# MARRIOTT INTERNATIONAL, INC.
## Non-GAAP Financial Measures

In our press release and schedules, and on the related conference call, we report certain financial measures that are not prescribed or authorized by United States generally accepted accounting principles ("GAAP"). We discuss management's reasons for reporting these non-GAAP measures below, and the press release schedules reconcile the most directly comparable GAAP measure to each non-GAAP measure that we refer to (identified by a double asterisk on the preceding pages). Although management evaluates and presents these non-GAAP measures for the reasons described below, please be aware that these non-GAAP measures are not alternatives to revenue, operating income, income from continuing operations, net income, earnings per share or any other comparable operating measure prescribed by GAAP. In addition, these non-GAAP financial measures may be calculated and/or presented differently than measures with the same or similar names that are reported by other companies, and as a result, the non-GAAP measures we report may not be comparable to those reported by others.

**2009 First Quarter Results and 2009 Second Quarter and Full Year 2009 Estimated Results as Adjusted**. Management evaluates non-GAAP measures that exclude the impact of restructuring costs and other charges and certain tax expenses incurred in the 2009 first quarter as well as estimated restructuring costs expected to be incurred in the second quarter of 2009 because those non-GAAP measures allow for period-over-period comparisons of our on-going core operations before material charges. These non-GAAP measures also facilitate management's comparison of results from our on-going operations before material charges with results from other lodging companies.

During the latter part of 2008 and particularly the fourth quarter, we experienced a significant decline in demand for hotel rooms both domestically and internationally due, in part, to the failures and near failures of several large financial service companies and the dramatic downturn in the economy. Our capital intensive Timeshare business was also hurt by the downturn in market conditions and particularly, the significant deterioration in the credit markets, which resulted in our decision not to complete a note sale in the fourth quarter of 2008 (although we did complete a note sale in the first quarter of 2009). These declines resulted in reduced management and franchise fees, cancellation of development projects, reduced timeshare contract sales, contract cancellation allowances, and charges and reserves associated with expected fundings, loans, Timeshare inventory, accounts receivable, contract cancellation allowances, valuation of Timeshare residual interests, hedge ineffectiveness, and asset impairments. We responded by implementing various cost saving measures, beginning in the fourth quarter of 2008 and which continued in the first quarter of 2009, and resulted in first quarter 2009 restructuring costs of $2 million that were directly related to the downturn. We also incurred other first quarter 2009 charges totaling $127 million that were directly related to the downturn, including asset impairment charges, reserves associated with loans, reversal of the liability related to expected fundings, Timeshare contract cancellation allowances, and charges related to the valuation of Timeshare residual interests. Currently, we expect to incur $11 to $18 million (our calculation assumes a $14 million midpoint) in additional restructuring costs in the 2009 second quarter as a result of our restructuring efforts. This estimate is subject to change.

Certain tax expenses incurred in the first quarter 2009 included $26 million of non-cash charges primarily related to the treatment of funds received from certain foreign subsidiaries that is in ongoing discussion with the Internal Revenue Service ("IRS").

**Earnings Before Interest, Taxes, Depreciation and Amortization**. Earnings before interest, taxes, depreciation and amortization ("EBITDA") reflects earnings excluding the impact of interest expense, tax expense, depreciation and amortization. Management considers EBITDA to be an indicator of operating performance because it can be used to measure our ability to service debt, fund capital expenditures, and expand our business. EBITDA is used by analysts, lenders, investors and others, as well as by us, to evaluate 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 tax expense can vary considerably among companies. EBITDA also excludes depreciation and amortization because companies utilize productive assets of different ages and use different methods of both acquiring and depreciating productive assets. These differences can result in considerable variability in the relative costs of productive assets and the depreciation and amortization expense among companies.

**Adjusted EBITDA**. Management also evaluates adjusted EBITDA which excludes: (1) the 2009 first quarter restructuring costs and other charges totaling $129 million; (2) the 2008 fourth quarter restructuring costs and other charges totaling $192 million; (3) the first quarter 2008 impact of the synthetic fuel business. Management excludes the restructuring costs and other charges incurred in both the 2009 first quarter and in the 2008 fourth quarter for the reasons noted above under "2009 Results as Adjusted." Fourth quarter 2008 restructuring costs and other charges included $55 million of restructuring costs and $137 million of other charges, including charges and reserves associated with expected fundings, loans, Timeshare inventory, accounts receivable, contract cancellation allowances, valuation of Timeshare residual interests, hedge ineffectiveness, and asset impairments. Management also excludes the first quarter 2008 impact of the synthetic fuel business, which was discontinued in 2007 and which did not relate to our core lodging business, to allow for period-over-period comparisons of our on-going core lodging operations and facilitate management's comparison of our results with those of other lodging companies.

**Total Debt, Net of Cash.** Total debt net of cash reflects total debt less cash and cash equivalents. Management considers total debt net of cash to be a more accurate indicator of the net debt that must be repaid or refinanced at maturity (as it gives consideration to cash resources available to retire a portion of the debt when due). Additionally, management believes that this financial measure provides a clearer picture of the future demands on cash to repay debt. Management uses this financial measure in making decisions regarding its borrowing capacity and future refinancing needs.

# MARRIOTT INTERNATIONAL, INC.

## CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share amounts)

| | As Reported 12 Weeks Ended March 27, 2009 | Adjustments: Restructuring Costs & Other Charges | Adjustments: Certain Tax Items | As Adjusted 12 Weeks Ended March 27, 2009 ** | As Reported 12 Weeks Ended March 21, 2008 | Percent Better/ (Worse) Adjusted 2009 vs. 2008 As Reported |
|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | |
| Base management fees | $ 125 | $ - | $ - | $ 125 | $ 148 | (16) |
| Franchise fees | 88 | - | - | 88 | 96 | (8) |
| Incentive management fees | 43 | - | - | 43 | 74 | (42) |
| Owned, leased, corporate housing and other revenue [1] | 220 | - | - | 220 | 270 | (19) |
| Timeshare sales and services [2] | 209 | 17 | - | 226 | 326 | (31) |
| Cost reimbursements [3] | 1,810 | - | - | 1,810 | 2,033 | (11) |
| **Total Revenues** | 2,495 | 17 | - | 2,512 | 2,947 | (15) |
| **OPERATING COSTS AND EXPENSES** | | | | | | |
| Owned, leased and corporate housing - direct [4] | 207 | - | - | 207 | 244 | 15 |
| Timeshare - direct | 220 | 1 | - | 221 | 313 | 29 |
| Reimbursed costs | 1,810 | - | - | 1,810 | 2,033 | 11 |
| Restructuring costs [5] | 2 | (2) | - | - | - | * |
| General, administrative and other [6] | 174 | (38) | - | 136 | 162 | 16 |
| **Total Expenses** | 2,413 | (39) | - | 2,374 | 2,752 | 14 |
| **OPERATING INCOME** | 82 | 56 | - | 138 | 195 | (29) |
| Gains and other income [7] | 25 | - | - | 25 | 3 | 733 |
| Interest expense | (29) | - | - | (29) | (42) | 31 |
| Interest income | 6 | - | - | 6 | 11 | (45) |
| (Provision for) reversal of loan losses | (42) | 42 | - | - | 2 | (100) |
| Equity in (losses) earnings [8] | (34) | 31 | - | (3) | 27 | (111) |
| **INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES** | 8 | 129 | - | 137 | 196 | (30) |
| Provision for income taxes | (33) | (45) | 26 | (52) | (75) | 31 |
| **(LOSS) / INCOME FROM CONTINUING OPERATIONS** | (25) | 84 | 26 | 85 | 121 | (30) |
| Discontinued operations - Synthetic Fuel, net of taxes [9] | - | - | - | - | (1) | 100 |
| **NET (LOSS) / INCOME** | (25) | 84 | 26 | 85 | 120 | (29) |
| Add: Net losses attributable to noncontrolling interests, net of tax | 2 | - | - | 2 | 1 | 100 |
| **NET (LOSS) / INCOME ATTRIBUTABLE TO MARRIOTT** | $ (23) | $ 84 | $ 26 | $ 87 | $ 121 | (28) |
| **EARNINGS PER SHARE - Basic** | | | | | | |
| (Losses) / earnings from continuing operations attributable to Marriott shareholders | $ (0.06) | $ 0.24 | $ 0.07 | $ 0.25 | $ 0.34 | (26) |
| Earnings from discontinued operations attributable to Marriott shareholders [9] | - | - | - | - | - | * |
| (Losses) / earnings per share attributable to Marriott shareholders | $ (0.06) | $ 0.24 | $ 0.07 | $ 0.25 | $ 0.34 | (26) |
| **EARNINGS PER SHARE - Diluted** | | | | | | |
| (Losses) / earnings from continuing operations attributable to Marriott shareholders | $ (0.06) | $ 0.23 | $ 0.07 | $ 0.24 | $ 0.33 | (27) |
| Earnings from discontinued operations attributable to Marriott shareholders [9] | - | - | - | - | - | * |
| (Losses) / earnings per share attributable to Marriott shareholders | $ (0.06) | $ 0.23 | $ 0.07 | $ 0.24 | $ 0.33 | (27) |
| Basic Shares | 350.6 | 350.6 | 350.6 | 350.6 | 354.3 | |
| Diluted Shares [10] | 350.6 | 356.7 | 356.7 | 356.7 | 371.9 | |
| **Reconciliation of (Loss)/ Income from Continuing Operations Attributable to Marriott:** | | | | | | |
| **CONSOLIDATED (LOSS) / INCOME FROM CONTINUING OPERATIONS** | (25) | 84 | 26 | 85 | 121 | (30) |
| Add: Losses attributable to noncontrolling interests, net of tax | 2 | - | - | 2 | 1 | 100 |
| **(LOSS) / INCOME FROM CONTINUING OPERATIONS ATTRIBUTABLE TO MARRIOTT** | (23) | 84 | 26 | 87 | 122 | (29) |

* Percent can not be calculated.

** Denotes non-GAAP financial measures. Please see page A-13 for additional information about our reasons for providing these alternative financial measures and the limitations on their use.

[1] – *Owned, leased, corporate housing and other revenue* includes revenue from the properties we own or lease, revenue from our corporate housing business, termination fees and other revenue.

[2] – *Timeshare sales and services* includes total timeshare revenue except for base management fees, cost reimbursements, real estate gains and joint venture earnings. Timeshare sales and services also includes gains / (losses) on the sale of timeshare note receivable securitizations.

[3] – *Cost reimbursements* include reimbursements from lodging properties for Marriott-funded operating expenses.

[4] – *Owned, leased and corporate housing - direct* expenses include operating expenses related to our owned or leased hotels, including lease payments, pre-opening expenses and depreciation, plus expenses related to our corporate housing business.

[5] – *Restructuring costs* include severance charges as a result of Timeshare and above-property personnel reductions.

[6] – *General, administrative and other* expenses include the overhead costs allocated to our segments, and our corporate overhead costs and general expenses.

[7] – *Gains and other income* includes gains and losses on the sale of real estate, gains on note sales or repayments (except timeshare note securitizations gains), sale of joint ventures, gains on debt extinguishment and income from cost method joint ventures.

[8] – *Equity in (losses) earnings* includes our equity in (losses) / earnings of unconsolidated equity method joint ventures.

[9] – *Discontinued operations* relates to our Synthetic Fuel business which was shut down and substantially all the assets liquidated at December 28, 2007.

[10] – Basic and fully diluted weighted average common shares outstanding used to calculate earnings per share from continuing operations for the period in which we had a loss are the same because inclusion of additional equivalents would be anti-dilutive.

# MARRIOTT INTERNATIONAL, INC.
## TIMESHARE SEGMENT
($ in millions)

| | As Reported 12 Weeks Ended March 27, 2009 | Adjustments: Restructuring Costs & Other Charges | As Adjusted 12 Weeks Ended March 27, 2009 ** | As Reported 12 Weeks Ended March 21, 2008 | Percent Better / (Worse) Adjusted 2009 vs. 2008 As Reported |
|---|---|---|---|---|---|
| **Segment Revenues** | | | | | |
| Segment revenues | $ 277 | $ 17 | $ 294 | $ 402 | (27) |
| **Segment Results** | | | | | |
| Base fees revenue | $ 10 | $ - | $ 10 | $ 11 | (9) |
| Timeshare sales and services, net | (11) | 16 | 5 | 13 | (62) |
| Restructuring costs | (1) | 1 | - | - | * |
| Joint venture equity (losses) / earnings | (1) | 1 | - | 5 | (100) |
| Noncontrolling interest | 3 | - | 3 | 2 | 50 |
| General, administrative and other expense | (17) | - | (17) | (27) | 37 |
| Segment results | $ (17) | $ 18 | $ 1 | $ 4 | (75) |
| **Sales and Services Revenue** | | | | | |
| Development | $ 121 | $ 4 | $ 125 | $ 205 | (39) |
| Services | 70 | - | 70 | 84 | (17) |
| Financing | 13 | 13 | 26 | 27 | (4) |
| Other revenue | 5 | - | 5 | 10 | (50) |
| Sales and services revenue | $ 209 | $ 17 | $ 226 | $ 326 | (31) |
| **Contract Sales** | | | | | |
| Company: | | | | | |
| Timeshare | $ 138 | $ - | $ 138 | $ 285 | (52) |
| Fractional | 10 | - | 10 | 8 | 25 |
| Residential | (5) | 4 | (1) | 12 | (108) |
| Total company | 143 | 4 | 147 | 305 | (52) |
| Joint ventures: | | | | | |
| Timeshare | - | - | - | - | * |
| Fractional | 13 | (3) | 10 | 5 | 100 |
| Residential | (27) | 27 | - | 23 | (100) |
| Total joint ventures | (14) | 24 | 10 | 28 | (64) |
| Total contract sales, including joint ventures | $ 129 | $ 28 | $ 157 | $ 333 | (53) |
| **(Loss) / Gain on Notes Sold** | | | | | |
| (Loss) / gain on notes sold | $ (1) | $ - | $ (1) | $ - | * |

* Percent can not be calculated.

** Denotes non-GAAP financial measures. Please see page A-13 for additional information about our reasons for providing these alternative financial measures and the limitations on their use.

**MARRIOTT INTERNATIONAL, INC.**
**Non-GAAP Financial Measure**
**EBITDA and Adjusted EBITDA**
($ in millions)

| | Fiscal Year 2009 First Quarter |
|---|---|
| **Net (Loss)/ Income attributable to Marriott** | $ (23) |
| Interest expense | 29 |
| Tax provision, continuing operations | 33 |
| Tax provision, noncontrolling interest | 1 |
| Depreciation and amortization | 39 |
| Less: Depreciation reimbursed by third-party owners | (2) |
| Interest expense from unconsolidated joint ventures | 3 |
| Depreciation and amortization from unconsolidated joint ventures | 6 |
| **EBITDA **** | **$ 86** |
| | |
| Non-recurring charges | |
| Severance | 2 |
| Facilities exit costs | - |
| Development cancellations | - |
| Total restructuring costs | 2 |
| Impairment of investments and other, net of prior year reserves | 68 |
| Reserves for loan losses | 42 |
| Contract cancellation allowances | 4 |
| Residual interests valuation | 13 |
| Total other charges | 127 |
| Total non-recurring charges | 129 |
| | |
| **Adjusted EBITDA **** | **$ 215** |
| | |
| **Decrease over 2008 Adjusted EBITDA** | **-25%** |

| | Fiscal Year 2008 | | | | |
|---|---|---|---|---|---|
| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | Total |
| **Net Income/ (Loss) attributable to Marriott** | $ 121 | $ 157 | $ 94 | $ (10) | $ 362 |
| Interest expense | 42 | 38 | 33 | 50 | 163 |
| Tax provision, continuing operations | 75 | 139 | 103 | 33 | 350 |
| Tax provision, minority interest | 1 | 1 | 5 | 2 | 9 |
| Tax benefit, synthetic fuel | - | (6) | (1) | - | (7) |
| Depreciation and amortization | 41 | 47 | 42 | 60 | 190 |
| Less: Depreciation reimbursed by third-party owners | (3) | (3) | (2) | (2) | (10) |
| Interest expense from unconsolidated joint ventures | 4 | 4 | 5 | 5 | 18 |
| Depreciation and amortization from unconsolidated joint ventures | 5 | 6 | 6 | 10 | 27 |
| **EBITDA **** | **$ 286** | **$ 383** | **$ 285** | **$ 148** | **$ 1,102** |
| | | | | | |
| Discontinued operations adjustment (synthetic fuel) | 1 | 2 | 1 | - | 4 |
| Non-recurring charges | | | | | |
| Severance | - | - | - | 19 | 19 |
| Facilities exit costs | - | - | - | 5 | 5 |
| Development cancellations | - | - | - | 31 | 31 |
| Total restructuring costs | - | - | - | 55 | 55 |
| Reserves for expected fundings | - | - | - | 16 | 16 |
| Inventory write-downs | - | - | - | 9 | 9 |
| Contract cancellation allowances | - | - | - | 12 | 12 |
| Accounts receivable-bad debts | - | - | - | 4 | 4 |
| Residual interests valuation | - | - | - | 32 | 32 |
| Hedge ineffectiveness | - | - | - | 12 | 12 |
| Impairment of investments and other | - | - | - | 30 | 30 |
| Reserves for loan losses | - | - | - | 22 | 22 |
| Total other charges | - | - | - | 137 | 137 |
| Total non-recurring charges | - | - | - | 192 | 192 |
| | | | | | |
| **Adjusted EBITDA **** | **$ 287** | **$ 385** | **$ 286** | **$ 340** | **$ 1,298** |
| | | | | | |
| **The following items make up the discontinued operations adjustment (synthetic fuel)** | | | | | |
| Pre-tax Synthetic Fuel losses | $ 1 | $ 2 | $ 1 | $ - | $ 4 |
| **EBITDA adjustment for discontinued operations (synthetic fuel)** | **$ 1** | **$ 2** | **$ 1** | **$ -** | **$ 4** |

** Denotes non-GAAP financial measures. Please see page A-13 for additional information about our reasons for providing these alternative financial measures and the limitations on their use.

**MARRIOTT INTERNATIONAL, INC.**
**Non-GAAP Financial Measure**
**Total Debt Net of Cash**
($ in millions)

| | Balance at End of 2009 First Quarter | Balance at End of 2008 Fourth Quarter | Better/ (Worse) Change |
|---|---|---|---|
| **Total debt** | $ 2,977 | $ 3,095 | $ 118 |
| **Cash and cash equivalents** | (168) | (134) | 34 |
| **Total debt net of cash**** | $ 2,809 | $ 2,961 | $ 152 |

| | Range | | Range | |
|---|---|---|---|---|
| | | | As Compared to Balance at End of 2008 Fourth Quarter | |
| | Estimated Balance Year-End 2009 [(a)] | Estimated Balance Year-End 2009 [(b)] | Better/(Worse) Change [(a)] | Better/(Worse) Change [(b)] |
| **Total debt** | $ 2,495 | $ 2,445 | $ 600 | $ 650 |
| **Cash and cash equivalents** | (134) | (134) | - | - |
| **Total debt net of cash**** | $ 2,361 | $ 2,311 | $ 600 | $ 650 |

[(a)] Assumes $600M debt repayment in 2009
[(b)] Assumes $650M debt repayment in 2009

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## MARRIOTT INTERNATIONAL, INC.
### Non-GAAP Financial Measure Reconciliation
### Measures that Exclude Restructuring Costs and Other Charges in 2008
($ in millions)

| | Full Year 2008 |
|---|---|
| General, administrative and other expenses | $ 783 |
| Less: Restructuring costs and other charges | 32 |
| General, administrative and other expenses excluding restructuring costs and other charges** | $ 751 |

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# MARRIOTT INTERNATIONAL, INC.

## Non-GAAP Financial Measure Reconciliation
## Internal Planning Assumptions and Related Estimates that
## Exclude Restructuring Costs and Other Charges and Certain Tax Items in 2009

($ in millions, except per share amounts)

| | Assumed/Estimated Full Year 2009 |
|---|---|
| Timeshare sales and services revenue net of Timeshare direct expenses | $ 35 |
| Add back: Restructuring costs and other charges | 20 |
| Timeshare sales and services (net) excluding restructuring costs and other charges** | $ 55 |

| | Range | |
|---|---|---|
| | Assumed/Estimated Full Year 2009 | Assumed/Estimated Full Year 2009 |
| General, administrative and other expenses | $ 618 | $ 638 |
| Less: Restructuring costs and other charges | 38 | 38 |
| General, administrative and other expenses excluding restructuring costs and other charges** | $ 580 | $ 600 |

| | Range | | Range | |
|---|---|---|---|---|
| | Assumed/Estimated Second Quarter 2009 | Assumed/Estimated Second Quarter 2009 | Assumed/Estimated Full Year 2009 | Assumed/Estimated Full Year 2009 |
| Earnings per share attributable to Marriott shareholders | $ 0.17 | $ 0.20 | $ 0.55 | $ 0.69 |
| Add back: Restructuring costs and other charges and certain tax items | 0.03 | 0.03 | 0.33 | 0.33 |
| Earnings per share attributable to Marriott shareholders excluding restructuring costs and other charges and certain tax items** | $ 0.20 | $ 0.23 | $ 0.88 | $ 1.02 |

| | Assumed/Estimated Full Year 2009 |
|---|---|
| Timeshare segment results | $ 8 |
| Add back: Restructuring costs and other charges | 22 |
| Timeshare segment results excluding restructuring costs and other charges** | $ 30 |

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