term, and accordingly, when we recover the costs that we incur for these programs and services from our hotel owners, we do not seek a mark-up. The amounts we charge for these programs and services are generally a combination of fixed fees and variable fees based on sales or other metrics and are payable on a monthly basis. We generally recognize revenue within the “Cost reimbursement revenue” caption of our Income Statements when the amounts may be billed to hotel owners, and we recognize expenses within the “Reimbursed expenses” caption as they are incurred. This pattern of recognition results in timing differences between the costs incurred for centralized programs and services and the related reimbursement from hotel owners in our operating and net income. Over the long term, these programs and services are not designed to impact our economics, either positively or negatively. In addition, we present in the “Reimbursed expenses” caption of our Income Statements spending funded by the proceeds (\$664 million, \$425 million after-tax) from the 2017 sale of our interest in Avendra LLC, which we committed would be used for the benefit of hotels in our system. Such spending totaled \$69 million (\$52 million after-tax) in 2022, \$56 million (\$42 million after-tax) in 2021, and \$62 million (\$46 million after-tax) in 2020.

Other Revenue: Includes Global Design fees, which we describe below, termination fees, and other property and brand revenues. We generally recognize termination fees when collection is probable and other revenue as services are rendered. Amounts received in advance are deferred as liabilities.

We provide certain hotel design and construction review (“Global Design”) services to our managed and franchised hotel owners, generally during the period prior to a hotel’s opening or during the period a hotel is converting to a Marriott brand (the “pre-opening period”). As compensation for such services, we may be entitled to receive a one-time fixed fee that is payable during the pre-opening period of the hotel. As these services are not a distinct performance obligation, we recognize the fees on a straight-line basis over the initial term of the management or franchise agreement within the “Owned, leased, and other revenue” caption of our Income Statements.

Practical Expedients and Exemptions: We do not disclose the amount of variable consideration that we expect to recognize in future periods in the following circumstances:

- (1) if we recognize the revenue based on the amount invoiced or services performed;
- (2) for sales-based or usage-based royalty promised in exchange for a license of intellectual property; or
- (3) if the consideration is allocated entirely to a wholly unsatisfied promise to transfer a distinct service that forms part of a single performance obligation, and the terms of the consideration relate specifically to our efforts to transfer, or to a specific outcome from transferring the service.

We are required to collect certain taxes and fees from customers on behalf of governmental agencies and remit these to the applicable governmental agencies on a periodic basis. We do not include these taxes in determining the transaction price.

Loyalty Program: Loyalty Program members earn points based on the money they spend at our properties; the exchange of timeshare ownership interests; purchases of timeshare interval, fractional ownership, and residential products; and through participation in travel experiences and affiliated partners’ programs, such as those offered by credit card, car rental, airline, and other companies. Members can redeem points for stays at most of our properties, airline tickets, airline frequent flyer program miles, rental cars, merchandise, and a variety of other awards. Points cannot be redeemed for cash.

Under our Loyalty Program, we have a performance obligation to provide or arrange for the provision of goods or services for free or at a discount to Loyalty Program members in exchange for the redemption of points earned from past activities. We operate our Loyalty Program as a cross-brand marketing program to participating properties. Our management and franchise agreements require that properties reimburse us for a portion of the costs of operating the Loyalty Program, with no added mark-up, including costs related to the following activities, which we expense as incurred in our “Reimbursed expense” caption: marketing, promotion, communication with, and performing member services for Loyalty Program members. We generally receive monthly cash contributions from managed, franchised, owned, and leased properties based on a portion of qualified spend by Loyalty Program members (when the points are earned). We recognize these contributions into revenue as we provide the related service (when the points are redeemed). The amount of revenue we recognize upon point redemption is based on a blend of historical funding rates and is impacted by our estimate of the “breakage” for points that members will never redeem. We estimate breakage based on our historical experience and expectations of future member behavior. We recognize revenue net of the redemption cost within our “Cost reimbursement revenue” caption on our Income Statements, as our performance obligation is to facilitate the transaction between the Loyalty Program member and the managed or franchised property or program partner. Our redemption cost, which is generally based on redemption rates that can increase in periods in which occupancy at the property exceeds a certain threshold, could be higher or lower than our revenue recognized in any given period.

We have multi-year agreements for our co-branded credit cards associated with our Loyalty Program. Under these agreements, we have performance obligations to provide a license to the intellectual property associated with our brands and marketing lists (“Licensed IP”) to the financial institutions that issue the credit cards, to arrange for the redemption of Loyalty Program points as discussed in the preceding paragraph, and to arrange for the redemption of free night certificates and gift cards provided to cardholders. We receive fees from these agreements, including fixed amounts that are primarily payable at contract inception, and variable amounts that are paid to us monthly over the term of the agreements, generally based on: (1) the number of free night certificates issued or redeemed; (2) the number of Loyalty Program points purchased; (3) the volume of cardholder spend; and (4) the number of gift cards issued. We allocate those fees among the performance obligations, including the Licensed IP, our Loyalty Program points, free night certificates, and gift cards provided to cardholders based on their estimated standalone selling prices. The estimation of the standalone selling prices requires significant judgments based upon generally accepted valuation methodologies regarding the value of our Licensed IP, the amount of funding we will receive, and the number of Loyalty Program points, free night certificates, and gift cards cardholders will ultimately redeem. We base our estimates of these amounts on our historical experience and expectation of future cardholder behavior. We recognize the portion of the Licensed IP revenue that meets the sales-based royalty criteria as the credit cards are used and the remaining portion of the Licensed IP revenue on a straight-line basis over the contract term. In our Income Statements, we primarily recognize Licensed IP revenue in the “Franchise fees” caption, and we recognize a portion in the “Cost reimbursement revenue” caption. We recognize the revenue related to the Loyalty Program points as discussed in the preceding paragraph. We recognize the revenue related to the free night certificates and gift cards when the related service is provided. We recognize revenue net of the redemption cost, as our performance obligation is to facilitate the transaction between the Loyalty Program member and the managed or franchised property.

**Contract Balances:** We generally receive payments from customers as we satisfy our performance obligations. We record a receivable when we have an unconditional right to receive payment and only the passage of time is required before payment is due. We record deferred revenue when we receive payment, or have the unconditional right to receive payment, in advance of the satisfaction of our performance obligations related to franchise application and relicensing fees, Global Design fees, credit card branding license fees, and our Loyalty Program.

Current and noncurrent deferred revenue decreased by \$196 million, to \$1,331 million at December 31, 2022, from \$1,527 million at December 31, 2021, primarily as a result of \$330 million of revenue recognized in 2022 that was deferred as of December 31, 2021, as well as the reclassification from deferred revenue to the liability for guest loyalty program, which we discuss below. The decrease was partially offset by revenue deferred in 2022 related to our co-branded credit cards, gift cards, certain centralized programs and services fees, and franchise application and relicensing fees.

Our current and noncurrent liability for guest loyalty program increased by \$123 million, to \$6,594 million at December 31, 2022, from \$6,471 million at December 31, 2021, primarily reflecting an increase in points earned by members. This includes a \$241 million reclassification from deferred revenue to the liability for guest loyalty program as a result of points that were earned during the period by members using our U.S.-issued co-branded credit cards, which were prepaid by the financial institutions in 2020. The increase was partially offset by \$2,692 million of revenue recognized in 2022, that was deferred as of December 31, 2021. The current portion of our liability for guest loyalty program increased compared to December 31, 2021, due to higher estimated redemptions in the short-term. At each reporting period, we evaluate the estimates used in the recognition of Loyalty Program revenues, including estimates of the breakage of points that members will never redeem and the amount of funding we expect to receive over the life of the agreements with various third parties. In 2022, the updated estimates resulted in a net increase in revenue, and a corresponding reduction in the liability for guest loyalty program of approximately \$106 million.

#### *Costs Incurred to Obtain and Fulfill Contracts with Customers*

We incur certain costs to obtain and fulfill contracts with customers, which we capitalize and amortize on a straight-line basis over the initial, non-cancellable term of the contract. We classify incremental costs of obtaining a contract with a customer in the “Contract acquisition costs and other” caption of our Balance Sheets, the related amortization in the “Contract investment amortization” caption of our Income Statements, and the cash flow impact in the “Contract acquisition costs” caption of our Statements of Cash Flows. We assess the assets for impairment when events or changes in circumstances indicate that we may not be able to recover the carrying amount. We recognize an impairment loss for the amount by which the carrying amount exceeds the expected net future cash flows. We classify certain direct costs to fulfill a contract with a customer in the “Other noncurrent assets” and “Prepaid expenses and other” captions of our Balance Sheets, and the related amortization in the “Owned, leased, and other - direct expenses” caption of our Income Statements. We had capitalized costs to fulfill contracts with customers of \$379 million at December 31, 2022 and \$368 million at December 31, 2021. See Note 10 for information on capitalized costs incurred to obtain contracts with customers.

### *Real Estate Sales*

We recognize a gain or loss on real estate transactions when control of the asset transfers to the buyer, generally at the time the sale closes. In sales transactions where we retain a management contract, the terms and conditions of the management contract are generally comparable to the terms and conditions of the management contracts obtained directly with third-party owners in competitive processes.

### *Retirement Savings Plan*

We contribute to tax-qualified retirement plans for the benefit of U.S. employees who meet certain eligibility requirements and choose to participate in the plans. Participating employees specify the percentage or amount of salary they wish to contribute from their compensation, and the Company typically makes matching or supplemental contributions. We recognized compensation costs from Company contributions of \$137 million in 2022, \$80 million in 2021, and \$75 million in 2020.

### *Non-U.S. Operations*

The U.S. dollar is the functional currency of our consolidated and unconsolidated entities operating in the U.S. The functional currency of our consolidated and unconsolidated entities operating outside of the U.S. is generally the principal currency of the economic environment in which the entity primarily generates and expends cash. We translate the financial statements of consolidated entities whose functional currency is not the U.S. dollar into U.S. dollars, and we do the same, as needed, for unconsolidated entities whose functional currency is not the U.S. dollar. We translate assets and liabilities at the exchange rate in effect as of the financial statement date and translate income statement accounts using the weighted average exchange rate for the period. We include translation adjustments from currency exchange and the effect of exchange rate changes on intercompany transactions of a long-term investment nature as a separate component of stockholders' equity. We report gains and losses from currency exchange rate changes for intercompany receivables and payables that are not of a long-term investment nature, as well as for third-party transactions, currently in operating costs and expenses.

### *Stock-Based Compensation*

Our stock-based compensation awards primarily consist of restricted stock units ("RSUs"). We measure compensation costs for our stock-based payment transactions at fair value based on the average of the high and low stock price on the grant date (discounted for the lack of marketability and dividends), and we recognize those costs in our Financial Statements over the vesting period during which the employee provides service in exchange for the award.

### *Advertising Costs*

We expense costs to produce advertising as they are incurred and to communicate advertising as the communication occurs and record such amounts in our "Reimbursed expenses" caption to the extent undertaken on behalf of our owners and franchisees. We recognized advertising costs of \$635 million in 2022, \$470 million in 2021, and \$276 million in 2020.

### *Income Taxes*

We record the amounts of taxes payable or refundable for the current year, as well as deferred tax liabilities and assets for the future tax consequences of events we have recognized in our Financial Statements or tax returns, using judgment in assessing future profitability and the likely future tax consequences of those events. We base our estimates of deferred tax assets and liabilities on current tax laws, rates and interpretations, and, in certain cases, business plans and other expectations about future outcomes. We develop our estimates of future profitability based on our historical data and experience, industry projections, micro and macro general economic condition projections, and our expectations. We account for U.S. tax on Global Intangible Low-Taxed Income in the period incurred.

We generally recognize the effect of the tax law changes in the period of enactment. Changes in existing tax laws and rates, their related interpretations, and the uncertainty generated by the current economic environment may affect the amounts of our deferred tax liabilities or the valuations of our deferred tax assets over time. Our accounting for deferred tax consequences represents management's best estimate of future events that can be appropriately reflected in the accounting estimates.

For tax positions we have taken or expect to take in a tax return, we apply a more likely than not threshold (that is, a likelihood of more than 50 percent), under which we must conclude a tax position is more likely than not to be sustained, assuming that the position will be examined by the appropriate taxing authority that has full knowledge of all relevant information, to continue to recognize the benefit. In determining our provision for income taxes, we use judgment, reflecting our estimates and assumptions, in applying the more likely than not threshold. We recognize accrued interest and penalties for our unrecognized tax benefits as a component of tax expense. See Note 6 for further information.

### *Cash and Equivalents*

We consider all highly liquid investments with an initial maturity of three months or less at date of purchase to be cash equivalents.

### *Accounts Receivable*

Our accounts receivable primarily consist of amounts due from hotel owners with whom we have management and franchise agreements and include reimbursements of costs we incurred on behalf of managed and franchised properties. We record an allowance for credit losses measured over the contractual life of the instrument based on an assessment of historical collection activity and current and forecasted future economic conditions by region. Our allowance for credit losses was \$191 million at December 31, 2022 and \$187 million at December 31, 2021. The increase during 2022 was primarily due to our provision for credit losses, partially offset by write-offs of amounts deemed uncollectible. Our provision for credit losses totaled \$27 million in 2022, \$22 million in 2021, and \$136 million in 2020.

### *Assets Held for Sale*

We consider properties to be assets held for sale when (1) management commits to a plan to sell the property; (2) it is unlikely that the disposal plan will be significantly modified or discontinued; (3) the property is available for immediate sale in its present condition; (4) actions required to complete the sale of the property have been initiated; (5) sale of the property is probable and we expect the completed sale will occur within one year; and (6) the property is actively being marketed for sale at a price that is reasonable given our estimate of current market value. Upon designation of a property as an asset held for sale, we record the property's value at the lower of its carrying amount or its estimated fair value, less estimated costs to sell, and we cease depreciation.

### *Goodwill*

We test goodwill for potential impairment at least annually in the fourth quarter, or more frequently if an event or other circumstance indicates that we may not be able to recover the carrying amount of the net assets of the reporting unit. In evaluating goodwill for impairment, we may assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. Factors we consider when making this determination include, but are not limited to, assessing general economic conditions, hospitality industry trends, and overall financial performance of the reporting unit. If we bypass the qualitative assessment, or if we conclude that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then we perform a quantitative impairment test by comparing the fair value of a reporting unit with its carrying amount.

We calculate the estimated fair value of a reporting unit using a combination of the income and market approaches. For the income approach, we use internally developed discounted cash flow models that include the following assumptions, among others: projections of revenues, expenses, and related cash flows based on assumed long-term growth rates and demand trends; expected future investments to grow new units; and estimated discount rates. For the market approach, we use internal analyses based primarily on market comparables. We base these assumptions on our historical data and experience, third-party appraisals, industry projections, micro and macro general economic condition projections, and our expectations.

We have had no goodwill impairment charges for the last three fiscal years.

### *Intangibles and Long-Lived Assets*

We assess indefinite-lived intangible assets for continued indefinite use and for potential impairment annually, or more frequently if an event or other circumstance indicates that we may not be able to recover the carrying amount of the asset. Like goodwill, we may first assess qualitative factors to determine whether it is more likely than not that the fair value of the indefinite-lived intangible is less than its carrying amount. If the carrying amount of the asset exceeds the fair value, we recognize an impairment loss in the amount of that excess.

We test definite-lived intangibles and long-lived asset groups for recoverability when changes in circumstances indicate that we may not be able to recover the carrying amount; for example, when there are material adverse changes in projected revenues or expenses, significant underperformance relative to historical or projected operating results, or significant negative industry or economic trends. We also test recoverability when management has committed to a plan to sell or otherwise dispose of an asset group and we expect to complete the plan within a year. We evaluate recoverability of an asset group by comparing its carrying amount, including right-of-use assets, to the future net undiscounted cash flows that we expect the asset group will generate. If the comparison indicates that we will not be able to recover the carrying amount of an asset group, we recognize an impairment loss for the amount by which the carrying amount exceeds the estimated fair value. When we recognize an



impairment loss for assets to be held and used, we depreciate the adjusted carrying amount of those assets over their remaining useful life.

We calculate the estimated fair value of an intangible asset or asset group using the income approach or the market approach. We utilize the same assumptions and methodology for the income approach that we describe in the “Goodwill” caption. For the market approach, we use internal analyses based primarily on market comparables and assumptions about market capitalization rates, growth rates, and inflation.

### *Investments*

We hold equity interests in ventures established to develop or acquire and own hotel properties or that otherwise support our hospitality operations. We account for these investments as either an equity method investment, a financial asset, or a controlled subsidiary. We apply the equity method of accounting if we have significant influence over the entity, typically when we hold 20 percent or more of the voting common stock (or equivalent) of an investee but do not have a controlling financial interest. In certain circumstances, such as with investments in limited liability companies or limited partnerships, we apply the equity method of accounting when we own as little as three to five percent. We account for financial assets at fair value if it is readily determinable, or using the fair value alternative method, whereby investments are measured at cost less impairment, adjusted for observable price changes. We consolidate entities that we control.

When we acquire an investment that qualifies for the equity method of accounting, we determine the acquisition date fair value of the identifiable assets and liabilities. If our carrying amount exceeds our proportional share in the equity of the investee, we amortize the difference on a straight-line basis over the underlying assets’ estimated useful lives when calculating equity method earnings attributable to us, excluding the difference attributable to land, which we do not amortize.

We evaluate an investment for impairment when circumstances indicate that we may not be able to recover the carrying amount. When evaluating our ventures, we consider loan defaults, significant underperformance relative to historical or projected operating performance, or significant negative industry or economic trends. Additionally, a venture’s commitment to a plan to sell some or all of its assets could cause us to evaluate the recoverability of the venture’s individual long-lived assets and possibly the venture itself. We impair investments we account for using the equity method of accounting when we determine that there has been an “other-than-temporary” decline in the venture’s estimated fair value compared to its carrying amount. We perform qualitative assessments for investments we account for using the fair value alternative method and we record any associated impairment when the fair value is less than the carrying amount.

Under the accounting guidance for the consolidation of variable interest entities, we analyze our variable interests, including equity investments, loans, and guarantees, to determine if an entity in which we have a variable interest is a variable interest entity. Our analysis includes both quantitative and qualitative reviews. We base our quantitative analysis on the forecasted cash flows of the entity, and our qualitative analysis on our review of the design of the entity, its organizational structure including decision-making ability, and relevant financial agreements. We also use our qualitative analysis to determine if we must consolidate a variable interest entity as its primary beneficiary.

### *Fair Value Measurements*

We have various financial instruments we must measure at fair value on a recurring basis, including certain marketable securities and derivatives. See Note 12 for further information. We also apply the provisions of fair value measurement to various nonrecurring measurements for our financial and nonfinancial assets and liabilities.

Accounting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). We measure our assets and liabilities using inputs from the following three levels of the fair value hierarchy:

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that we have the ability to access at the measurement date.

Level 2 inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3 inputs include unobservable inputs that reflect our assumptions about what factors market participants would use in pricing the asset or liability. We develop these inputs based on the best information available, including our own data.

## *Derivative Instruments*

We record derivatives at fair value. The designation of a derivative instrument as a hedge and its ability to meet the hedge accounting criteria determine how we reflect the change in fair value of the derivative instrument in our Financial Statements. A derivative qualifies for hedge accounting if, at inception, we expect the derivative will be highly effective in offsetting the underlying hedged cash flows or fair value and we fulfill the hedge documentation standards at the time we enter into the derivative contract. We designate a hedge as a cash flow hedge, fair value hedge, or a hedge of the net investment in non-U.S. operations based on the exposure we are hedging. For the effective portion of qualifying cash flow hedges, we record changes in fair value in accumulated other comprehensive income ("AOCI"). We release the derivative's gain or loss from AOCI to match the timing of the underlying hedged items' effect on earnings. The change in fair value of qualifying fair value hedges as well as changes in fair value of the underlying hedged items to the hedged risks are recorded concurrently in earnings.

We review the effectiveness of our hedging instruments quarterly and discontinue hedge accounting for any hedge that we no longer consider to be highly effective. We recognize changes in fair value for derivatives not designated as hedges or those not qualifying for hedge accounting in current period earnings. Upon termination of cash flow hedges, we release gains and losses from AOCI based on the timing of the underlying cash flows or revenue recognized, unless the termination results from the failure of the intended transaction to occur in the expected time frame. Such untimely transactions require us to immediately recognize in earnings the gains and/or losses that we previously recorded in AOCI.

Changes in interest rates, currency exchange rates, and equity securities expose us to market risk. We manage our exposure to these risks by monitoring available financing alternatives, as well as through development and application of credit granting policies. We also use derivative instruments as part of our overall strategy to manage our exposure to market risks. As a matter of policy, we only enter into transactions that we believe will be highly effective at offsetting the underlying risk, and we do not use derivatives for trading or speculative purposes.

## *Loan Loss Reserves*

We may make senior, mezzanine, and other loans to owners of hotels that we operate or franchise, generally to facilitate the development or renovation of a hotel and sometimes to facilitate brand programs or initiatives. We expect the owners to repay the loans in accordance with the loan agreements, or earlier as the performance of the hotels and capital markets permit. We use metrics such as loan-to-value ratios and debt service coverage, and other information about collateral and from third-party rating agencies to assess the credit quality of the loan receivable, both upon entering into the loan agreement and on an ongoing basis as applicable.

At inception and throughout the term of the loan agreement, we individually assess loans for impairment. We consider current and forecasted future economic conditions in addition to our historical experience. We use internally generated cash flow projections to determine the likelihood that the loans will be repaid under the terms of the loan agreements. We calculate the present value of expected future cash flows discounted at the loan's original effective interest rate or the estimated fair value of the collateral. If the present value and the estimated collateral are less than the carrying value of the loan receivable, we establish a specific impairment reserve for the difference.

## *Leases*

We determine if an arrangement is a lease or contains a lease at the inception of the contract. We evaluate leases for classification as operating or financing upon lease commencement. Our leases generally contain fixed and variable components. The variable components of our leases are primarily based on operating performance of the leased property. Our lease agreements may also include non-lease components, such as common area maintenance, which we combine with the lease component to account for both as a single lease component.

Lease liabilities, which represent our obligation to make lease payments arising from the lease, and corresponding right-of-use assets, which represent our right to use an underlying asset for the lease term, are recognized at the commencement date of the lease based on the present value of fixed future payments over the lease term. We calculate the present value of future payments using the discount rate implicit in the lease, if available, or our incremental borrowing rate.

For operating leases, lease expense relating to fixed payments is recognized on a straight-line basis over the lease term and lease expense relating to variable payments is expensed as incurred. For finance leases, the amortization of the asset is recognized over the shorter of the lease term or useful life of the underlying asset.

## *Guarantees*

We measure and record our liability for the fair value of a guarantee on a nonrecurring basis, that is when we issue or modify a guarantee, using Level 3 internally developed inputs, as described above in this footnote under the caption "Fair Value



Measurements.” We base our calculation of the estimated fair value of a guarantee on the income approach or the market approach, depending on the type of guarantee. For the income approach, we use internally developed discounted cash flow and Monte Carlo simulation models that include the following assumptions, among others: projections of revenues and expenses and related cash flows based on assumed growth rates and demand trends; historical volatility of projected performance; the guaranteed obligations; and applicable discount rates. We base these assumptions on our historical data and experience, industry projections, micro and macro general economic condition projections, and our expectations. For the market approach, we use internal analyses based primarily on market comparable data and our assumptions about market capitalization rates, credit spreads, growth rates, and inflation.

The offsetting entry for the guarantee liability depends on the circumstances in which the guarantee was issued. Funding under the guarantee reduces the recorded liability. In most cases, when we do not forecast any funding, we amortize the liability into income on a straight-line basis over the remaining term of the guarantee. On a quarterly basis, we evaluate all material estimated liabilities based on the operating results and the terms of the guarantee. If we conclude that it is probable that we will be required to fund a greater amount than previously estimated, we record a loss except to the extent that the applicable contracts provide that the advance can be recovered as a loan.

#### *Self-Insurance Programs*

We self-insure for certain levels of liability, workers’ compensation, property insurance and employee medical coverage. We accrue estimated costs of these self-insurance programs at the present value of projected settlements for known and incurred but not reported claims. We use a discount rate of 4.25 percent, based upon market rates, to determine the present value of the projected settlements, which we consider to be reasonable given our history of settled claims, including payment patterns and the fixed nature of the individual settlements. We classify the current portion of our self-insurance reserve in the “Accrued expenses and other” caption and the noncurrent portion in the “Other noncurrent liabilities” caption of our Balance Sheets. The current portion of our self-insurance reserve was \$130 million at December 31, 2022 and \$124 million at December 31, 2021. The noncurrent portion of our self-insurance reserve was \$287 million at December 31, 2022 and \$290 million at December 31, 2021.

#### *Legal Contingencies*

We are subject to various legal proceedings and claims, the outcomes of which are uncertain. We record an accrual for legal contingencies when we determine that it is probable that we have incurred a liability and we can reasonably estimate the amount of the loss. In making such determinations we evaluate, among other things, the probability of an unfavorable outcome and, when we believe it probable that a liability has been incurred, our ability to make a reasonable estimate of the loss. We review these accruals each reporting period and make revisions based on changes in facts and circumstances.

#### *Business Combinations*

We allocate the purchase price of an acquisition to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values at the acquisition date. We recognize as goodwill the amount by which the purchase price of an acquired entity exceeds the net of the fair values assigned to the assets acquired and liabilities assumed. In determining the fair values of assets acquired and liabilities assumed, we use various recognized valuation methods including the income and market approaches. Further, we make assumptions within certain valuation techniques, including discount rates, royalty rates, and the amount and timing of future cash flows. We record the net assets and results of operations of an acquired entity in our Financial Statements from the acquisition date. We initially perform these valuations based upon preliminary estimates and assumptions by management or independent valuation specialists under our supervision, where appropriate, and make revisions as estimates and assumptions are finalized. We expense acquisition-related costs as we incur them.

#### *Asset Acquisitions*

Acquisitions that do not meet the definition of a business are accounted for as asset acquisitions. We allocate the cost of the acquisition, including direct and incremental transaction costs, to the individual assets acquired and liabilities assumed on a relative fair value basis. Goodwill is not recognized in an asset acquisition.

### **NOTE 3. ACQUISITION**

In the 2022 fourth quarter, we announced that we reached an agreement with Hoteles City Express, S.A.B. de C.V. to acquire the City Express brand portfolio for \$100 million. As of October 19, 2022, the portfolio included 152 mid-scale hotels (17,356 rooms) located in Mexico, Costa Rica, Colombia, and Chile. Upon closing of the transaction, which is subject to regulatory approval and other customary closing conditions, City Express will become part of our franchise system. We expect the transaction could close in the first half of 2023.

## NOTE 4. EARNINGS PER SHARE

The table below illustrates the reconciliation of the earnings and number of shares used in our calculations of basic and diluted earnings per share, the latter of which uses the treasury stock method to calculate the dilutive effect of the Company's potential common stock:

<i>(in millions, except per share amounts)</i>	2022	2021	2020
<i>Computation of Basic Earnings Per Share</i>			
Net income (loss)	\$ 2,358	\$ 1,099	\$ (267)
Shares for basic earnings per share	324.4	327.2	325.8
Basic earnings (loss) per share	\$ 7.27	\$ 3.36	\$ (0.82)
<i>Computation of Diluted Earnings Per Share</i>			
Net income (loss)	\$ 2,358	\$ 1,099	\$ (267)
Shares for basic earnings per share	324.4	327.2	325.8
Effect of dilutive securities			
Stock-based compensation <sup>(1)</sup>	1.4	2.1	—
Shares for diluted earnings per share	325.8	329.3	325.8
Diluted earnings (loss) per share	\$ 7.24	\$ 3.34	\$ (0.82)

<sup>(1)</sup> For the calculation of diluted loss per share for 2020, we excluded share-based compensation securities of 1.4 million because the effect was anti-dilutive.

## NOTE 5. STOCK-BASED COMPENSATION

### RSUs and PSUs

We granted RSUs in 2022 to certain officers and employees, and those units vest generally over four years in equal annual installments commencing one year after the grant date. We also granted performance-based RSUs ("PSUs") in 2022 to certain executives, which are earned, subject to continued employment and the satisfaction of certain performance and market conditions based on the degree of achievement of pre-established targets for 2024 adjusted EBITDA performance and relative total stockholder return over the 2022 to 2024 performance period.

We had deferred compensation costs for unvested awards for RSUs, including PSUs, of approximately \$179 million at year-end 2022 and \$189 million at year-end 2021. The weighted average remaining term for RSUs outstanding at year-end 2022 was 2.0 years.

The following table provides additional information on RSUs, including PSUs, for the last three fiscal years:

	2022	2021	2020
Stock-based compensation expense (in millions)	\$ 181	\$ 171	\$ 188
Weighted average grant-date fair value (per unit)	\$ 168	\$ 141	\$ 101
Aggregate intrinsic value of distributed RSUs (in millions)	\$ 253	\$ 205	\$ 234

The following table presents the changes in our outstanding RSUs, including PSUs, during 2022 and the associated weighted average grant-date fair values:

	Number of RSUs (in millions)	Weighted Average Grant-Date Fair Value (per unit)
Outstanding at year-end 2021	4.4	\$ 109
Granted	1.1	168
Distributed	(1.5)	114
Forfeited	(0.2)	127
Outstanding at year-end 2022	3.8	\$ 125

### Other Information

At year-end 2022, we had 24 million remaining shares authorized under the Marriott and Starwood Hotels & Resorts Worldwide, LLC, formerly known as Starwood Hotels & Resorts Worldwide, Inc. ("Starwood"), stock plans.

## NOTE 6. INCOME TAXES

The components of our earnings (losses) before income taxes for the last three fiscal years consisted of:

(\$ in millions)	2022	2021	2020
U.S.	\$ 2,268	\$ 890	\$ (320)
Non-U.S.	846	290	(146)
	<u>\$ 3,114</u>	<u>\$ 1,180</u>	<u>\$ (466)</u>

Our (provision) benefit for income taxes for the last three fiscal years consisted of:

(\$ in millions)	2022	2021	2020
Current			
-U.S. Federal	\$ (364)	\$ 99	\$ 9
-U.S. State	(82)	24	(41)
-Non-U.S.	(155)	(86)	(78)
	<u>(601)</u>	<u>37</u>	<u>(110)</u>
Deferred			
-U.S. Federal	(129)	(122)	180
-U.S. State	(25)	(37)	81
-Non-U.S.	(1)	41	48
	<u>(155)</u>	<u>(118)</u>	<u>309</u>
	<u>\$ (756)</u>	<u>\$ (81)</u>	<u>\$ 199</u>

### Unrecognized Tax Benefits

The following table reconciles our unrecognized tax benefit balance for each year from the beginning of 2020 to the end of 2022:

(\$ in millions)	Amount
Unrecognized tax benefit at beginning of 2020	\$ 569
Change attributable to tax positions taken in prior years	(66)
Change attributable to tax positions taken during the current period	4
Decrease attributable to settlements with taxing authorities	(43)
Unrecognized tax benefit at year-end 2020	464
Change attributable to tax positions taken in prior years	(134)
Change attributable to tax positions taken during the current period	—
Decrease attributable to settlements with taxing authorities	(48)
Unrecognized tax benefit at year-end 2021	282
Change attributable to tax positions taken in prior years	(15)
Change attributable to tax positions taken during the current period	3
Decrease attributable to settlements with taxing authorities	(15)
Unrecognized tax benefit at year-end 2022	<u>\$ 255</u>

Our unrecognized tax benefit balances included \$241 million at year-end 2022, \$266 million at year-end 2021, and \$410 million at year-end 2020 of tax positions that, if recognized, would impact our effective tax rate. It is reasonably possible that within the next 12 months we will reach resolution of income tax examinations in one or more jurisdictions. The actual amount of any change to our unrecognized tax benefits could vary depending on the timing and nature of the settlement. Therefore, an estimate of the change cannot be provided. We recognize accrued interest and penalties for our unrecognized tax benefits as a component of tax expenses. Related interest expense (benefit) totaled \$13 million in 2022, \$(21) million in 2021, and \$(15) million in 2020. We accrued interest and penalties related to our unrecognized tax benefits of approximately \$49 million at year-end 2022 and \$45 million at year-end 2021.

We file income tax returns, including returns for our subsidiaries, in various jurisdictions around the world. The U.S. Internal Revenue Service (“IRS”) has examined our federal income tax returns, and as of year-end 2022, we have settled all issues for tax years through 2016 and for tax years 2018 and 2019. Our 2017 and 2020 through 2022 tax year audits are

currently ongoing. Various foreign, state, and local income tax returns are also under examination by the applicable taxing authorities.

### *Deferred Income Taxes*

Deferred income tax balances reflect the effects of temporary differences between the carrying amounts of assets and liabilities and their tax bases, as well as from net operating loss and tax credit carry-forwards. We state those balances at the enacted tax rates we expect will be in effect when we pay or recover the taxes. Deferred income tax assets represent amounts available to reduce income taxes we will pay on taxable income in future years. We evaluate our ability to realize these future tax deductions and credits by assessing whether we expect to have sufficient future taxable income from all sources, including reversal of taxable temporary differences, forecasted operating earnings, and available tax planning strategies to utilize these future deductions and credits. We establish a valuation allowance when we no longer consider it more likely than not that a deferred tax asset will be realized.

The following table presents the tax effect of each type of temporary difference and carry-forward that gave rise to significant portions of our deferred tax assets and liabilities as of year-end 2022 and year-end 2021:

(\$ in millions)	At Year-End 2022	At Year-End 2021
<b>Deferred Tax Assets</b>		
Employee benefits	\$ 243	\$ 235
Net operating loss carry-forwards	1,096	771
Accrued expenses and other reserves	181	191
Receivables, net	12	11
Tax credits	55	53
Loyalty Program	168	181
Deferred income	66	98
Lease liabilities	304	336
Interest limitation	187	163
Other	—	34
Deferred tax assets	2,312	2,073
Valuation allowance	(1,359)	(984)
Deferred tax assets after valuation allowance	953	1,089
<b>Deferred Tax Liabilities</b>		
Equity method investments	(32)	(40)
Property and equipment	(58)	(9)
Intangibles	(626)	(666)
Right-of-use assets	(265)	(290)
Self-insurance	(37)	(25)
Other	(8)	—
Deferred tax liabilities	(1,026)	(1,030)
Net deferred taxes	<u>\$ (73)</u>	<u>\$ 59</u>

Our valuation allowance is primarily attributable to non-U.S. net operating loss carry-forwards. During 2022, our net operating loss carry-forwards increased with an offsetting increase in our valuation allowance primarily due to net operating losses in an international subsidiary.

At year-end 2022, we had approximately \$39 million of tax credits that will expire through 2032 and \$16 million of tax credits that do not expire. We recorded \$12 million of net operating loss benefits in 2022 and \$51 million in 2021. At year-end 2022, we had approximately \$4,988 million of primarily state and foreign net operating losses, of which \$3,081 million will expire through 2042.

We made no provision for U.S. income taxes or additional non-U.S. taxes on certain undistributed earnings of non-U.S. subsidiaries. These earnings could become subject to additional taxes if the non-U.S. subsidiaries dividend or loan those earnings to an affiliate or if we sell our interests in the non-U.S. subsidiaries. We cannot practically estimate the amount of additional taxes that might be payable on the undistributed earnings.

## Reconciliation of U.S. Federal Statutory Income Tax Rate to Actual Income Tax Rate

The following table reconciles the U.S. statutory tax rate to our effective income tax rate for the last three fiscal years:

	2022	2021	2020
U.S. statutory tax rate	21.0 %	21.0 %	21.0 %
U.S. state income taxes, net of U.S. federal tax benefit	2.8	2.7	3.8
Non-U.S. income	(0.5)	(0.5)	12.5
Change in valuation allowance	0.4	(0.7)	(20.0)
Change in uncertain tax positions	0.3	(12.0)	12.2
Permanent items	(0.2)	(0.5)	9.4
Tax on asset dispositions	0.0	(0.7)	0.0
Excess tax benefits related to equity awards	(0.7)	(2.8)	6.4
U.S. tax on foreign earnings	0.2	0.4	(3.0)
Other, net	1.0	(0.1)	0.6
Effective rate	24.3 %	6.8 %	42.9 %

The non-U.S. income tax benefit presented in the table above includes tax-exempt income in Hong Kong and Singapore, and a tax deduction in Switzerland, which collectively represented 2.5% in 2022, 3.2% in 2021, and 12.9% in 2020. We included the impact of these items in the non-U.S. income line above because we consider them to be equivalent to a reduction of the statutory tax rates in these jurisdictions.

The non-U.S. income tax benefit also includes U.S. income tax expense on non-U.S. operations, which represents 0.6% in 2022, (0.5)% in 2021, and 0.8% in 2020. We included the impact of this tax in the non-U.S. income line above because we consider this tax to be an integral part of the foreign taxes.

### Other Information

We paid cash for income taxes, net of refunds, of \$476 million in 2022, \$362 million in 2021, and \$279 million in 2020.

## NOTE 7. COMMITMENTS AND CONTINGENCIES

### Guarantees

We issue guarantees to certain lenders and hotel owners, chiefly to obtain long-term management and franchise contracts. The guarantees generally have a stated maximum funding amount and a term of three to ten years. The terms of guarantees to lenders generally require us to fund if cash flows from hotel operations are inadequate to cover annual debt service or to repay the loan at maturity. The terms of the guarantees to hotel owners generally require us to fund if the hotels do not attain specified levels of operating profit. Guarantee fundings to lenders and hotel owners are generally recoverable out of future hotel cash flows and/or proceeds from the sale or refinancing of hotels.

We present the maximum potential amount of our future guarantee fundings and the carrying amount of our liability for our debt service, operating profit, and other guarantees (excluding contingent purchase obligations) for which we are the primary obligor at year-end 2022 in the following table:

(\$ in millions) Guarantee Type	Maximum Potential Amount of Future Fundings	Recorded Liability for Guarantees
Debt service	\$ 73	\$ 10
Operating profit	191	107
Other	16	4
	<u>\$ 280</u>	<u>\$ 121</u>

Our liability at year-end 2022 for guarantees for which we are the primary obligor is reflected in our Balance Sheets as \$32 million of “Accrued expenses and other” and \$89 million of “Other noncurrent liabilities.”

Our maximum potential guarantees listed in the preceding table include \$60 million of operating profit guarantees that will not be in effect until the underlying properties open and we begin to operate the properties or certain other events occur.

In conjunction with financing obtained for specific projects or properties owned by us or entities in which we have an investment, we may provide industry standard indemnifications to the lender for loss, liability, or damage occurring as a result of the actions of the entity or our own actions.

#### *Contingent Purchase Obligation*

Sheraton Grand Chicago. In 2017, we granted the owner a one-time right to require us to purchase the leasehold interest in the land and the hotel for \$300 million in cash (the “put option”). In the 2021 third quarter, we entered into an amendment with the owner to move the exercise period of the put option from the 2022 first half to the 2024 first half. If the owner exercises the put option, the closing is expected to occur in the 2024 fourth quarter, and we have the option to purchase, at the same time the put transaction closes, the fee simple interest in the underlying land for an additional \$200 million in cash. We account for the put option as a guarantee, and our recorded liability was \$300 million at year-end 2022 and 2021.

We concluded that the entity that owns the Sheraton Grand Chicago hotel is a variable interest entity. We did not consolidate the entity because we do not have the power to direct the activities that most significantly impact the entity’s economic performance. Our maximum exposure to loss related to the entity is equal to the difference between the purchase price and the fair value of the hotel at the time that the put option is exercised, plus the maximum funding amount of an operating profit guarantee that we provided for the hotel.

#### *Commitments*

At year-end 2022, we had various purchase commitments for goods and services in the normal course of business, primarily for programs and services for which we are reimbursed by third-party owners, totaling \$514 million. We expect to purchase goods and services subject to these commitments as follows: \$238 million in 2023, \$168 million in 2024, \$83 million in 2025, and \$25 million thereafter.

#### *Letters of Credit*

At year-end 2022, we had \$135 million of letters of credit outstanding (all outside the Credit Facility, as defined in Note 9), most of which were for our self-insurance programs. Surety bonds issued as of year-end 2022 totaled \$162 million, most of which state governments requested in connection with our self-insurance programs.

#### *Starwood Data Security Incident*

##### Description of Event

On November 30, 2018, we announced a data security incident involving unauthorized access to the Starwood reservations database (the “Data Security Incident”). Working with leading security experts, we determined that there was unauthorized access to the Starwood network since 2014 and that an unauthorized party had copied information from the Starwood reservations database and taken steps towards removing it. The Starwood reservations database is no longer used for business operations.

##### Litigation, Claims, and Government Investigations

Following our announcement of the Data Security Incident, approximately 100 lawsuits were filed by consumers and others against us in U.S. federal, U.S. state and Canadian courts related to the incident. The plaintiffs in the cases that remain pending, who generally purport to represent various classes of consumers, generally claim to have been harmed by alleged actions and/or omissions by the Company in connection with the Data Security Incident and assert a variety of common law and statutory claims seeking monetary damages, injunctive relief, costs and attorneys’ fees, and other related relief. The active U.S. cases are consolidated in the U.S. District Court for the District of Maryland (the “District Court”), pursuant to orders of the U.S. Judicial Panel on Multidistrict Litigation (the “MDL”). On May 3, 2022, the District Court granted in part and denied in part class certification of various U.S. groups of consumers. On July 14, 2022, the U.S. Court of Appeals for the Fourth Circuit granted our petition to appeal the District Court’s decision, which appeal remains pending. On September 8, 2022, the District Court held that the City of Chicago (which brought claims against us that are consolidated in the MDL proceeding) could not pursue injunctive claims but could pursue monetary claims. The Canadian cases have effectively been consolidated into a single case in the province of Ontario. We dispute the allegations in these lawsuits and are vigorously defending against such claims.

In addition, various U.S. federal, U.S. state and foreign governmental authorities made inquiries, opened investigations, or requested information and/or documents related to the Data Security Incident and related matters. Although some of these matters have been resolved or no longer appear to be active, some remain open. We are in discussions with the Attorney General offices from 49 states and the District of Columbia and the Federal Trade Commission. Based on the ongoing



discussions, we believe it is probable that we will incur losses, and we recorded an accrual in 2022 for an estimated loss contingency; the amount of this accrual is not material to our Financial Statements.

While we believe it is reasonably possible that we may incur losses in excess of the amounts recorded associated with the above described MDL proceedings and regulatory investigations related to the Data Security Incident, it is not possible to reasonably estimate the amount of such losses or range of loss that might result from adverse judgments, settlements, fines, penalties or other resolution of these proceedings and investigations based on: (1) in the case of the above described MDL proceedings, the current stage of these proceedings, the absence of specific allegations as to alleged damages, the uncertainty as to the certification of a class or classes and the size of any certified class, and the lack of resolution of significant factual and legal issues; and (2) in the case of the above described regulatory investigations, the lack of resolution with the Federal Trade Commission and the state Attorneys General.

## NOTE 8. LEASES

We enter into operating and finance leases primarily for hotels, offices, and equipment. Most leases have initial terms of up to 20 years, and contain one or more renewals at our option, generally for five- or 10-year periods. We have generally not included these renewal periods in the lease term as it is not reasonably certain that we will exercise the renewal option.

The following table details the composition of lease expense for 2022, 2021, and 2020:

(\$ in millions)	2022	2021	2020
Operating lease cost	\$ 165	\$ 149	\$ 157
Variable lease cost	90	51	60

We recorded impairment charges of \$116 million in 2020 in the “Depreciation, amortization, and other” caption of our Income Statements to reduce the carrying amount of certain U.S. & Canada hotel leases right-of-use assets and property and equipment, including leasehold improvements. The impairment charges recorded in 2020 were due to the impact of COVID-19. We determined that we may not be able to fully recover the carrying amount of these U.S. & Canada hotel leases after evaluating the assets for recovery due to declines in market performance and future cash flow projections. We estimated the fair value using an income approach reflecting internally developed Level 3 discounted cash flows that included, among other things, our expectations of future cash flows based on historical experience and projected growth rates, usage estimates and demand trends.

The following table presents our future minimum lease payments at year-end 2022:

(\$ in millions)	Operating Leases	Finance Leases
2023	\$ 157	\$ 14
2024	154	14
2025	148	14
2026	119	15
2027	85	15
Thereafter	844	107
Total minimum lease payments	\$ 1,507	\$ 179
Less: Amount representing interest	367	40
Present value of minimum lease payments	\$ 1,140	\$ 139

The following table presents the composition of our current and noncurrent lease liability at year-end 2022 and 2021:

(\$ in millions)	December 31, 2022		December 31, 2021	
	Operating Leases	Finance Leases	Operating Leases	Finance Leases
Current <sup>(1)</sup>	\$ 106	\$ 8	\$ 150	\$ 7
Noncurrent <sup>(2)</sup>	1,034	131	1,098	139
	\$ 1,140	\$ 139	\$ 1,248	\$ 146

<sup>(1)</sup> Operating leases are recorded in the “Accrued expenses and other” and finance leases are recorded in the “Current portion of long-term debt” captions of our Balance Sheets.

<sup>(2)</sup> Operating leases are recorded in the “Operating lease liabilities” and finance leases are recorded in the “Long-term debt” captions of our Balance Sheets.

The following table presents additional information about our lease obligations at year-end 2022 and 2021:

	2022		2021	
	Operating Leases	Finance Leases	Operating Leases	Finance Leases
Weighted Average Remaining Lease Term (in years)	13	11	14	12
Weighted Average Discount Rate	4.4 %	4.3 %	4.2 %	4.4 %

The following table presents supplemental cash flow information for 2022 and 2021:

(\$ in millions)	2022		2021	
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash outflows for operating leases	\$	191	\$	181
Lease assets obtained in exchange for lease obligations:				
Operating leases		75		463

## NOTE 9. LONG-TERM DEBT

We provide detail on our long-term debt balances, net of discounts, premiums, and debt issuance costs, in the following table at year-end 2022 and 2021:

(\$ in millions)	At Year-End 2022	At Year-End 2021
Senior Notes:		
Series L Notes, interest rate of 3.3%, face amount of \$173, redeemed June 15, 2022 (effective interest rate of 3.4%)	\$ —	\$ 173
Series P Notes, interest rate of 3.8%, face amount of \$350, maturing October 1, 2025 (effective interest rate of 4.0%)	348	347
Series Q Notes, interest rate of 2.3%, face amount of \$399, matured January 15, 2022 (effective interest rate of 2.5%)	—	399
Series R Notes, interest rate of 3.1%, face amount of \$750, maturing June 15, 2026 (effective interest rate of 3.3%)	747	746
Series U Notes, interest rate of 3.1%, face amount of \$291, maturing February 15, 2023 (effective interest rate of 3.1%)	291	291
Series V Notes, interest rate of 3.8%, face amount of \$318, maturing March 15, 2025 (effective interest rate of 2.8%)	324	327
Series W Notes, interest rate of 4.5%, face amount of \$278, maturing October 1, 2034 (effective interest rate of 4.1%)	289	290
Series X Notes, interest rate of 4.0%, face amount of \$450, maturing April 15, 2028 (effective interest rate of 4.2%)	446	445
Series Z Notes, interest rate of 4.2%, face amount of \$350, maturing December 1, 2023 (effective interest rate of 4.4%)	349	349
Series AA Notes, interest rate of 4.7%, face amount of \$300, maturing December 1, 2028 (effective interest rate of 4.8%)	298	297
Series CC Notes, interest rate of 3.6%, face amount of \$550, maturing April 15, 2024 (effective interest rate of 3.9%)	531	566
Series DD Notes, interest rate of 2.1%, face amount of \$224, matured October 3, 2022 (effective interest rate of 1.2%)	—	226
Series EE Notes, interest rate of 5.8%, face amount of \$600, maturing May 1, 2025 (effective interest rate of 6.0%)	596	595
Series FF Notes, interest rate of 4.6%, face amount of \$1,000, maturing June 15, 2030 (effective interest rate of 4.8%)	988	987
Series GG Notes, interest rate of 3.5%, face amount of \$1,000, maturing October 15, 2032 (effective interest rate of 3.7%)	987	986
Series HH Notes, interest rate of 2.9%, face amount of \$1,100, maturing April 15, 2031 (effective interest rate of 3.0%)	1,090	1,090
Series II Notes, interest rate of 2.8%, face amount of \$700, maturing October 15, 2033 (effective interest rate of 2.8%)	694	693
Series JJ Notes, interest rate of 5.0%, face amount of \$1,000, maturing October 15, 2027 (effective interest rate of 5.4%)	984	—
Commercial paper	871	—
Credit Facility	—	1,050
Finance lease obligations	139	146
Other	92	135
	<u>\$ 10,064</u>	<u>\$ 10,138</u>
Less current portion	<u>(684)</u>	<u>(805)</u>
	<u>\$ 9,380</u>	<u>\$ 9,333</u>

All our long-term debt is recourse to us but unsecured. All the Senior Notes shown in the table above are our unsecured and unsubordinated obligations, which rank equally with our other Senior Notes and all other unsecured and unsubordinated indebtedness that we have issued or will issue from time to time, and are governed by the terms of an indenture, dated as of November 16, 1998, between us and The Bank of New York Mellon (formerly The Bank of New York), as trustee. We may redeem some or all of each series of the Senior Notes before maturity under the terms provided in the applicable form of Senior Note.

In September 2022, we issued \$1.0 billion aggregate principal amount of 5.000 percent Series JJ Notes due October 15, 2027 (the “Series JJ Notes”). We will pay interest on the Series JJ Notes in April and October of each year, commencing in April 2023. We received net proceeds of approximately \$983 million from the offering of the Series JJ Notes, after deducting

the underwriting discount and estimated expenses, which were made available for general corporate purposes, including working capital, capital expenditures, acquisitions, stock repurchases or repayment of outstanding indebtedness.

In June 2022, we redeemed all \$173 million aggregate principal amount of our outstanding Series L Notes due in September 2022.

In December 2022, we amended and restated our \$4.5 billion multicurrency revolving credit agreement (the “Credit Facility”). Available borrowings under the Credit Facility support our commercial paper program and general corporate needs. Borrowings under the Credit Facility generally bear interest at SOFR (the Secured Overnight Financing Rate) plus a spread based on our public debt rating. We also pay quarterly fees on the Credit Facility at a rate based on our public debt rating. We classify outstanding borrowings under the Credit Facility and outstanding commercial paper borrowings as long-term based on our ability and intent to refinance the outstanding borrowings on a long-term basis. The Credit Facility expires on December 14, 2027.

The following table presents future principal payments, net of discounts, premiums, and debt issuance costs, for our debt at year-end 2022:

Debt Principal Payments (\$ in millions)	Amount
2023	\$ 684
2024	1,410
2025	1,310
2026	757
2027	995
Thereafter	4,908
Balance at year-end 2022	<u>\$ 10,064</u>

We paid cash for interest, net of amounts capitalized, of \$345 million in 2022, \$391 million in 2021, and \$377 million in 2020.

## NOTE 10. INTANGIBLE ASSETS AND GOODWILL

The following table details the composition of our intangible assets at year-end 2022 and 2021:

(\$ in millions)	At Year-End 2022	At Year-End 2021
<b>Definite-lived Intangible Assets</b>		
Costs incurred to obtain contracts with customers	\$ 1,995	\$ 1,875
Contracts acquired in business combinations and other	2,173	2,187
	4,168	4,062
Accumulated amortization	(1,172)	(1,052)
	2,996	3,010
<b>Indefinite-lived Intangible Brand Assets</b>	5,751	5,916
	<u>\$ 8,747</u>	<u>\$ 8,926</u>

We capitalize direct costs that we incur to obtain management, franchise, and license agreements. We amortize these costs on a straight-line basis over the initial term of the agreements, ranging from 15 to 30 years. In 2020, we recorded impairment charges totaling \$64 million in the “Contract investment amortization” caption of our Income Statements to reduce the carrying amount of certain capitalized costs incurred to obtain contracts with customers, primarily due to the impact of COVID-19, most of which we recorded in our U.S. & Canada business segment.

For contracts acquired in business combinations and other intangible assets, we recorded amortization expense of \$197 million in 2022, \$165 million in 2021, and \$97 million in 2020 (of which \$83 million in 2022, \$62 million in 2021, and none in 2020 was included in the “Reimbursed expenses” caption of our Income Statements). For these assets, we estimate that our aggregate amortization expense will be \$165 million in 2023, \$143 million in 2024, \$125 million in 2025, \$108 million in 2026, and \$93 million in 2027.

The following table details the carrying amount of our goodwill at year-end 2022 and 2021:

(\$ in millions)	U.S. & Canada	International	Total Goodwill
Balance at year-end 2021	\$ 5,348	\$ 3,725	\$ 9,073
Foreign currency translation	(25)	(176)	(201)
Balance at year-end 2022	\$ 5,323	\$ 3,549	\$ 8,872

## NOTE 11. PROPERTY AND EQUIPMENT

The following table presents the composition of our property and equipment balances at year-end 2022 and 2021:

(\$ in millions)	At Year-End 2022	At Year-End 2021
Land	\$ 688	\$ 686
Buildings and leasehold improvements	1,086	985
Furniture and equipment	649	545
Construction in progress	36	137
	2,459	2,353
Accumulated depreciation	(874)	(850)
	\$ 1,585	\$ 1,503

We record property and equipment at cost, including interest and real estate taxes we incur during development and construction. We capitalize the cost of improvements that extend the useful life of property and equipment when we incur them. These capitalized costs may include structural costs, equipment, fixtures, floor, and wall coverings. We expense all repair and maintenance costs when we incur them. We compute depreciation using the straight-line method over the estimated useful lives of the assets (generally three to 40 years), and we amortize leasehold improvements over the shorter of the asset life or lease term. Our gross depreciation expense totaled \$114 million in 2022, \$138 million in 2021, and \$322 million in 2020 (of which \$35 million in 2022, \$49 million in 2021, and \$109 million in 2020 was included in the “Reimbursed expenses” caption of our Income Statements). Fixed assets attributed to operations located outside the U.S. were \$592 million at year-end 2022 and \$623 million at year-end 2021. Our gross depreciation expense included impairment charges for property and equipment, including leasehold improvements, and right-of-use assets on several U.S. & Canada leased hotels in 2020, which we discussed in Note 8.

## NOTE 12. FAIR VALUE OF FINANCIAL INSTRUMENTS

We believe that the fair values of our current assets and current liabilities approximate their reported carrying amounts. We present the carrying amounts and the fair values of noncurrent financial assets and liabilities that qualify as financial instruments, determined under current guidance for disclosures on the fair value of financial instruments, in the following table:

(\$ in millions)	At Year-End 2022		At Year-End 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Senior, mezzanine, and other loans	\$ 152	\$ 142	\$ 144	\$ 131
<b>Total noncurrent financial assets</b>	<b>\$ 152</b>	<b>\$ 142</b>	<b>\$ 144</b>	<b>\$ 131</b>
Senior Notes	\$ (8,322)	\$ (7,627)	\$ (8,009)	\$ (8,480)
Commercial paper	(871)	(871)	—	—
Credit Facility	—	—	(1,050)	(1,050)
Other long-term debt	(56)	(49)	(135)	(140)
Other noncurrent liabilities	(394)	(394)	(414)	(414)
<b>Total noncurrent financial liabilities</b>	<b>\$ (9,643)</b>	<b>\$ (8,941)</b>	<b>\$ (9,608)</b>	<b>\$ (10,084)</b>

We estimate the fair value of our senior, mezzanine, and other loans by discounting cash flows using risk-adjusted rates, both of which are Level 3 inputs.

We determine the fair value of our Senior Notes using quoted market prices, which are directly observable Level 1 inputs. Even though our commercial paper borrowings generally have short-term maturities of 45 days or less, we classify outstanding

commercial paper borrowings as long-term based on our ability and intent to refinance them on a long-term basis. The carrying amount of our commercial paper and Credit Facility borrowings approximate fair value due to their short maturity and because they bear interest at a market rate. We estimate the fair value of our other long-term debt, excluding leases, using quoted market prices, which are directly observable Level 1 inputs. Our other noncurrent liabilities consist of guarantees. As we note in the “Guarantees” caption of Note 2, we measure our liability for guarantees at fair value on a nonrecurring basis, which is when we issue or modify a guarantee using Level 3 internally developed inputs. At year-end 2022 and year-end 2021, we determined that the carrying amounts of our guarantee liabilities approximated their fair values based on Level 3 inputs.

See the “Fair Value Measurements” caption of Note 2 for more information on the input levels we use in determining fair value.

### NOTE 13. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table details the accumulated other comprehensive loss activity for 2022, 2021, and 2020:

(\$ in millions)	Foreign Currency Translation Adjustments	Other Adjustments	Accumulated Other Comprehensive Loss
Balance at year-end 2019	\$ (368)	\$ 7	\$ (361)
Other comprehensive income before reclassifications <sup>(1)</sup>	229	7	236
Reclassification adjustments	—	(10)	(10)
Net other comprehensive income (loss)	229	(3)	226
Balance at year-end 2020	\$ (139)	\$ 4	\$ (135)
Other comprehensive (loss) income before reclassifications <sup>(1)</sup>	(212)	5	(207)
Reclassification adjustments	—	—	—
Net other comprehensive (loss) income	(212)	5	(207)
Balance at year-end 2021	\$ (351)	\$ 9	\$ (342)
Other comprehensive (loss) income before reclassifications <sup>(1)</sup>	(390)	11	(379)
Reclassification adjustments	1	(9)	(8)
Net other comprehensive (loss) income	(389)	2	(387)
Balance at year-end 2022	\$ (740)	\$ 11	\$ (729)

<sup>(1)</sup> Other comprehensive (loss) income before reclassifications for foreign currency translation adjustments includes intra-entity foreign currency transactions that are of a long-term investment nature, which resulted in gains (losses) of \$32 million for 2022, \$40 million for 2021, and \$(44) million for 2020.

### NOTE 14. BUSINESS SEGMENTS

We discuss our operations in the following two operating segments, both of which meet the applicable accounting criteria for separate disclosure as a reportable business segment: (1) United States and Canada (“U.S. & Canada”) and (2) International.

We evaluate the performance of our operating segments using “segment profits/loss” which is based largely on the results of the segment without allocating corporate expenses, income taxes, indirect general, administrative, and other expenses, merger-related costs, or most above-property restructuring charges. We assign gains and losses, equity in earnings or losses, direct general, administrative, and other expenses, and other restructuring charges to each of our segments. “Unallocated corporate and other” includes a portion of our revenues (such as fees we receive from our credit card programs and vacation ownership licensing agreements), revenues and expenses for our Loyalty Program, general, administrative, and other expenses, restructuring, merger-related charges, and other expenses, equity in earnings or losses, and other gains or losses that we do not allocate to our segments.

Our chief operating decision maker monitors assets for the consolidated Company but does not use assets by operating segment when assessing performance or making operating segment resource allocations.



## Segment Revenues

The following table presents our revenues disaggregated by segment and major revenue stream for the last three fiscal years:

(\$ in millions)	2022			2021			2020		
	U.S. & Canada	International	Total	U.S. & Canada	International	Total	U.S. & Canada	International	Total
Gross fee revenues	\$ 2,486	\$ 917	\$ 3,403	\$ 1,580	\$ 568	\$ 2,148	\$ 914	\$ 338	\$ 1,252
Contract investment amortization	(60)	(29)	(89)	(55)	(20)	(75)	(108)	(24)	(132)
Net fee revenues	2,426	888	3,314	1,525	548	2,073	806	314	1,120
Owned, leased, and other revenue	479	801	1,280	282	467	749	198	317	515
Cost reimbursement revenue	12,848	1,797	14,645	8,549	1,239	9,788	6,901	966	7,867
Total reportable segment revenue	\$ 15,753	\$ 3,486	\$ 19,239	\$ 10,356	\$ 2,254	\$ 12,610	\$ 7,905	\$ 1,597	\$ 9,502
Unallocated corporate and other			1,534			1,247			1,069
Total revenue			<u>\$20,773</u>			<u>\$13,857</u>			<u>\$10,571</u>

Revenues attributed to operations located outside the U.S. were \$4,032 million in 2022, \$2,615 million in 2021, and \$1,910 million in 2020, including cost reimbursement revenue outside the U.S. of \$2,231 million in 2022, \$1,553 million in 2021, and \$1,247 million in 2020.

## Segment Profits and Losses

(\$ in millions)	2022	2021	2020
U.S. & Canada <sup>(1)</sup>	\$ 2,446	\$ 1,394	\$ 198
International <sup>(2)</sup>	794	258	(222)
Unallocated corporate and other	251	(80)	(24)
Interest expense, net of interest income	(377)	(392)	(418)
(Provision) benefit for income taxes	(756)	(81)	199
Net income (loss)	<u>\$ 2,358</u>	<u>\$ 1,099</u>	<u>\$ (267)</u>

(1) Includes cost reimbursements, net of \$134 million in 2022, \$51 million in 2021, and \$(80) million in 2020.

(2) Includes cost reimbursements, net of \$49 million in 2022, \$14 million in 2021, and \$(55) million in 2020.

Segment profits (losses) attributed to operations located outside the U.S. were \$898 million in 2022, \$297 million in 2021, and \$(198) million in 2020, including cost reimbursements, net (cost reimbursement revenue, net of reimbursed expenses) outside the U.S. of \$67 million in 2022, \$14 million in 2021, and \$(62) million in 2020.

## Depreciation, Amortization, and Other

(\$ in millions)	2022	2021	2020
U.S. & Canada	\$ 81	\$ 92	\$ 209
International	85	106	113
Unallocated corporate and other	27	22	24
	<u>\$ 193</u>	<u>\$ 220</u>	<u>\$ 346</u>

## Capital Expenditures

(\$ in millions)	2022	2021	2020
U.S. & Canada	\$ 24	\$ 13	\$ 12
International	17	12	17
Unallocated corporate and other	291	158	106
	<u>\$ 332</u>	<u>\$ 183</u>	<u>\$ 135</u>

## NOTE 15. RELATED PARTY TRANSACTIONS

### Equity Method Investments

We have equity method investments in entities that own or lease properties for which we provide management services and receive fees. In addition, in some cases we provide loans, preferred equity, or guarantees to these entities.

The following table presents Income Statement data resulting from transactions with these related parties. This table does not include our Financial Statement captions with insignificant related party activity.

(\$ in millions)	2022	2021	2020
Cost reimbursement revenue	\$ 104	\$ 104	\$ 107
Reimbursed expenses	(104)	(105)	(110)
Equity in earnings (losses)	18	(24)	(141)

The carrying amount of our equity method investments was \$335 million at year-end 2022 and \$387 million at year-end 2021. This value exceeded our share of the book value of the investees' net assets by \$238 million at year-end 2022 and \$257 million at year-end 2021, primarily due to the value that we assigned to land, contracts, and buildings owned by the investees.

In 2020, we recorded impairment charges of \$77 million in the "Equity in earnings (losses)" caption of our Income Statements to reduce the carrying amount of certain investments, primarily due to the impact of COVID-19, most of which we recorded in our U.S. & Canada business segment.

#### *Other Related Parties*

We earned management fees of approximately \$11 million in 2022, \$6 million in 2021, and \$3 million in 2020, plus reimbursement of certain expenses, from our operation of properties in which JWM Family Enterprises, L.P., which is beneficially owned and controlled by J.W. Marriott, Jr., Deborah Marriott Harrison, David S. Marriott, and other members of the Marriott family, indirectly holds varying percentages of ownership. We earned gross fee revenues of approximately \$4 million in 2022 and \$1 million in 2021, plus reimbursement of certain expenses, and no revenues in 2020 from managed and franchised properties in which other members of the Marriott family hold varying interests.

#### **Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.**

None.

#### **Item 9A. Controls and Procedures.**

##### *Disclosure Controls and Procedures*

We evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")) as of the end of the period covered by this annual report under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer. Management necessarily applied its judgment in assessing the costs and benefits of those controls and procedures, which by their nature, can provide only reasonable assurance about management's control objectives. You should note that the design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and we cannot assure you that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote. Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective and operating to provide reasonable assurance that we record, process, summarize, and report the information we are required to disclose in the reports that we file or submit under the Exchange Act within the time periods specified in the rules and forms of the SEC, and to provide reasonable assurance that we accumulate and communicate such information to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions about required disclosure.

##### *Internal Control Over Financial Reporting*

We have set forth management's report on internal control over financial reporting and the attestation report of our independent registered public accounting firm on our internal control over financial reporting in Part II, Item 8 of this Form 10-K, and we incorporate those reports here by reference.

We made no changes in internal control over financial reporting during the fourth quarter of 2022 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

#### **Item 9B. Other Information.**

None.

**Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.**

Not applicable.

**PART III**

**Items 10, 11, 12, 13, 14.**

As described below, we incorporate by reference in this Annual Report on Form 10-K certain information appearing in the Proxy Statement that we will furnish to our stockholders for our 2023 Annual Meeting of Stockholders.

**Item 10. Directors, Executive Officers, and Corporate Governance.**

We incorporate this information by reference to “Nominees to our Board of Directors,” “Committees of the Board — Audit Committee,” “Transactions with Related Persons,” “Delinquent Section 16(a) Reports,” and “Selection of Director Nominees” sections of our Proxy Statement. We have included information regarding our executive officers and our Code of Ethics below.

**Item 11. Executive Compensation.**

We incorporate this information by reference to the “Executive and Director Compensation” and “Compensation Committee Interlocks and Insider Participation” sections of our Proxy Statement.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.**

We incorporate this information by reference to the “Securities Authorized for Issuance Under Equity Compensation Plans” and the “Stock Ownership” sections of our Proxy Statement.

**Item 13. Certain Relationships and Related Transactions, and Director Independence.**

We incorporate this information by reference to the “Transactions with Related Persons” and “Director Independence” sections of our Proxy Statement.

**Item 14. Principal Accountant Fees and Services.**

We incorporate this information by reference to the “Independent Registered Public Accounting Firm Fee Disclosure” and the “Pre-Approval of Independent Auditor Fees and Services Policy” sections of our Proxy Statement.

## INFORMATION ABOUT OUR EXECUTIVE OFFICERS

We include below certain information on our executive officers. This information is as of February 10, 2023, except where indicated.

Name and Title	Age	Business Experience
Anthony G. (Tony) Capuano Chief Executive Officer	57	Tony Capuano was appointed Chief Executive Officer (“CEO”) effective February 21, 2021. Effective February 24, 2023, Mr. Capuano will become President and Chief Executive Officer. Prior to his appointment as CEO, Mr. Capuano was Group President, Global Development, Design and Operations Services, a role he assumed in January 2020. In that role, he was responsible for leading the Company’s global development and design efforts and overseeing the Company’s Global Operations discipline. Mr. Capuano began his Marriott career in 1995 as part of the Market Planning and Feasibility team. Between 1997 and 2005, he led Marriott’s full-service development efforts in the Western U.S. and Canada. From 2005 to 2008, Mr. Capuano served as Senior Vice President of full-service development for North America. In 2008, his responsibilities expanded to include all of U.S. and Canada and the Caribbean and Latin America, and he became Executive Vice President and Global Chief Development Officer in 2009. Mr. Capuano began his professional career in Laventhol and Horwath’s Boston-based Leisure Time Advisory Group. He then joined Kenneth Leventhal and Company’s hospitality consulting group in Los Angeles, CA. Mr. Capuano earned his bachelor’s degree in Hotel Administration from Cornell University. He is an active member of the Cornell Hotel Society and a member of The Cornell School of Hotel Administration Dean’s Advisory Board, as well as the Business Roundtable, and the American Hotel and Lodging Association’s IREFAC Council. Additionally, Mr. Capuano serves on the Board of Directors of McDonald’s Corporation and Save Venice, a nonprofit organization dedicated to preserving the artistic heritage of Venice, Italy.
Benjamin T. (Ty) Breland Executive Vice President and Chief Human Resources Officer	47	Ty Breland was appointed Executive Vice President and Chief Human Resources Officer effective October 29, 2021. Prior to that appointment, Mr. Breland served as Global HR Officer for Talent Development & Organizational Capability, a role he assumed in 2016. In that role, Mr. Breland had executive oversight for talent management, including leadership development, organizational capability, and change management. Mr. Breland also oversaw The Ritz-Carlton Leadership Center, including its business strategy and sales efforts, and served as the senior Human Resources leader for the company’s Global Development, Design & Operations Services disciplines. Mr. Breland joined Marriott in 2004 as a member of the Company’s Talent Management and Analytics group and held a variety of other senior human resources leadership positions, including Global HR Integration Officer, responsible for the Human Resources integration for Marriott’s merger with Starwood Hotels & Resorts. From 2011-2015, Mr. Breland served as Regional Vice President of Human Resources for the Eastern Region of the U.S. Before joining Marriott, Mr. Breland worked for the Human Resources Research Organization as a research consultant. He earned his Bachelor of Science in Psychology and Ph.D. in Industrial/Organizational Psychology from Virginia Tech, where he is a board member for the Virginia Tech Hospitality Business School.
William P. (Liam) Brown Group President, United States and Canada	62	Liam Brown was appointed Group President, United States and Canada effective January 1, 2021. Prior to this role, Mr. Brown served as the President and Managing Director of Europe from 2018 to 2019, followed by Group President of Europe, Middle East & Africa in 2020. Mr. Brown joined Marriott in 1989 and served as President for Franchising, Owner Services and Managed by Marriott Select Brands, North America from 2012 to 2018. Other key positions held by Mr. Brown include Chief Operations Officer for the Americas for Select Service & Extended Stay Lodging and Owner & Franchise Services, as well as Senior Vice President and Executive Vice President of Development for Marriott’s Select Service & Extended Stay lodging products. Mr. Brown also serves on the Board of Directors of the American Hotel and Lodging Association. He holds a Hotel Diploma and Business Degree from the Dublin Institute of Technology, Trinity College and earned his Master of Business Administration from the Robert H. Smith School of Management at the University of Maryland.

Name and Title	Age	Business Experience
Felitia O. Lee Controller and Chief Accounting Officer	61	Felitia Lee was appointed Marriott's Controller and Chief Accounting Officer and principal accounting officer effective August 28, 2020, with responsibility for the accounting operations of the Company including oversight of financial reporting & analysis, accounting policy, general accounting, finance and accounting governance, global finance shared services, and financial contract compliance. Ms. Lee joined Marriott in May 2020, supporting the management of the Company's accounting operations. Prior to joining Marriott, Ms. Lee was the Senior Vice President and Controller for Kohl's Corporation, a publicly-traded retailer, since 2018, where she was responsible for financial reporting, Sarbanes-Oxley processes, capital management, tax planning, and compliance. Prior to joining Kohl's Corporation, Ms. Lee held numerous positions with PepsiCo, Inc., a publicly-traded global food and beverage company, culminating in Vice President and Controller of the Pepsi Beverage Company after the merger of PepsiCo with two of its largest bottlers in 2010. Earlier in her career, Ms. Lee held a variety of financial leadership positions with such organizations as Pilkington, plc and Coopers & Lybrand (an accounting firm now part of PricewaterhouseCoopers). She earned her Bachelor of Science in Accounting from Santa Clara University. She is a Certified Public Accountant and a member of the American Institute of Certified Public Accountants.
Stephanie C. Linnartz President	54	Stephanie Linnartz was appointed President of Marriott effective February 22, 2021. In her role, she is responsible for developing and executing all aspects of the Company's global consumer strategy, including brand, marketing, sales, revenue management, customer engagement, technology, emerging businesses, and Marriott Bonvoy, the Company's loyalty program. In addition, she oversees Marriott's global development, design, and operations services functions. Before that, Ms. Linnartz was Group President, Consumer Operations, Technology and Emerging Businesses beginning in January 2020. Before assuming her position as Group President, Ms. Linnartz, who began her Marriott career in 1997, served as Global Chief Commercial Officer from 2013 to 2019; Global Officer, Sales and Revenue Management from 2009 to 2013; Senior Vice President, Global Sales from 2008 to 2009; Senior Vice President, Sales and Marketing Planning and Support from 2005 to 2008; and prior to that, various roles in Marriott's Finance and Business Development Department. She currently serves on the Board of Directors of The Home Depot. She holds a bachelor's degree in Political Science and Government from the College of the Holy Cross, where she sits on the Board of Trustees, and earned her Master of Business Administration from the College of William and Mary. Ms. Linnartz was appointed President and CEO of Under Armour, Inc. in December 2022 and will leave Marriott effective February 24, 2023.
Kathleen K. (Leeny) Oberg Chief Financial Officer and Executive Vice President, Business Operations	62	Leeny Oberg was appointed Executive Vice President and Chief Financial Officer effective January 1, 2016 and was additionally designated Executive Vice President, Business Operations in October 2021. Previously, Ms. Oberg was the Chief Financial Officer for The Ritz-Carlton since 2013, where she contributed significantly to the brand's performance, growth, and organizational effectiveness. Prior to assuming that role, Ms. Oberg served in a range of financial leadership positions with Marriott, including Senior Vice President, Corporate and Development Finance and Senior Vice President, International Project Finance and Asset Management for Europe and the Middle East and Africa. Ms. Oberg first joined Marriott as part of its Investor Relations group in 1999. Before joining Marriott, Ms. Oberg held a variety of financial leadership positions with such organizations as Sodexo (previously Sodexo Marriott Services), Sallie Mae, Goldman Sachs, and Chase Manhattan Bank. Ms. Oberg is an active member of the American Hotel and Lodging Association's IREFAC Council, and she currently serves on the Board of Directors of Adobe Inc. She earned her Bachelor of Science in Commerce, with concentrations in Finance and Management Information Systems from the University of Virginia, McIntire School of Commerce and received her Master of Business Administration from Stanford University Graduate School of Business.



Name and Title	Age	Business Experience
Rena Hozore Reiss Executive Vice President and General Counsel	63	Rena Hozore Reiss was appointed Executive Vice President and General Counsel effective December 4, 2017. Ms. Reiss previously held the position of Executive Vice President, General Counsel and Corporate Secretary at Hyatt Hotels where she led the global legal team and oversaw Hyatt's risk management team and corporate transactions group. Prior to her position with Hyatt, Ms. Reiss was an attorney in Marriott's law department from 2000 to 2010 building her career in roles with increasing responsibility, ultimately holding the position of Senior Vice President and Associate General Counsel in which she led Marriott's managed development efforts in the Americas region. Before joining Marriott, Ms. Reiss was a partner at Counts & Kanne, Chartered, in Washington, D.C. and Associate General Counsel at the Miami Herald Publishing Company. Ms. Reiss serves on the Board of Directors of the American Hotel and Lodging Association and of the Legal Aid Society of the District of Columbia. She earned her A.B. from Princeton University and her J.D. from Harvard Law School.
Craig S. Smith Group President, International	60	Craig Smith was appointed Group President, International effective January 1, 2021. From October 2019 until December 2020, Mr. Smith was Group President and Managing Director of Asia Pacific, and he previously served as President and Managing Director of Asia Pacific since June 2015, assuming the responsibility for the strategic leadership of all operational and development functions spanning the region. Mr. Smith began his career with Marriott in 1988. Before becoming President and Managing Director of Asia Pacific, Mr. Smith served as President of Marriott's Caribbean and Latin America region from 2013 to 2015. Before moving to the Caribbean and Latin America region in 2013, he was Executive Vice President and Chief Operations Officer for Asia Pacific. He is the son of an American diplomat, and has lived and worked in 13 countries. Mr. Smith is chair of the US-ASEAN Business Council. He is also on the board of the US-India Strategic Partnership Forum (USISPF). He is fluent in Spanish and conversant in Portuguese. Mr. Smith earned a Bachelor of Science from Brigham Young University and a Master of Business Administration from the Rotman School of Management at the University of Toronto. On February 14, 2023, Marriott announced that Mr. Smith will be retiring from the Company, effective February 24, 2023.

## Code of Ethics and Business Conduct Guide

The Company has long maintained and enforced a Code of Ethics that applies to all Marriott associates, including our Chief Executive Officer, Chief Financial Officer, and Principal Accounting Officer, and to each member of the Board. The Code of Ethics is encompassed in our Business Conduct Guide, which is available in the Investor Relations section of our website (Marriott.com/investor) by clicking on "Governance" and then "Documents & Charters." We intend to post on that website any future changes or amendments to our Code of Ethics, and any waiver of our Code of Ethics that applies to any of our executive officers or a member of our Board within four business days following the date of the amendment or waiver.

## PART IV

### Item 15. Exhibits and Financial Statement Schedules.

#### LIST OF DOCUMENTS FILED AS PART OF THIS REPORT

##### (1) FINANCIAL STATEMENTS

We include this portion of Item 15 under Part II, Item 8 of this Annual Report on Form 10-K.

##### (2) FINANCIAL STATEMENT SCHEDULES

We include the financial statement schedule information required by the applicable accounting regulations of the SEC in the notes to our financial statements and incorporate that information in this Item 15 by reference.

##### (3) EXHIBITS

Any stockholder who wants a copy of the following Exhibits may obtain one from us upon request at a charge that reflects the reproduction cost of such Exhibits. Requests should be made to the Secretary, Marriott International, Inc., 7750 Wisconsin Avenue, Department 52/862, Bethesda, MD 20814.



We have not filed as exhibits certain instruments defining the rights of holders of the long-term debt of Marriott or its subsidiary Starwood Hotels & Resorts Worldwide, LLC, pursuant to Item 601(b)(4)(iii) of Regulation S-K promulgated under the Exchange Act, because the amount of debt authorized and outstanding under each such instrument does not exceed 10 percent of the total assets of the Company's and its consolidated subsidiaries. The Company agrees to furnish a copy of any such instrument to the Commission upon request.

<b>Exhibit No.</b>	<b>Description</b>	<b>Incorporation by Reference (where a report is indicated below, that document has been previously filed with the SEC and the applicable exhibit is incorporated by reference thereto)</b>
3.1	Restated Certificate of Incorporation.	Exhibit No. 3.(i) to our Form 8-K filed August 22, 2006 (File No. 001-13881).
3.2	Amended and Restated Bylaws.	Exhibit No. 3.(ii) to our Form 8-K filed February 14, 2022 (File No. 001-13881).
4.1	Form of Common Stock Certificate.	Exhibit No. 4.5 to our Form S-3ASR filed December 8, 2005 (File No. 333-130212).
4.2	Indenture, dated as of November 16, 1998, between the Company and The Bank of New York Mellon, as successor to JPMorgan Chase Bank, N.A., formerly known as The Chase Manhattan Bank.	Exhibit No. 4.1 to our Form 10-K for the fiscal year-ended January 1, 1999 (File No. 001-13881).
4.3	Description of Registrant's Securities.	Exhibit No. 4.3 to our Form 10-K for the fiscal year-ended December 31, 2019 (File No. 001-13881).
10.1	U.S. \$4,500,000 Sixth Amended and Restated Credit Agreement dated as of December 14, 2022 with Bank of America, N.A. as administrative agent and certain banks.	Exhibit No. 10 to our Form 8-K filed December 15, 2022 (File No. 001-13881).
10.2.1	License, Services and Development Agreement entered into on November 17, 2011, among the Company, Marriott Worldwide Corporation, Marriott Vacations Worldwide Corporation, and the other signatories thereto.	Exhibit No. 10.1 to our Form 8-K filed November 21, 2011 (File No. 001-13881).
10.2.2	First Amendment to License, Services, and Development Agreement for Marriott Projects, dated February 26, 2018, among the Company, Marriott Worldwide Corporation, Marriott Vacations Worldwide Corporation, and the other signatories thereto.	Exhibit No. 10.1 to our Form 8-K filed February 27, 2018 (File No. 001-13881).
10.2.3	Letter of Agreement, effective as of September 1, 2018, among the Company, Marriott Worldwide Corporation, Marriott Rewards, LLC, Starwood Hotels & Resorts Worldwide, LLC, Marriott Vacations Worldwide Corporation, Marriott Ownership Resorts, Inc., Vistana Signature Experiences, Inc. and ILG, LLC.	Exhibit No. 10.2 to our Form 10-Q filed November 6, 2018 (File No. 001-13881).
10.2.4	Letter of Agreement, effective as of January 1, 2022, among the Company, Marriott Worldwide Corporation, Marriott Vacations Worldwide Corporation, Starwood Hotels & Resorts Worldwide, LLC, Marriott Ownership Resorts, Inc., Vistana Signature Experiences, Inc. and ILG, LLC.	Exhibit No. 10.2.4 to our Form 10-K filed February 15, 2022 (File No. 001-13881).
10.2.5	Letter of Agreement, dated as of March 4, 2022, among the Company, Marriott Worldwide Corporation, Marriott Vacations Worldwide Corporation, Starwood Hotels & Resorts Worldwide, LLC, Vistana Signature Experiences, Inc. and ILG, LLC.	Exhibit No. 10.1 to our Form 10-Q filed May 4, 2022 (File No. 001-13881).

<b>Exhibit No.</b>	<b>Description</b>	<b>Incorporation by Reference (where a report is indicated below, that document has been previously filed with the SEC and the applicable exhibit is incorporated by reference thereto)</b>
10.2.6	Amendment to License, Services, and Development Agreement for Marriott Projects, dated May 19, 2022, among the Company, Marriott Worldwide Corporation, Marriott Vacations Worldwide Corporation, Starwood Hotels & Resorts Worldwide, LLC, Vistana Signature Experiences, Inc. and ILG, LLC.	Exhibit No. 10.1 to our Form 10-Q filed August 2, 2022 (File No. 001-13881).
10.3.1	License, Services and Development Agreement entered into on November 17, 2011, among The Ritz-Carlton Hotel Company, L.L.C., Marriott Vacations Worldwide Corporation, and the other signatories thereto.	Exhibit No. 10.2 to our Form 8-K filed November 21, 2011 (File No. 001-13881).
10.3.2	First Amendment to License, Services, and Development Agreement for Ritz-Carlton Projects, dated February 26, 2018, among The Ritz-Carlton Hotel Company, L.L.C., Marriott Vacations Worldwide Corporation, and the other signatories thereto.	Exhibit No. 10.2 to our Form 8-K filed February 27, 2018 (File No. 001-13881).
10.4.1	Marriott Bonvoy Affiliation Agreement entered into on November 10, 2021, among the Company, Marriott Rewards, L.L.C., Marriott Vacations Worldwide Corporation and certain of its subsidiaries, Marriott Ownership Resorts, Inc., and the other signatories thereto.	Exhibit No. 10.4.1 to our Form 10-K filed February 15, 2022 (File No. 001-13881).
†10.5	Amended and Restated Side Letter Agreement - Program Affiliation, dated February 26, 2018, among the Company, Marriott Vacations Worldwide, and certain of their subsidiaries.	Exhibit No. 10.5 to our Form 8-K filed February 27, 2018 (File No. 001-13881).
*10.6.1	Marriott International, Inc. Stock and Cash Incentive Plan, as amended through February 13, 2014.	Exhibit A to our Definitive Proxy Statement filed April 4, 2014 (File No. 001-13881).
*10.6.2	Amendment dated August 7, 2014 to the Marriott International, Inc. Stock and Cash Incentive Plan.	Exhibit No. 10 to our Form 10-Q filed October 29, 2014 (File No. 001-13881).
*10.6.3	Amendment dated September 23, 2016 to the Marriott International, Inc. Stock and Cash Incentive Plan.	Exhibit No. 10.8.2 to our Form 10-K filed February 15, 2018 (File No. 001-13881).
*10.6.4	Amendment dated November 10, 2016 to the Marriott International, Inc. Stock and Cash Incentive Plan.	Exhibit No. 10.22 to our Form 10-K filed February 15, 2018 (File No. 001-13881).
*10.6.5	Amendment dated May 5, 2017 to the Marriott International, Inc. Stock and Cash Incentive Plan.	Exhibit No. 10.8.3 to our Form 10-K filed February 15, 2018 (File No. 001-13881).
*10.6.6	Amendment dated February 15, 2019 to the Marriott International, Inc. Stock and Cash Incentive Plan.	Exhibit No. 10.7.5 to our Form 10-K filed March 1, 2019 (File No. 001-13881).
*10.6.7	Amendment dated May 10, 2019 to the Marriott International, Inc. Stock and Cash Incentive Plan.	Exhibit No. 10.1 to our Form 10-Q filed August 6, 2019 (File No. 001-13881).
*10.6.8	Amendment dated May 8, 2020 to the Marriott International, Inc. Stock and Cash Incentive Plan.	Exhibit No. 10.1 to our Form 10-Q filed August 10, 2020 (File No. 001-13881).
*10.7.1	Marriott International, Inc. Executive Deferred Compensation Plan, amended and restated as of February 11, 2022.	Exhibit No. 10.6.1 to our Form 10-K filed February 15, 2022 (File No. 001-13881).
*10.7.2	First Amendment to the Marriott International, Inc. Executive Deferred Compensation Plan, effective as of October 31, 2022.	<i>Filed with this report.</i>
*10.8.1	Form of MI Shares Agreement for the Marriott International, Inc. Stock and Cash Incentive Plan (March 2019).	Exhibit No. 10.1 to our Form 10-Q filed May 10, 2019 (File No. 001-13881).

<b>Exhibit No.</b>	<b>Description</b>	<b>Incorporation by Reference (where a report is indicated below, that document has been previously filed with the SEC and the applicable exhibit is incorporated by reference thereto)</b>
*10.8.2	Form of Retention Executive Restricted Stock Unit Agreement for the Marriott International, Inc. Stock and Cash Incentive Plan (March 2019).	Exhibit No. 10.2 to our Form 10-Q filed May 10, 2019 (File No. 001-13881).
*10.8.3	Form of Executive Restricted Stock Unit/MI Shares Agreement for the Marriott International, Inc. Stock and Cash Incentive Plan (February 2021).	Exhibit No. 10.4 to our Form 10-Q filed May 10, 2021 (File No. 001-13881).
*10.8.4	Form of Non-Employee Director Deferred Fee Award Agreement for the Marriott International, Inc. Stock and Cash Incentive Plan.	Exhibit No. 10.2 to our Form 10-Q filed August 2, 2022 (File No. 001-13881).
*10.8.5	Form of Non-Employee Director Deferred Share Award Agreement for the Marriott International, Inc. Stock and Cash Incentive Plan.	Exhibit No. 10.3 to our Form 10-Q filed August 2, 2022 (File No. 001-13881).
*10.9.1	Form of Stock Appreciation Rights Agreement for the Marriott International, Inc. Stock and Cash Incentive Plan (pre-February 2018).	Exhibit No. 10.12 to our Form 10-K filed February 15, 2018 (File No. 001-13881).
*10.9.2	Form of Stock Appreciation Rights Agreement for the Marriott International, Inc. Stock and Cash Incentive Plan (February 2018).	Exhibit No. 10.7 to our Form 10-Q filed May 10, 2018 (File No. 001-13881).
*10.9.3	Form of Stock Appreciation Rights Agreement for the Marriott International, Inc. Stock and Cash Incentive Plan (March 2019).	Exhibit No. 10.3 to our Form 10-Q filed May 10, 2019 (File No. 001-13881).
*10.9.4	Form of Stock Appreciation Rights Agreement for the Marriott International, Inc. Stock and Cash Incentive Plan (February 2021).	Exhibit No. 10.5 to our Form 10-Q filed May 10, 2021 (File No. 001-13881).
*10.9.5	Form of Non-Employee Director Stock Appreciation Right Agreement for the Marriott International, Inc. Stock and Cash Incentive Plan (Pre-May 2022).	Exhibit No. 10.12.2 to our Form 10-K filed February 15, 2018 (File No. 001-13881).
*10.9.6	Form of Non-Employee Director Stock Appreciation Right Agreement for the Marriott International, Inc. Stock and Cash Incentive Plan (May 2022).	Exhibit No. 10.4 to our Form 10-Q filed August 2, 2022 (File No. 001-13881).
*10.10.1	Form of Performance Share Unit Award Agreement for the Marriott International, Inc. Stock and Cash Incentive Plan (March 2019).	Exhibit No. 10.4 to our Form 10-Q filed May 10, 2019 (File No. 001-13881).
*10.10.2	Form of Performance Share Unit Award Agreement for the Marriott International, Inc. Stock and Cash Incentive Plan (February 2021).	Exhibit No. 10.6 to our Form 10-Q filed May 10, 2021 (File No. 001-13881).
*10.11.1	Starwood 2013 Long-Term Incentive Compensation Plan.	Exhibit No. 4.4 to Starwood's Form S-8 filed June 28, 2013 (File No. 333-189674).
*10.11.2	Amendment dated May 5, 2017 to the Starwood 2013 Long-Term Incentive Compensation Plan.	Exhibit No. 10.19.1 to our Form 10-K filed February 15, 2018 (File No. 001-13881).
*10.12	Amendment dated June 29, 2016 to the Starwood 2013 Long-Term Incentive Compensation Plan.	Exhibit No. 10.20 to our Form 10-K filed February 15, 2018 (File No. 001-13881).
*10.13	Amendment dated September 23, 2016 to the Starwood 2013 Long-Term Incentive Compensation Plan.	Exhibit No. 10.21 to our Form 10-K filed February 15, 2018 (File No. 001-13881).
*10.14	Aircraft Time Sharing Agreement, effective as of May 3, 2022, between Marriott International Administrative Services, Inc. and Anthony Capuano.	Exhibit No. 10.2 to our Form 10-Q filed May 4, 2022 (File No. 001-13881).
10.15	Amended and Restated Aircraft Time Sharing Agreement, effective as of May 3, 2022, between Marriott International Administrative Services, Inc. and J. Willard Marriott, Jr.	Exhibit No. 10.3 to our Form 10-Q filed May 4, 2022 (File No. 001-13881).

<b>Exhibit No.</b>	<b>Description</b>	<b>Incorporation by Reference (where a report is indicated below, that document has been previously filed with the SEC and the applicable exhibit is incorporated by reference thereto)</b>
10.16	Aircraft Time Sharing Agreement, effective as of February 9, 2023, between Marriott International Administrative Services, Inc. and David Marriott.	<i>Filed with this report.</i>
21	Subsidiaries of Marriott International, Inc.	<i>Filed with this report.</i>
23	Consent of Ernst & Young LLP.	<i>Filed with this report.</i>
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a).	<i>Filed with this report.</i>
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a).	<i>Filed with this report.</i>
32	Section 1350 Certifications.	<i>Furnished with this report.</i>
101	The following financial statements from Marriott International, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2022, formatted in Inline XBRL (Extensible Business Reporting Language): (i) the Consolidated Statements of Income (Loss) for the year ended December 31, 2022, December 31, 2021, and December 31, 2020; (ii) the Consolidated Balance Sheets at December 31, 2022, and December 31, 2021; (iii) the Consolidated Statements of Cash Flows for the year ended December 31, 2022, December 31, 2021, and December 31, 2020; (iv) the Consolidated Statements of Comprehensive Income (Loss) for the year ended December 31, 2022, December 31, 2021, and December 31, 2020; (v) the Consolidated Statements of Stockholders' Equity for the year ended December 31, 2022, December 31, 2021, and December 31, 2020; and (vi) Notes to Consolidated Financial Statements.	<i>Submitted electronically with this report.</i>
101.INS	XBRL Instance Document.	<i>Submitted electronically with this report.</i>
101.SCH	XBRL Taxonomy Extension Schema Document.	<i>Submitted electronically with this report.</i>
101.CAL	XBRL Taxonomy Calculation Linkbase Document.	<i>Submitted electronically with this report.</i>
101.DEF	XBRL Taxonomy Extension Definition Linkbase.	<i>Submitted electronically with this report.</i>
101.LAB	XBRL Taxonomy Label Linkbase Document.	<i>Submitted electronically with this report.</i>
101.PRE	XBRL Taxonomy Presentation Linkbase Document.	<i>Submitted electronically with this report.</i>
104	The cover page from Marriott International, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2022, formatted in Inline XBRL (included as Exhibit 101).	<i>Submitted electronically with this report.</i>
*	Denotes management contract or compensatory plan.	
†	Portions of this exhibit were redacted pursuant to a confidential treatment request filed with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Exchange Act. The redacted portions of this exhibit have been filed with the Securities and Exchange Commission.	

**Item 16. Form 10-K Summary.**

None.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Exchange Act, we have duly caused this Form 10-K to be signed on our behalf by the undersigned, thereunto duly authorized, on this 14th day of February 2023.

MARRIOTT INTERNATIONAL, INC.

By: /s/Anthony G. Capuano

Anthony G. Capuano  
Chief Executive Officer

Pursuant to the requirements of the Exchange Act, this Form 10-K has been signed by the following persons on our behalf in the capacities indicated and on the date indicated above.

PRINCIPAL EXECUTIVE OFFICER:

<u>/s/Anthony G. Capuano</u>	Chief Executive Officer and Director
Anthony G. Capuano	

PRINCIPAL FINANCIAL OFFICER:

<u>/s/Kathleen K. Oberg</u>	Chief Financial Officer and Executive Vice President, Business Operations
Kathleen K. Oberg	

PRINCIPAL ACCOUNTING OFFICER:

<u>/s/Felitia Lee</u>	Controller and Chief Accounting Officer
Felitia Lee	

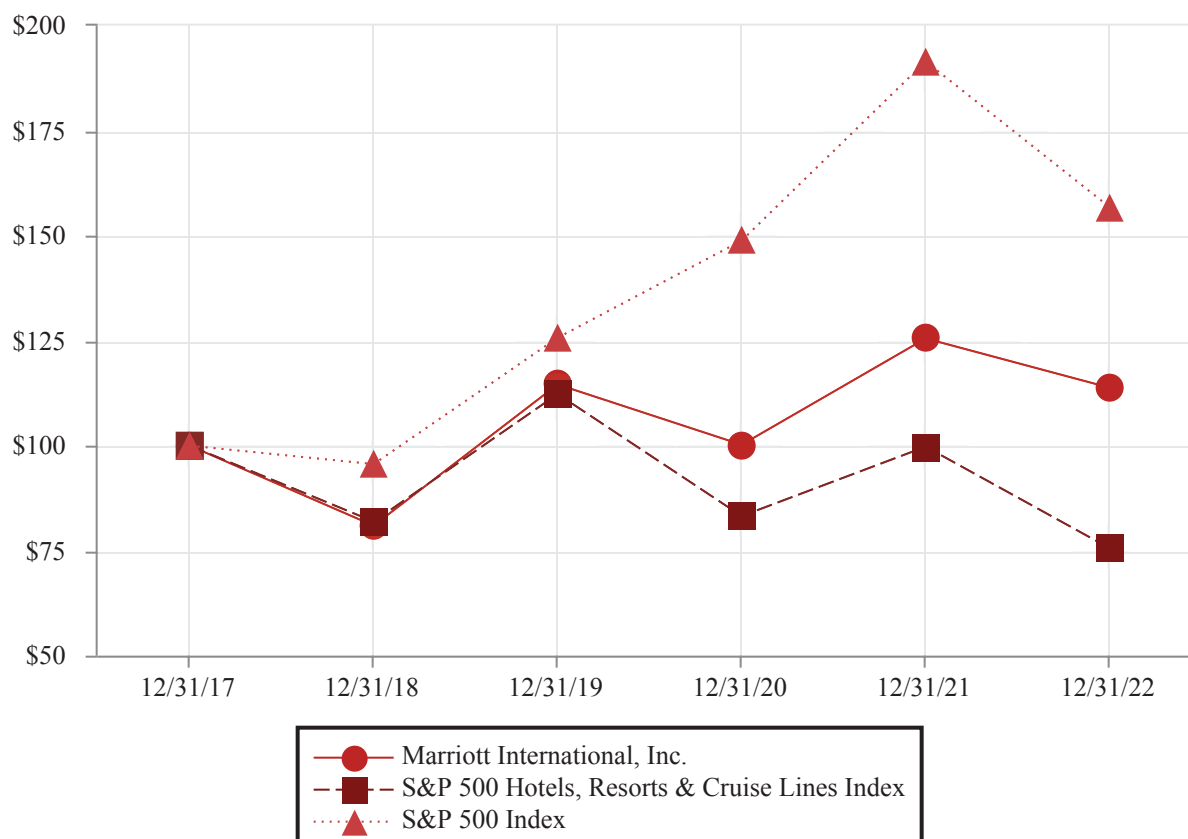
DIRECTORS:

<u>/s/David S. Marriott</u>	<u>/s/Aylwin B. Lewis</u>
David S. Marriott, Chairman of the Board	Aylwin B. Lewis, Director
<u>/s/Isabella D. Goren</u>	<u>/s/Margaret M. McCarthy</u>
Isabella D. Goren, Director	Margaret M. McCarthy, Director
<u>/s/Deborah Marriott Harrison</u>	<u>/s/George Muñoz</u>
Deborah Marriott Harrison, Director	George Muñoz, Director
<u>/s/Frederick A. Henderson</u>	<u>/s/Horacio D. Rozanski</u>
Frederick A. Henderson, Director	Horacio D. Rozanski, Director
<u>/s/Eric Hippeau</u>	<u>/s/Susan C. Schwab</u>
Eric Hippeau, Director	Susan C. Schwab, Director
<u>/s/Debra L. Lee</u>	
Debra L. Lee, Director	

## STOCKHOLDER RETURN PERFORMANCE GRAPH

The following graph compares the performance of our Class A Common Stock from December 31, 2017 to the end of fiscal year 2022 with the performance of the Standard & Poor's Corporation Composite 500 Index and the Standard & Poor's Hotels, Resorts & Cruise Lines Index. The graph assumes an initial investment value of \$100 on December 31, 2017, and reinvestment of dividends.

**Comparison of Stockholder Returns Among Marriott International, Inc., The S&P 500 Index, and The S&P 500 Hotels, Resorts & Cruise Lines Index**



	12/31/17	12/31/18	12/31/19	12/31/20	12/31/21	12/31/22
Marriott International, Inc.	\$ 100.00	\$ 80.96	\$ 114.58	\$ 100.22	\$ 125.53	\$ 113.80
S&P 500 Hotels, Resorts & Cruise Lines Index <sup>(1)</sup>	100.00	81.94	112.30	83.24	99.76	75.57
S&P 500 Index	100.00	95.61	125.70	148.82	191.50	156.78

<sup>(1)</sup> At the end of fiscal year 2022, the S&P 500 Hotels, Resorts & Cruise Lines Index consisted of Marriott International, Inc., Carnival Corporation, Royal Caribbean Cruises Limited, Hilton Worldwide Holdings Inc., Norwegian Cruise Line Holdings Limited, Booking Holdings Inc. (beginning 2021), and Expedia Group, Inc. (beginning 2021). Wyndham Worldwide Corporation was removed from the index in 2018.



## NON-GAAP FINANCIAL MEASURES

In this Annual Report, we report certain financial measures that are not required by, or presented in accordance with, United States generally accepted accounting principles (“GAAP”). Although management evaluates and presents these non-GAAP measures for the reasons described below, please be aware that these non-GAAP measures have limitations and should not be considered in isolation or as a substitute for net income, earnings per share, or any other comparable operating measure prescribed by GAAP. In addition, we may calculate and/or present these non-GAAP financial measures differently than measures with the same or similar names that other companies report, and as a result, the non-GAAP measures we report may not be comparable to those reported by others.

**Adjusted Net Income and Adjusted Diluted Earnings Per Share.** Adjusted net income and Adjusted diluted earnings per share reflect our net income and diluted earnings per share excluding the impact of cost reimbursement revenue, reimbursed expenses, restructuring, merger-related charges, and other expenses, certain non-cash impairment charges, loss on extinguishment of debt (when applicable), gains and losses on asset dispositions made by us or by our joint venture investees (when applicable), the income tax effect of these adjustments, and income tax special items. The income tax special items primarily related to the resolution of tax audits. We calculate the income tax effect of the adjustments using an estimated tax rate applicable to each adjustment. We believe that these measures are meaningful indicators of our performance because they allow for period-over-period comparisons of our ongoing operations before these items and for the reasons further described below.

**Adjusted Earnings Before Interest Expense, Taxes, Depreciation and Amortization (“Adjusted EBITDA”).** Adjusted EBITDA reflects net income excluding the impact of the following items: cost reimbursement revenue and reimbursed expenses, interest expense, depreciation and amortization (including depreciation and amortization classified in “Reimbursed expenses,” as discussed below), certain non-cash impairment charges related to equity investments, benefit (provision) for income taxes, restructuring, merger-related charges, and other expenses, and stock-based compensation expense for all periods presented. When applicable, Adjusted EBITDA also excludes loss on extinguishment of debt and gains and losses on asset dispositions made by us or by our joint venture investees.

In our presentations of Adjusted net income, Adjusted diluted earnings per share, and Adjusted EBITDA, we exclude a one-time cost in the 2022 first quarter related to certain property-level adjustments related to compensation, charges incurred under our restructuring plans that we initiated beginning in the 2020 second quarter to achieve cost savings in response to the decline in lodging demand caused by COVID-19, and transition costs associated with the Starwood merger, which we record in the “Restructuring, merger-related charges, and other” caption of our Consolidated Statements of Income (our “Income Statements”), as well as the loss related to the debt extinguishment in the 2021 third quarter, which we recorded in the “Loss on extinguishment of debt” caption of our 2021 Income Statement, to allow for period-over-period comparisons of our ongoing operations before the impact of these items. We also exclude non-cash impairment charges (if above a specified threshold) related to our management and franchise contracts (if the impairment is non-routine), leases, equity investments, and other capitalized assets, which we record in the “Contract investment amortization,” “Depreciation, amortization, and other,” and “Equity in earnings (losses)” captions of our Income Statements to allow for period-over-period comparisons of our ongoing operations before the impact of these items. We exclude cost reimbursement revenue and reimbursed expenses, which relate to property-level and centralized programs and services that we operate for the benefit of our hotel owners. We do not operate these programs and services to generate a profit over the long term, and accordingly, when we recover the costs that we incur for these programs and services from our hotel owners, we do not seek a mark-up. For property-level services, our owners typically reimburse us at the same time that we incur expenses. However, for centralized programs and services, our owners may reimburse us before or after we incur expenses, causing timing differences between the costs we incur and the related reimbursement from hotel owners in our operating and net income. Over the long term, these programs and services are not designed to impact our economics, either positively or negatively. Because we do not retain any such profits or losses over time, we exclude the net impact when evaluating period-over-period changes in our operating results.

We believe that Adjusted EBITDA is a meaningful indicator of our operating performance because it permits period-over-period comparisons of our ongoing operations before these items. Our use of Adjusted EBITDA also facilitates comparison with results from other lodging companies because it excludes certain items that can vary widely across different industries or among companies within the same industry. For example, interest expense can be dependent on a company’s capital structure, debt levels, and credit ratings. Accordingly, the impact of interest expense on earnings can vary significantly among companies. The tax positions of companies can also vary because of their differing abilities to take advantage of tax benefits and because of the tax policies of the jurisdictions in which they operate. As a result, effective tax rates and provisions for income taxes can vary considerably among companies. Our Adjusted EBITDA also excludes depreciation and amortization expense, which we report under “Depreciation, amortization, and other” as well as depreciation and amortization classified in “Contract investment amortization,” “Reimbursed expenses,” and “Equity in earnings (losses)” of our Income Statements, because companies utilize productive assets of different ages and use different methods of both acquiring and depreciating productive assets. Depreciation

and amortization classified in “Reimbursed expenses” reflects depreciation and amortization of Marriott-owned assets and software, for which we receive cash from owners to reimburse the company for its investments made for the benefit of the system. These differences can result in considerable variability in the relative costs of productive assets and the depreciation and amortization expense among companies. We exclude stock-based compensation expense in all periods presented to address the considerable variability among companies in recording compensation expense because companies use stock-based payment awards differently, both in the type and quantity of awards granted.

The following table presents our reconciliations of Adjusted net income, Adjusted diluted earnings per share, and Adjusted EBITDA to the most directly comparable GAAP measures.

<i>(\$ in millions except per share amounts)</i>	<b>Full Year 2022</b>	<b>Full Year 2021</b>	<b>Percent Better/(Worse)</b>
Net income, as reported	\$ 2,358	\$ 1,099	
Cost reimbursement revenue	(15,417)	(10,442)	
Reimbursed expenses	15,141	10,322	
Restructuring, merger-related charges, and other	12	8	
Impairments <sup>(1)</sup>	11	15	
Loss on extinguishment of debt	—	164	
Gains on investees' property sales <sup>(2)</sup>	(23)	—	
Gain on asset disposition <sup>(3)</sup>	(2)	—	
Income tax effect of above adjustments	69	(17)	
Income tax special items	30	(98)	
<b>Adjusted net income</b>	<b>\$ 2,179</b>	<b>\$ 1,051</b>	<b>107%</b>
<b>Diluted earnings per share, as reported</b>	<b>\$ 7.24</b>	<b>\$ 3.34</b>	
<b>Adjusted diluted earnings per share</b>	<b>\$ 6.69</b>	<b>\$ 3.19</b>	<b>110%</b>
Net income, as reported	\$ 2,358	\$ 1,099	
Cost reimbursement revenue	(15,417)	(10,442)	
Reimbursed expenses	15,141	10,322	
Loss on extinguishment of debt	—	164	
Interest expense	403	420	
Interest expense from unconsolidated joint ventures	6	7	
Provision for income taxes	756	81	
Depreciation and amortization	193	220	
Contract investment amortization	89	75	
Depreciation and amortization classified in reimbursed expenses	118	111	
Depreciation, amortization, and impairments from unconsolidated joint ventures	27	31	
Stock-based compensation	192	182	
Restructuring, merger-related charges, and other	12	8	
Gains on investees' property sales <sup>(2)</sup>	(23)	—	
Gain on asset disposition <sup>(3)</sup>	(2)	—	
<b>Adjusted EBITDA</b>	<b>\$ 3,853</b>	<b>\$ 2,278</b>	<b>69%</b>

<sup>1</sup> Full Year 2022 includes impairment charges reported in Contract investment amortization of \$5 million and Equity in earnings (losses) of \$6 million. Full Year 2021 includes impairment charges reported in Depreciation, amortization, and other of \$11 million and Equity in earnings (losses) of \$4 million.

<sup>2</sup> Gains on investees' property sales reported in Equity in earnings (losses).

<sup>3</sup> Gain on asset disposition reported in Gains and other income, net.

# Directors and Officers

(as of March 1, 2023)

## Directors

**David S. Marriott**<sup>5</sup>  
Chairman of the Board  
Marriott International, Inc.

**Anthony G. Capuano**<sup>1,5,†</sup>  
President and Chief Executive Officer  
Marriott International, Inc.

**Isabella D. Goren**<sup>2</sup>  
Former Chief Financial Officer  
American Airlines, Inc. and AMR Corporation

**Frederick A. Henderson**<sup>2,4</sup>  
Former Chairman and Chief Executive Officer  
SunCoke Energy, Inc.

**Deborah Marriott Harrison**<sup>5</sup>  
Global Cultural Ambassador Emeritus  
Marriott International, Inc.

**Eric Hippeau**<sup>3,6</sup>  
Managing Partner  
Lerer Hippeau

**Debra L. Lee**<sup>4,5</sup>  
Former Chairman and Chief Executive Officer  
BET Networks

**Aylwin B. Lewis**<sup>2,3,4</sup>  
Former Chairman, Chief Executive Officer and President  
Potbelly Corporation

**Margaret M. McCarthy**<sup>2,6</sup>  
Former Executive Vice President  
CVS Healthcare Corporation

**George Muñoz**<sup>5</sup>  
Principal  
Muñoz Investment Banking Group, LLC

**Horacio D. Rozanski**<sup>3,6</sup>  
President and Chief Executive Officer  
Booz Allen Hamilton Inc.

**Susan C. Schwab**<sup>3,6</sup>  
Professor Emerita  
University of Maryland School of Public Policy

## Chairman Emeritus

**J.W. Marriott Jr.**

## Executive Officers

**Anthony G. Capuano**<sup>1,5,†</sup>  
President and Chief Executive Officer

**Satya Anand**<sup>†</sup>  
President  
Europe, Middle East and Africa (EMEA)

**Benjamin T. Breland**<sup>†</sup>  
Executive Vice President and  
Chief Human Resources Officer

**William P. Brown**<sup>†</sup>  
Group President  
United States and Canada

**Tina M. Edmundson**  
President  
Luxury

**Brian J. King**  
President  
Caribbean and Latin America (CALA)

**Felitia O. Lee**<sup>†</sup>  
Controller and Chief Accounting Officer

**Yibing Mao**<sup>†</sup>  
President  
Greater China (GC)

**Jennifer C. Mason**  
Global Officer, Treasurer and  
Risk Management

**Jackie Burka McConagha**  
Senior Vice President  
Investor Relations

**Rajeev Menon**<sup>†</sup>  
President  
Asia Pacific Excluding China (APEC)

**Kathleen K. Oberg**<sup>†</sup>  
Chief Financial Officer and  
Executive Vice President, Development

**Drew L. Pinto**<sup>†</sup>  
Executive Vice President and  
Chief Revenue and Technology Officer

**Tricia A. Primrose**  
Executive Vice President and  
Global Chief Communications  
and Public Affairs Officer

**Rena H. Reiss**<sup>†</sup>  
Executive Vice President and  
General Counsel

**Peggy F. Roe**<sup>†</sup>  
Executive Vice President and  
Chief Customer Officer

**Andrew P.C. Wright**  
Vice President, Senior Counsel  
and Secretary

## LEGEND

1 Executive Committee

2 Audit Committee

3 Human Resources and Compensation Committee

4 Nominating and Corporate Governance Committee

5 Inclusion and Social Impact Committee

6 Technology and Information Security Oversight Committee

† Executive officer as defined under the Securities Exchange Act of 1934

# Corporate Information

## Corporate Headquarters

Marriott International, Inc.  
7750 Wisconsin Avenue  
Bethesda, MD 20814  
1-301-380-3000  
Internet: Marriott.com

## Common Stock Listings

The Company's Class A Common Stock (ticker symbol: MAR) is listed on the NASDAQ Global Select Market ("NASDAQ").

## Investor Relations

For information, call: 1-301-380-6500  
Internet: [www.marriott.com/investor](http://www.marriott.com/investor)

## Independent Registered Public Accounting Firm

Ernst & Young LLP  
Tysons, VA

## Annual Meeting of Stockholders

May 12, 2023

The annual meeting of Marriott International, Inc. will be in virtual format via a live audio webcast. Stockholders can attend the meeting via the Internet at:  
[www.virtualshareholdermeeting.com/MAR2023](http://www.virtualshareholdermeeting.com/MAR2023).

## Registrar and Transfer Agent

Stockholder inquiries regarding stock transfers, dividend payments, address changes, enrollment in the company's direct investment plan, lost stock certificates, or other stock account matters should be directed to:

Computershare Investor Services  
1-800-311-4816 (U.S. and Canada)  
1-201-680-6693 (International)  
[www.computershare.com/investor](http://www.computershare.com/investor)

By Mail:

Computershare Investor Services  
P.O. Box 43078  
Providence, RI 02940-3078

By Overnight Delivery:

Computershare Investor Services  
150 Royall Street – Suite 101  
Canton, MA 02021

## Lodging Development Inquiries

Please visit [www.hotel-development.marriott.com](http://www.hotel-development.marriott.com)  
Phone: 1-301-380-3200  
Email: [lodging.development@marriott.com](mailto:lodging.development@marriott.com)

## Common Stock Prices and Dividends<sup>(1)</sup>

Common Stock Prices and Dividends <sup>(1)</sup>			Cash Dividends Declared Per Share
	Stock Price		
	High	Low	
<b>2021</b>			
First Quarter .....	\$159.98	\$115.50	—
Second Quarter .....	153.23	134.42	—
Third Quarter .....	155.78	127.23	—
Fourth Quarter .....	171.68	140.55	—
<b>2022</b>			
First Quarter .....	\$184.99	\$146.07	—
Second Quarter .....	195.90	131.01	\$0.30
Third Quarter .....	166.56	133.54	0.30
Fourth Quarter .....	169.05	137.25	0.40

<sup>(1)</sup> The range of prices of our common stock and cash dividends declared per share for each quarterly period within the last two years are shown in the table above.

## Other Information

Any stockholder who would like a copy of the Company's Annual Report on Form 10-K for the fiscal year 2022 may obtain one, without charge, by addressing a request to the Secretary, Marriott International, Inc., Department 52/862, 7750 Wisconsin Avenue, Bethesda, Maryland, 20814. The Company's copying costs will be charged if copies of exhibits to the Annual Report on Form 10-K are requested. You may also obtain a copy of the Annual Report for fiscal year 2022, including exhibits, from the Company's website at <https://www.marriott.com/investor> by clicking on "Financial Information" and then "SEC Filings."

We invite you to learn more about Marriott's business and growth opportunities at <https://www.marriott.com/investor>. Our investor site includes an electronic version of this report, investor presentations, earnings conference calls, press releases, SEC filings, company history, and information about the company's governance and Board of Directors.

Stockholders may also elect to receive notices of stockholder meetings, proxy materials and annual reports electronically through the Internet. If your shares are registered in your own name, and not in "street name" through a broker or other nominee, simply log in to the Internet site maintained by our transfer agent, Computershare Investor Services, at [www.computershare.com/investor](http://www.computershare.com/investor) and the step-by-step instructions will prompt you through enrollment.



MARRIOTT INTERNATIONAL, INC.  
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