

MARRIOTT INTERNATIONAL INC /MD/
Form 8-K
March 02, 2007

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

Form 8-K

Current Report

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): 03/01/2007

Marriott International, Inc.

(Exact name of registrant as specified in its charter)

Commission File Number: 1-13881

Delaware
(State or other jurisdiction of
incorporation)

52-2055918
(IRS Employer
Identification No.)

10400 Fernwood Road
Bethesda, MD 20817
(Address of principal executive offices, including zip code)

301-380-3000
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Information to be included in the report

Item 8.01. Other Events

Marriott International, Inc. (the "Company") disclosed, in its 2006 Annual Report on Form 10-K ("2006 Form 10-K"), that the Internal Revenue Service (the "IRS") is auditing the Company's federal tax returns for the 2000, 2001 and 2002 fiscal years. As part of that audit, the IRS is reviewing a leveraged employee stock ownership plan ("ESOP") feature of the Company's Employees' Profit Sharing, Retirement and Savings Plan and Trust (the "Plan") that was implemented in a transaction (the "ESOP Transaction") on June 13, 2000. Principal and interest on the debt related to the transaction was forgiven over a 26-month period as a mechanism for funding Company contributions of elective deferrals and matching contributions to the Plan. The Company claimed federal income tax deductions for the forgiven principal on the debt in the amount of \$1 billion over that period, along with forgiven interest on the debt. The benefit related to the tax deductions was reflected in equity and did not flow through the provision for income taxes.

On March 1, 2007, the Company received Notices of Proposed Adjustment from the IRS challenging most of the ESOP related federal income tax deductions claimed by the Company and proposing substantial excise taxes and penalties. We believe that the IRS' proposed adjustments are incorrect, intend to vigorously defend our positions and are examining various procedural alternatives for resolution of this matter.

Signature(s)

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Marriott International, Inc.

Date: March 02, 2007

By: /s/ Carl T. Berquist

Carl T. Berquist
Executive Vice President, Financial Information and Risk
Management