FORWARD-LOOKING STATEMENTS AND NON-GAAP FINANCIAL MEASURES

This material contains “forward-looking statements” within the meaning of federal securities laws, including RevPAR, profit margin and earning trends; statements concerning the number of lodging properties we expect to add in future years; our expected investment spending and share repurchases; and similar statements concerning anticipated future events and expectations that are not historical facts. We caution you that these statements are not guarantees of future performance and are subject to numerous risks and uncertainties, including changes in market conditions; the continuation and pace of the economic recovery; supply and demand changes for hotel rooms; competitive conditions in the lodging industry; relationships with clients and property owners; the availability of capital to finance hotel growth and refurbishment; and other risk factors that we identify in our most recent quarterly report on Form 10-Q; any of which could cause actual results to differ materially from the expectations we express or imply here. We make these statements as of June 19, 2012 and we assume no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Throughout this presentation we report certain financial measures, each identified with the symbol "†," that are not prescribed or authorized by United States generally accepted accounting principles (“GAAP”). We discuss our reasons for reporting these non-GAAP measures and reconcile each to the most directly comparable GAAP measures at the end of this material.

All references to net income or net loss throughout this presentation reflect net income or net loss attributable to Marriott. All references to EPS or diluted losses per share, unless otherwise noted, reflect EPS or diluted losses per share attributable to Marriott shareholders.
ARNE SORENSON
President and Chief Executive Officer

Right Brands

JW MARRIOTT  Marriott HOTELS & RESORTS  RENAISSANCE HOTELS

BVLGARI HOTELS & RESORTS  THE RITZ-CARLTON  AUTOGRAPH COLLECTION

EDITION  COURTYARD Marriott  EXECUTIVE APARTMENTS
Right Locations

Courtyard Shanghai Xujiahui  
Beijing Marriott Hotel Northeast  
JW Marriott Hotel Shanghai at Tomorrow Square

Leading Product

The Ritz-Carlton, Hong Kong  
JW Marriott Hotel Shanghai Jiading  
JW Marriott Hotel Shanghai New York Edition  
Opening one hotel every month for the next three years  
Shanghai Marriott Hotel City Centre  
JW Marriott Hotel Shenzhen  
JW Marriott Hotel Hangzhou
Right Team

China Opportunity

- Strong brands
- Outstanding locations
- Robust development
- Talented associates

- Grow market share
- Enhance guest satisfaction and loyalty
- Drive long-term profitability

Ningbo Marriott Hotel
Beijing Marriott Hotel City Wall
China’s Global Impact

• 3rd largest travel source market
• 100 million international trips by 2020
• Enormous middle class
• Growing luxury demand

Source: Essential China Travel Trends 2012.

Chinese Arrivals to the United States to Triple

<table>
<thead>
<tr>
<th>Year</th>
<th>Arrivals (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>226</td>
</tr>
<tr>
<td>2011</td>
<td>1,089</td>
</tr>
<tr>
<td>2016E</td>
<td>3,246</td>
</tr>
</tbody>
</table>

Source: U.S. Department of Commerce.
Global Travel is Strong

- 1 billion international trips in 2012
- Emerging markets lead spending growth:

<table>
<thead>
<tr>
<th>2011 Travel Spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
</tr>
<tr>
<td>India</td>
</tr>
<tr>
<td>Brazil</td>
</tr>
<tr>
<td>Russia</td>
</tr>
</tbody>
</table>

Source: UN World Tourism Organization.

Significant Global Opportunity

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>$1,038</td>
<td>6,700</td>
<td>3.3%</td>
<td>1%</td>
</tr>
<tr>
<td>North America</td>
<td>$995</td>
<td>5,300</td>
<td>5.3%</td>
<td>9%</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>$1,115</td>
<td>2,800</td>
<td>10.1%</td>
<td>1%</td>
</tr>
<tr>
<td>Caribbean &amp; Latin America</td>
<td>$282</td>
<td>1,200</td>
<td>5.4%</td>
<td>1%</td>
</tr>
<tr>
<td>Middle East &amp; Africa</td>
<td>$244</td>
<td>900</td>
<td>6.8%</td>
<td>1%</td>
</tr>
<tr>
<td>Worldwide</td>
<td>$3,674</td>
<td>16,900</td>
<td>6.6%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Source: World Travel & Tourism Council, Smith Travel Research, MKG Hospitality, and Marriott estimates.
Promote Global Travel

- Streamline visa processing
- Improve customs border control
- Promote travel reciprocity
- Support “Brand America”

Desirable Destinations
Selective Development

Right **locations** | Right **agreements** | Right **brands**

---

Drive Performance

**marriott.com**

- Clearly **positioned brands**
- **Strong** sales channels
- **Targeted** marketing programs
Tailored Product

Think Local...

Renaissance Phuket Resort & Spa

Courtyard Europe Concept Prototype

JW Marriott Hotel Cusco

Fairfield Brazil Concept Prototype

Putting People First
Outstanding Associate Engagement

- Engagement drives performance
- Marriott exceeds Best in Class benchmark

![Chart](chart.png)

Source: Aon Hewitt Consulting.

Success is Never Final

**Goal** - #1 in every brand category

High **product quality** and **innovation**

**Long-term** focus

Committed to **change** and **success**

AC Hotel San Sebastian de los Reyes

Union Station Hotel, Autograph Collection®
Investment Proposition

- Favorable supply and demand environment
- Growing new units and market share
- Focus on lodging

Our Vision

To be the number one hospitality company in the world.

Create a worldwide portfolio of hotels, brands and systems that deliver the finest guest experiences, leading preference and strong intent to return.
Owner and Franchisee Loyalty

Half of our hotels added in 2011 were with existing owners.

2011 to 2014 Growth Scenarios

- Worldwide compound RevPAR growth of 6% to 8% assumed
- 90,000 to 105,000 gross room additions expected over three years

EBITDA\(^1\) and EPS CAGRs are calculated from adjusted 2011 amounts.
2014 Outlook

- Over 4,000 hotels
- Over 90 countries
- Nearly 40 markets in China
- Significant luxury and full-service growth globally
- Limited-service expansion abroad
- Gains in guest preference and loyalty

China Yesterday and Today

- The Ritz-Carlton Beijing, Financial Street
- Renaissance Beijing Capital Hotel
Shanghai Yesterday

Shanghai Today

The Ritz-Carlton Shanghai, Pudong
Marriott Yesterday

Twin Bridges Marriott

Marriott Today

The Ritz-Carlton Shanghai, Pudong
BOB McCARTHY
Chief Operations Officer

Competitive Advantage

- Brands
- Distribution
- Revenue Engines

Renaissance Tianjin TEDA Convention Centre Hotel
**Broadest, Most Balanced Portfolio in the Industry**

<table>
<thead>
<tr>
<th>ICONIC LUXURY</th>
<th>JW MARRIOTT</th>
</tr>
</thead>
<tbody>
<tr>
<td>LIFESTYLE COLLECTIONS</td>
<td>AC MARriott</td>
</tr>
<tr>
<td>SIGNATURE</td>
<td>MARRiOTT HOTELS &amp; RESORTS</td>
</tr>
<tr>
<td>MODERN ESSENTIALS</td>
<td>Fairfield Inn &amp; Suites</td>
</tr>
<tr>
<td>EXTENDED STAY</td>
<td>TownePlace MARRiOTT</td>
</tr>
</tbody>
</table>

**Gaylord Hotels**

- Gaylord Texan Hotel & Convention Center
- Gaylord Palms Resort & Convention Center
- Gaylord Opryland Resort & Convention Center
- Gaylord National Resort & Convention Center
Courtyard – A Global Success Story

- Defined limited-service
- Over 900 hotels worldwide

As of Q1 2012.

Courtyard – A Global Success Story

Refreshing Business Public Space:
- Guest Satisfaction 3.4 pts higher
- RevPAR Index 5 pts higher

March 2012 YTD, properties with Courtyard Refreshing Business compared to properties without Courtyard Refreshing Business.
Courtyard – A Global Success Story

European prototype:
• Flexible design
• Cost efficient
• Positioned for growth

The Ritz-Carlton – Clear Luxury Leader

• #1 Luxury Brand
• RevPAR Index 130

STR, worldwide comparable hotels, FY2011.
**JW Marriott – Poised for Success**

- Portfolio of over 50 hotels worldwide
- Distinct design and service
- Strengthening brand measures
- Significant pipeline

**EDITION – Unique Lifestyle**

Extraordinary | One of a Kind | Growing

The Istanbul EDITION

The New York EDITION
Renaissance – Emerging Lifestyle Brand

- **Brand building** hotels
- **Intriguing** design
- **Navigator** for local connections

Renaissance Beijing Capital Hotel

St. Pancras Renaissance London Hotel

Renaissance Paris Arc de Triomphe Hotel

Marriott Hotels & Resorts – Signature Brand

**Leader | Endorser | Innovating**

Erbil Marriott

Pune Marriott Hotel & Convention Centre
Marriott Great Room

Full Roll-Out 2013 | Continual Evolution

Portsmouth Marriott Hotel

Manila Marriott Hotel

Aguascalientes Marriott Hotel

Global Food & Beverage Innovation
Fairfield – Adapting Globally

- Capture emerging middle classes
- Tailored to local guest needs
- Exceptional quality

Autograph Collection – Capturing New Customers

- Leveraging Marriott engines
- RevPAR +13.1%
- RevPAR Index +3.3 pts

Source: Marriott internal data, FY2011.
Brand Distinction and System Leverage

New Generation of Travelers
Today’s Hotel Guest

Pro-sumers  Blended Lives  Design Savvy  Thrive

Quality Assurance Drives Preference

- Robust quality assurance
- Measure guest satisfaction
- Product deletions
New Brand Opportunities

New customers | New markets | New brands | Economies of scale

Industry’s Most Preferred Loyalty Program

- Over 38 million members
- 50% of total room nights
- Elite members contribute 80% of Rewards room nights
- Two-thirds of Elite members stay at multiple brands

FY 2011 worldwide systemwide room nights.
Marriott.com – A Powerful Engine

- Nearly $7 billion revenue in 2011
- Over 20% of revenue booked through Marriott.com
- Lowest cost sales channel

FY 2011 statistics. Revenue is property-level room revenue.

Marriott.com – Serving Global Customers

- $1.1 billion in revenue outside the United States
- +20% compared to 2010
- Websites in Mandarin, German, French and Spanish

FY 2011 statistics. Revenue is property-level room revenue from guests outside the United States.
Mobile Is Our Fastest Growing Channel

- **Over $300 million** in revenue
- **Largest** lodging mCommerce site

Source: Marriott Internal Data and Internet Retailer Magazine 2011. Revenue is property-level room revenue.

Unique Sales Strategy

- Aligned around **customers**
- **Leverages** size and distribution
- Covering **7x more** accounts today
- Group booking pace **up 11%** for remainder of 2012

Group booking pace for North America managed comparable Marriott Hotels & Resorts.
Revenue Management – Driving Advantage

- Technology complements market knowledge
- Yield-manage transient and group
- Consolidated Inventory/Total Yield
- Continued innovation

Driving Hotel Profitability

- Leverage economies of scale
- Identify local opportunities
Competitive Advantage

- Brands
- Guest Satisfaction
- Owner & Franchisee Preference
- Unit Growth
- Distribution Economies of Scale
- Operating Systems
- Sales & Marketing Engines
- Quality Assurance
- Talented Associates

This Slide Intentionally Left Blank
Building Long-Term Value Through Growth

- Portfolio Strength
- Market Focus
- Business Model
Building Long-Term Value: Portfolio Strength

- Global Footprint
- Brand Innovation
- Owner Preference

Portfolio Strength: Transaction Volume

Lodging Deal Production

For 2011, Europe includes 8,935 rooms for the AC Hotels transaction.
2012E does not include the planned Gaylord Hotels transaction.
Portfolio Strength: Expanding Footprint

Lodging Gross Room Additions

For 2011, Europe includes 8,935 rooms for the AC Hotels transaction. 2012E does not include the planned Gaylord Hotels transaction.

Portfolio Strength: Global Pipeline

As of Q1 2012. Pipeline does not include the planned Gaylord Hotels transaction.
Building Long-Term Value: Business Model

- Management and Franchise Agreements
- Portfolio-Centric Approach
- Capital Investment and Recyclability

Business Model: Strategic Use of Capital

Approximately $2 billion of investment assumed for new unit growth from 2012 to 2014

- Capital to pursue strategic opportunities
- Temporary ownership
- Most capital expected to be recycled over time

Investment for new unit growth of $2 billion does not include the $210 million planned Gaylord Hotels transaction.
Building Long-Term Value: Market Focus

- Local Resources
- In-Market Decision Making
- Product Relevance

Market Focus: Development Teams in Key Markets

[Map showing key markets around the world, including cities like Los Angeles, San Francisco, Chicago, Toronto, Buenos Aires, Atlanta, Madrid, New Delhi, and Beijing]
Market Focus: North America

Expand market leadership

Full-Service
• Focus on conversions
• Add new convention hotels

Limited-Service
• Capitalize on strong owner demand for brands
• Proactively seek secondary and tertiary market opportunities

Market Focus: Caribbean & Latin America

30,000 rooms expected to be signed or opened by 2017

• Accelerate limited-service growth in Latin America
  – Courtyard
  – Fairfield

• Expand brand portfolio in Mexico

• Target conversion opportunities in the Caribbean
  – Autograph Collection
Market Focus: Europe

80,000 rooms expected to be signed or opened by 2015

- Continue to grow full-service brands
  - Marriott Hotels & Resorts
  - Renaissance Hotels
  - The Ritz-Carlton

- Increase footprint in gateway cities and Eastern Europe

- Broaden portfolio across continent
  - Autograph Collection
  - Courtyard Europe
  - AC Hotels

Market Focus: Middle East & Africa

New continent structure signals commitment to and expectations for growth in the region

- Define brands with high-profile openings
  - Marriott Hotels & Resorts
  - Renaissance Hotels
  - The Ritz-Carlton

- Leverage strong investor interest for full-service brands in North and Sub-Saharan Africa

- Emphasize development of mid-tier brands in Middle East & Africa
  - Courtyard
  - Residence Inn
Market Focus: Asia Pacific

Build on strong momentum in China and India with market-focused brands and a broader geographic reach

- Expand brands into secondary and tertiary markets and resort locations in China

- Accelerate growth of country-specific prototypes
  - Courtyard China
  - Fairfield India

Market Focus: Powering Global Growth

Gross Room Additions
90,000 to 105,000
2012E to 2014E

Does not include the planned Gaylord Hotels transaction.
MARRIOTT INTERNATIONAL, INC.
Non-GAAP Financial Measures and Reconciliations

Non-GAAP Financial Measures
We report certain financial measures that are not prescribed or authorized by U.S. generally accepted accounting principles (“GAAP”). We discuss management’s reasons for reporting these non-GAAP measures below, and the tables on the following pages reconcile the most directly comparable generally accepted accounting principle measures to the non-GAAP measures (each of which we identify with the symbol “†”). Although management evaluates and presents these non-GAAP measures for the reasons we describe, please be aware that these non-GAAP measures have limitations, and you should not consider these measures in isolation or as a substitute for revenue, operating income, income from continuing operations, 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 Measures that Reflect the Timeshare Spin-off as if it had Occurred on the First Day of 2011 or 2010, as applicable (“Timeshare Spin-off Adjustments”). On November 21, 2011 we completed a spin-off of our timeshare operations and timeshare development business through a special tax-free dividend to our shareholders of all of the issued and outstanding common stock of our wholly owned subsidiary Marriott Vacations Worldwide Corporation (“MVW”). Because of our significant continuing involvement in MVW future operations (by virtue of our license and other agreements with MVW), we continue to include our former Timeshare segment's historical financial results for periods before the spin-off date in our historical financial results as a component of continuing operations. Under the license agreements we receive license fees consisting of a fixed annual fee of $50 million (subject to a periodic inflation adjustment), plus two percent of the gross sales price paid to MVW for initial developer sales of interests in vacation ownership units and residential real estate units and one percent of the gross sales price paid to MVW for resales of interests in vacation ownership units and residential real estate units, in each case that are identified with or use the Marriott or Ritz-Carlton marks.

In order to perform year-over-year comparisons on a comparable basis, management evaluates non-GAAP measures that, for certain periods prior to the spin-off date assume the spin-off had occurred on the first day of 2011 or 2010, as applicable. The Timeshare Spin-off Adjustments remove the results of our former Timeshare segment, assume payment by MVW of estimated license fees of $60 million for 2011 and $64 million for 2010, and remove the unallocated spin-off transaction costs of $34 million we incurred for 2011. We have also included certain corporate items not previously allocated to our former Timeshare segment in the Timeshare Spin-off Adjustments.

We provide adjusted measures that reflect Timeshare Spin-off Adjustments for illustrative and informational purposes only.
These adjusted measures are not necessarily indicative of, and we do not purport that they represent, what our operating results would have been had the spin-off actually occurred on the first day of 2011 or 2010, as applicable. This information also does not reflect certain financial and operating benefits we expect to realize as a result of the spin-off.

**Adjusted Measures That Exclude Certain Charges, Costs and Tax Items.** Management evaluates non-GAAP measures that exclude 2011 other charges, 2010 other charges and certain tax items, 2009 Timeshare strategy - impairment charges, 2008 and 2009 restructuring costs and other charges, 2008 and 2009 certain tax items, and the 2007 Employee Stock Ownership (“ESOP”) settlement charge because those non-GAAP measures allow for period-over-period comparisons of our on-going core operations before the impact of 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.

**2011 Other Charges.** We recorded charges of $28 million in fiscal year 2011, which included an $18 million other-than-temporary impairment of an investment in marketable securities (not allocated to any of our segments) recorded in the “(Losses) gains and other income” caption of our Income Statement, and a $10 million charge related to the impairment of deferred contract acquisition costs and an accounts receivable reserve, both of which were associated with a Luxury segment property whose owner filed for bankruptcy, and recorded in the “General, administrative and other” caption of our Income Statement.

**2010 Other Charges and Certain Tax Items.** We recorded pre-tax charges of $98 million in fiscal year 2010 in the “General, administrative and other” caption of our Income Statement, including an $84 million impairment charge associated with a portion of the development costs of an internally developed software asset, and a $14 million impairment charge associated with the anticipated disposition of a land parcel.

Certain tax items reflected the tax impact of the $98 million in pre-tax charges described in the preceding paragraph as well as an $85 million decrease in tax expense we recorded in fiscal year 2010 for a settlement with the Appeals Division of the U.S. Internal Revenue Service (the “IRS”) that resolved all issues that arose in the audit of tax years 2005 through 2008. This settlement related to the release of previously established tax liabilities for the treatment of funds received from certain non-U.S. subsidiaries.

**2009 Timeshare Strategy - Impairment Charges.** In response to the difficult business conditions experienced by our former Timeshare segment, we adjusted the business strategy for the segment, and as a result of these decisions we recorded third quarter 2009 Timeshare strategy – impairment charges totaling $502 million after-tax ($752 million before tax). For additional information on these charges, please see Footnote No. 20, “Timeshare-Strategy Impairment Charges” of our 2009 Form 10-K.

**2008 and 2009 Restructuring Costs and Other Charges.** In response to the financial crisis and the dramatic downturn in the economy, we implemented various cost saving measures, and as a result, we incurred restructuring costs and other charges directly related to the downturn of $124 million after-tax ($192 million
before tax) in 2008 and $130 million after-tax ($213 million before tax) in 2009. For additional information on these charges, please see Footnote No. 20, “Restructuring Costs and Other Charges” of our 2008 Form 10-K and Footnote No. 21, “Restructuring Costs and Other Charges” of our 2009 Form 10-K.

2008 and 2009 Certain Tax Items. Certain tax items included (1) $72 million of tax charges in 2008 primarily related to an unfavorable court decision on a refund claim, the tax treatment of funds received from foreign subsidiaries, and prior years’ tax adjustments which included an IRS settlement; and (2) $56 million of non-cash charges in 2009 primarily related to funds received from foreign subsidiaries. For additional information on these tax items, please see Footnote No. 2, “Income Taxes” of our 2009 Form 10-K.

2007 ESOP Settlement Charge. We recorded an after-tax charge of $54 million in 2007 related to the settlement of issues raised during the IRS’ and Department of Labor’s examination of the ESOP feature of our Employees’ Profit Sharing, Retirement and Savings Plan and Trust. The charge reflected $35 million of excise taxes (impacting general, administrative, and other expenses), $13 million of interest expense on those excise taxes and $6 million of income tax expense primarily reflecting additional interest.

Earnings Before Interest and Taxes (“EBIT”) and Earnings Before Interest, Taxes, Depreciation and Amortization (“EBITDA”). EBIT reflects earnings excluding the impact of interest expense and provision for income taxes, and EBITDA reflects EBIT excluding the impact of depreciation and amortization. Management considers EBITDA to be an indicator of operating performance because we use it to measure our ability to service debt, fund capital expenditures, and expand our business. We also use EBIT and EBITDA, as do analysts, lenders, investors and others, to evaluate companies because they exclude 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 provision for income taxes can vary considerably among companies. EBITDA further 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.

Both EBITDA and Adjusted EBITDA (described below) exclude certain cash expenses that we are obligated to make.

Adjusted EBIT and Adjusted EBITDA. Management also evaluates Adjusted EBIT and Adjusted EBITDA as an indicator of operating performance. Adjusted EBIT for fiscal year 2011 reflected Timeshare Spin-off Adjustments, which we describe more fully above. Adjusted EBITDA reflected the following items, each of which we describe more fully above: (1) Timeshare Spin-off Adjustments for both 2011 and 2010; (2) an adjustment for $28 million of other charges for 2011; and (3) an adjustment for $98 million of other charges for 2010.
Management uses Adjusted EBIT to perform period-over-period comparisons on a comparable basis. Management uses Adjusted EBITDA to make period-over-period comparisons of our ongoing core operations before material charges and to facilitate comparing results from our ongoing operations before material charges with those of other lodging companies.

**Return on Invested Capital (“ROIC”)**. We calculate ROIC as EBIT divided by average invested capital. We consider ROIC to be a meaningful indicator of our operating performance, and we evaluate ROIC because it measures how effectively we use the money we invest in our lodging operations. We calculated ROIC for fiscal year 2011 as adjusted EBIT divided by adjusted average invested capital, to reflect the Timeshare spin-off as if it had occurred on the first day of fiscal year 2011.

**Free Cash Flow**. We calculate free cash flow as net cash provided by operating activities less net cash used by investing activities. We consider free cash flow to be a meaningful indicator of our operating performance and evaluate it because it represents the cash we expect to have available for debt service requirements, incremental investments, share repurchases and other purposes.

**Operating Margin Adjusted for the Spin-off and Other Charges and Excluding Cost Reimbursements and Total Revenues Adjusted for the Spin-off and Excluding Cost Reimbursements**. Cost reimbursements revenue represents reimbursements we receive for costs we incur on behalf of managed and franchised properties and relates, predominantly, to payroll costs at managed properties where we are the employer, but also includes reimbursements for other costs, such as those associated with our Marriott Rewards and Ritz-Carlton Rewards programs. As we record cost reimbursements based on the costs we incur with no added markup, this revenue and related expense has no impact on either our operating income or net income because cost reimbursements revenue net of reimbursed costs expense is zero. We consider total 2010 and 2011 revenues and operating income as adjusted for Timeshare Spin-off Adjustments and other charges, as applicable, meaningful for the reasons noted above. We also consider operating margins excluding cost reimbursements and operating margins adjusted for the spin-off and excluding cost reimbursements and other charges to be meaningful as they represent that portion of revenue and operating margin that impacts our on-going operating income and net income.

**Cash Used in Investing Activities and Investments Before Recycling**. We consider these non-GAAP measures to be meaningful metrics and evaluate them because they provide detail on our estimated cumulative capital allocations for the three-year period from 2012 to 2014.
<table>
<thead>
<tr>
<th></th>
<th>As Reported Fiscal Year 2011</th>
<th>Timeshare Spin-off Adjustments ¹</th>
<th>Other Charges</th>
<th>As Adjusted Fiscal Year 2011 ²</th>
<th>As Reported Fiscal Year 2010</th>
<th>Timeshare Spin-off Adjustments ¹</th>
<th>Other Charges and Certain Tax Items</th>
<th>As Adjusted Fiscal Year 2010 ²</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Base management fees</td>
<td>$ 602 $</td>
<td>(56) $</td>
<td>-</td>
<td>$ 546 $</td>
<td>$ 562 $</td>
<td>(60) $</td>
<td>-</td>
<td>502</td>
</tr>
<tr>
<td>Franchise fees</td>
<td>506</td>
<td>60</td>
<td>-</td>
<td>566</td>
<td>441</td>
<td>64</td>
<td>-</td>
<td>505</td>
</tr>
<tr>
<td>Incentive management fees</td>
<td>195</td>
<td>-</td>
<td>-</td>
<td>195</td>
<td>182</td>
<td>-</td>
<td>-</td>
<td>182</td>
</tr>
<tr>
<td>Owned, leased, corporate housing and other revenue</td>
<td>1,083</td>
<td>-</td>
<td>-</td>
<td>1,083</td>
<td>1,046</td>
<td>-</td>
<td>-</td>
<td>1,046</td>
</tr>
<tr>
<td>Timeshare sales and services</td>
<td>1,088</td>
<td>(1,088)</td>
<td>-</td>
<td>-</td>
<td>1,221</td>
<td>(1,221)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cost reimbursements</td>
<td>8,843</td>
<td>(268)</td>
<td>-</td>
<td>8,575</td>
<td>8,239</td>
<td>(251)</td>
<td>-</td>
<td>7,988</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>12,317</td>
<td>(1,352)</td>
<td>-</td>
<td>10,965</td>
<td>11,691</td>
<td>(1,468)</td>
<td>-</td>
<td>10,223</td>
</tr>
<tr>
<td><strong>OPERATING COSTS AND EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owned, leased and corporate housing - direct</td>
<td>943</td>
<td>-</td>
<td>-</td>
<td>943</td>
<td>955</td>
<td>-</td>
<td>-</td>
<td>955</td>
</tr>
<tr>
<td>Timeshare - direct</td>
<td>929</td>
<td>(929)</td>
<td>-</td>
<td>-</td>
<td>1,022</td>
<td>(1,022)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Timeshare strategy - impairment charges</td>
<td>324</td>
<td>(324)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Reimbursed costs</td>
<td>8,843</td>
<td>(268)</td>
<td>-</td>
<td>8,575</td>
<td>8,239</td>
<td>(251)</td>
<td>-</td>
<td>7,988</td>
</tr>
<tr>
<td>General, administrative and other</td>
<td>752</td>
<td>(99)</td>
<td>(10)</td>
<td>643</td>
<td>780</td>
<td>(89)</td>
<td>(98)</td>
<td>593</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>11,791</td>
<td>(1,620)</td>
<td>(10)</td>
<td>10,161</td>
<td>10,996</td>
<td>(1,362)</td>
<td>(98)</td>
<td>9,536</td>
</tr>
<tr>
<td><strong>OPERATING INCOME (LOSS)</strong></td>
<td>526</td>
<td>268</td>
<td>10</td>
<td>804</td>
<td>695</td>
<td>(106)</td>
<td>98</td>
<td>687</td>
</tr>
<tr>
<td>(Losses) gains and other income</td>
<td>(7)</td>
<td>(3)</td>
<td>18</td>
<td>8</td>
<td>35</td>
<td>(20)</td>
<td>15</td>
<td>20</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(164)</td>
<td>29</td>
<td>-</td>
<td>(135)</td>
<td>(180)</td>
<td>43</td>
<td>-</td>
<td>(137)</td>
</tr>
<tr>
<td>Interest income</td>
<td>14</td>
<td>10</td>
<td>-</td>
<td>24</td>
<td>19</td>
<td>10</td>
<td>-</td>
<td>29</td>
</tr>
<tr>
<td>Equity in losses</td>
<td>(13)</td>
<td>(4)</td>
<td>-</td>
<td>(17)</td>
<td>(18)</td>
<td>(3)</td>
<td>-</td>
<td>(21)</td>
</tr>
<tr>
<td><strong>INCOME (LOSS) BEFORE INCOME TAXES</strong></td>
<td>356</td>
<td>300</td>
<td>28</td>
<td>684</td>
<td>551</td>
<td>(76)</td>
<td>98</td>
<td>573</td>
</tr>
<tr>
<td>(Provision) benefit for income taxes</td>
<td>(158)</td>
<td>(40)</td>
<td>(11)</td>
<td>(209)</td>
<td>(93)</td>
<td>29</td>
<td>(123)</td>
<td>(187)</td>
</tr>
<tr>
<td><strong>NET INCOME (LOSS)</strong></td>
<td>$ 198 $</td>
<td>$ 260 $</td>
<td>$ 17 $</td>
<td>$ 475</td>
<td>$ 458 $</td>
<td>$ (47) $</td>
<td>$ (25)</td>
<td>$ 386</td>
</tr>
<tr>
<td><strong>EARNINGS (LOSSES) PER SHARE - Diluted</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earnings (losses) per share ²</td>
<td>$ 0.55 $</td>
<td>$ 0.72 $</td>
<td>$ 0.05 $</td>
<td>$ 1.31 $</td>
<td>$ 1.21 $</td>
<td>$ (0.12) $</td>
<td>$ (0.07)</td>
<td>$ 1.02</td>
</tr>
</tbody>
</table>

¹ Denotes non-GAAP financial measures. Please see pages 1 through 4 for additional information about our reasons for providing these alternative financial measures and limitations on their use.

² The adjusted consolidated statements of income are presented as if the Timeshare spin-off had occurred on the first day of fiscal year 2010.

² – Earnings per share plus adjustment items may not equal earnings per share as adjusted due to rounding.
### MARRIOTT INTERNATIONAL, INC.

**Non-GAAP Financial Measures**

Operating Income As Adjusted for Spin-off and Other Charges, 
Total Revenues As Adjusted for Spin-off and Excluding Cost Reimbursements, and 
Operating Margin as Adjusted for Spin-off and Other Charges and Excluding Cost Reimbursements 

($ in millions)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Fiscal Year</th>
<th>Fiscal Year</th>
<th>Fiscal Year 2014 Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>2010</td>
<td>2011</td>
<td></td>
</tr>
<tr>
<td>Operating income as reported</td>
<td>$ 1,183</td>
<td>$ 695</td>
<td>$ 526</td>
</tr>
<tr>
<td>Timeshare spin-off adjustments</td>
<td>(106)</td>
<td>268</td>
<td>268</td>
</tr>
<tr>
<td>Other Charges</td>
<td>98</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Operating income, as adjusted for spin-off and other charges †</td>
<td>$ 687</td>
<td>$ 804</td>
<td>$ 804</td>
</tr>
<tr>
<td>Total revenues as reported</td>
<td>$ 12,990</td>
<td>$ 11,691</td>
<td>$ 12,317</td>
</tr>
<tr>
<td>Timeshare spin-off adjustments</td>
<td>(1,468)</td>
<td>(1,352)</td>
<td>(1,352)</td>
</tr>
<tr>
<td>Total revenues, as adjusted for spin-off †</td>
<td>12,990</td>
<td>10,223</td>
<td>10,965</td>
</tr>
<tr>
<td>Less: Cost reimbursements</td>
<td>(8,575)</td>
<td>(8,239)</td>
<td>(8,843)</td>
</tr>
<tr>
<td>Add: Cost reimbursements in Timeshare spin-off adjustments</td>
<td>-</td>
<td>251</td>
<td>268</td>
</tr>
<tr>
<td>Total revenues as adjusted for spin-off and excluding cost reimbursements †</td>
<td>$ 4,415</td>
<td>$ 2,235</td>
<td>$ 2,390</td>
</tr>
<tr>
<td>Operating margin adjusted for spin-off and other charges and excluding cost reimbursements †</td>
<td>27%</td>
<td>31%</td>
<td>34%</td>
</tr>
</tbody>
</table>

† Denotes non-GAAP financial measures. Please see pages 1 through 4 for additional information about our reasons for providing these alternative financial measures and the limitations on their use.

*** Detailed guidance not provided.
### EBITDA AND ADJUSTED EBITDA

**FISCAL YEAR 2011 AND 2010 AND ESTIMATED FISCAL YEAR 2014**

($ in millions)

<table>
<thead>
<tr>
<th></th>
<th>As Reported</th>
<th>Timeshare Spin-off Adjustments</th>
<th>Other Charges</th>
<th>As Adjusted</th>
<th>6% Annual RevPAR Growth</th>
<th>8% Annual RevPAR Growth</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal Year 2011</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Income</td>
<td>$198</td>
<td>$260</td>
<td>$17</td>
<td>$475</td>
<td>$745</td>
<td>$835</td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td>164</td>
<td>(29)</td>
<td></td>
<td>135</td>
<td>185</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td>Tax provision</td>
<td>158</td>
<td>40</td>
<td>11</td>
<td>209</td>
<td>365</td>
<td>410</td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>168</td>
<td>(28)</td>
<td></td>
<td>140</td>
<td>185</td>
<td>185</td>
<td></td>
</tr>
<tr>
<td>Less: Depreciation reimbursed by third-party owners</td>
<td>(15)</td>
<td></td>
<td></td>
<td>(15)</td>
<td>(15)</td>
<td>(15)</td>
<td></td>
</tr>
<tr>
<td>Interest expense from unconsolidated joint ventures</td>
<td>18</td>
<td></td>
<td></td>
<td>18</td>
<td>15</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization from unconsolidated joint ventures</td>
<td>30</td>
<td></td>
<td></td>
<td>30</td>
<td>30</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td><strong>EBITDA †</strong></td>
<td><strong>$721</strong></td>
<td><strong>$243</strong></td>
<td><strong>$28</strong></td>
<td><strong>$992</strong></td>
<td><strong>$1,510</strong></td>
<td><strong>$1,660</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Fiscal Year 2010 Estimate**

<table>
<thead>
<tr>
<th></th>
<th>As Reported</th>
<th>Timeshare Spin-off Adjustments</th>
<th>Other Charges</th>
<th>As Adjusted</th>
<th>6% Annual RevPAR Growth</th>
<th>8% Annual RevPAR Growth</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income (loss)</td>
<td>$458</td>
<td>$ (47)</td>
<td>$ (25)</td>
<td>$386</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td>180</td>
<td>(43)</td>
<td></td>
<td>137</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax provision (benefit)</td>
<td>93</td>
<td>(29)</td>
<td>123</td>
<td>187</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>178</td>
<td>(35)</td>
<td></td>
<td>143</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: Depreciation reimbursed by third-party owners</td>
<td>(11)</td>
<td></td>
<td></td>
<td>(11)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expense from unconsolidated joint ventures</td>
<td>19</td>
<td></td>
<td></td>
<td>16</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization from unconsolidated joint ventures</td>
<td>27</td>
<td></td>
<td></td>
<td>27</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EBITDA †</strong></td>
<td><strong>$944</strong></td>
<td><strong>$ (157)</strong></td>
<td><strong>$ 98</strong></td>
<td><strong>$885</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

† Denotes non-GAAP financial measures. Please see pages 1 through 4 for additional information about our reasons for providing these alternative financial measures and the limitations on their use.
MARRIOTT INTERNATIONAL, INC.

Non-GAAP Financial Measures

Cash Used In Investing Activities and Investments

($ in billions)

<table>
<thead>
<tr>
<th>Estimate 1</th>
<th>Fiscal Years 2012-2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of Investments</td>
<td></td>
</tr>
</tbody>
</table>

| Net cash used in investing activities | $1.9 |
| Less cash provided by: | |
| Dispositions | $(0.6) |
| Loan collections and sales | $(0.2) |
| **Cash used in investing activities †** | **$2.7** |

**Detail of Cash used in investing activities and Investments**

| Capital expenditures | $1.5 | 55% |
| Maintenance capital expenditures | 0.2 | 7% |
| New systems / corporate expenditures | 0.1 | 4% |
| **Total capital expenditures** | **1.8** | **66%** |

| Loan advances | 0.4 | 15% |
| Equity and cost method investments | 0.1 | 4% |
| Contract acquisition costs | 0.4 | 15% |

| Investments † | **$2.7** | 100% |

† Denotes non-GAAP financial measures. Please see pages 1 through 4 for additional information about our reasons for providing these alternative financial measures and the limitations on their use.

1 Based on mid-point of estimated range of $2.6 billion to $2.8 billion.
MARRIOTT INTERNATIONAL, INC.  
Non-GAAP Financial Measures  
Adjusted Diluted EPS From Continuing Operations  
Fiscal Year 2009 and 2008  
(in millions, except per share amounts)

<table>
<thead>
<tr>
<th></th>
<th>Adjustments</th>
<th></th>
<th></th>
<th></th>
<th>Adjustments</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As Reported</td>
<td>Restructuring Costs &amp; Other Charges</td>
<td>Timeshare Strategy - Impairment Charges</td>
<td>Certain Tax Items</td>
<td>As Adjusted Fiscal Year 2009 †</td>
<td>As Reported</td>
<td>Restructuring Costs &amp; Other Charges</td>
</tr>
<tr>
<td></td>
<td>Fiscal Year 2009</td>
<td></td>
<td></td>
<td></td>
<td>Fiscal Year 2008</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NET (LOSS) / INCOME FROM CONTINUING OPERATIONS</td>
<td>$ (346) $</td>
<td>130 $</td>
<td>502 $</td>
<td>56 $</td>
<td>342 $</td>
<td>$ 359 $</td>
<td>124 $</td>
</tr>
<tr>
<td>(LOSSES) / EARNINGS PER SHARE - Diluted</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Losses) / earnings from continuing operations ¹</td>
<td>$ (0.97) $</td>
<td>0.37 $</td>
<td>1.41 $</td>
<td>0.16 $</td>
<td>0.93 $</td>
<td>$ 0.97 $</td>
<td>0.33 $</td>
</tr>
<tr>
<td>Diluted Shares ¹</td>
<td>356.4</td>
<td>356.4</td>
<td>356.4</td>
<td>356.4</td>
<td>367.4</td>
<td>370.7</td>
<td>370.7</td>
</tr>
</tbody>
</table>

¹ Denotes non-GAAP financial measures. Please see pages 1 through 4 for additional information about our reasons for providing these alternative financial measures and the limitations on their use.

¹ For fiscal year 2009, (Losses) / Earnings per share plus adjustment items does not equal earnings per share as adjusted due to the different share amounts used in the denominators.
### NET INCOME FROM CONTINUING OPERATIONS

<table>
<thead>
<tr>
<th></th>
<th>As Reported Fiscal Year 2007</th>
<th>ESOP Adjustment</th>
<th>As Adjusted Fiscal Year 2007 †</th>
</tr>
</thead>
<tbody>
<tr>
<td>NET INCOME FROM CONTINUING OPERATIONS</td>
<td>$ 697</td>
<td>$ 54</td>
<td>$ 751</td>
</tr>
</tbody>
</table>

### EARNINGS PER SHARE - Diluted

<table>
<thead>
<tr>
<th></th>
<th>Earnings from continuing operations</th>
<th>Diluted Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings from continuing operations</td>
<td>$ 1.73</td>
<td>401.4</td>
</tr>
</tbody>
</table>

$ 0.14 | 401.4 | 401.4 | 1.87 |

† Denotes non-GAAP financial measures. Please see pages 1 through 4 for additional information about our reasons for providing these alternative financial measures and the limitations on their use.
Marriott International, Inc.

Non-GAAP Financial Measures

Return on Invested Capital †

The reconciliations of income (loss) from continuing operations to earnings (losses) before interest expense and income taxes ("EBIT") and adjusted EBIT are as follows:

<table>
<thead>
<tr>
<th>Fiscal Year 2014 Estimate</th>
<th>6% Annual RevPAR Growth</th>
<th>8% Annual RevPAR Growth</th>
<th>Fiscal Year 2011</th>
<th>Fiscal Year 2010</th>
<th>Fiscal Year 2009</th>
<th>Fiscal Year 2008</th>
<th>Fiscal Year 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income (loss) from continuing operations</td>
<td>$ 745</td>
<td>$ 835</td>
<td>$ 198</td>
<td>$ 458</td>
<td>(346)</td>
<td>359</td>
<td>697</td>
</tr>
<tr>
<td>Add:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provision (benefit) for income taxes</td>
<td>365</td>
<td>410</td>
<td>158</td>
<td>93</td>
<td>(65)</td>
<td>350</td>
<td>441</td>
</tr>
<tr>
<td>Provision for income taxes related to noncontrolling interest in losses of consolidated subsidiaries</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4</td>
<td>9</td>
<td>-</td>
</tr>
<tr>
<td>Interest expense</td>
<td>185</td>
<td>200</td>
<td>164</td>
<td>180</td>
<td>118</td>
<td>163</td>
<td>184</td>
</tr>
<tr>
<td>Timeshare interest †</td>
<td>-</td>
<td>-</td>
<td>11</td>
<td>20</td>
<td>24</td>
<td>15</td>
<td>24</td>
</tr>
<tr>
<td>Earnings (losses) before interest expense and income taxes †</td>
<td>$ 1,295</td>
<td>$ 1,445</td>
<td>$ 531</td>
<td>$ 751</td>
<td>(265)</td>
<td>896</td>
<td>1,346</td>
</tr>
<tr>
<td>Add:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Timeshare spin-off adjustments, pre-tax</td>
<td>300</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Timeshare interest</td>
<td>(11)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Timeshare interest expense</td>
<td>(29)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted EBIT †</td>
<td>$ 791</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The reconciliations of assets to invested capital and adjusted invested capital are as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>$ 7,045</td>
<td>$ 6,992</td>
<td>$ 6,564</td>
<td>$ 5,910</td>
<td>$ 8,963</td>
<td>$ 8,963</td>
<td>$ 8,903</td>
<td>$ 7,933</td>
<td>$ 8,903</td>
<td>$ 8,942</td>
<td>$ 8,588</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Add:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities - discontinued operations ‡</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3</td>
<td>13</td>
<td>55</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred tax assets, net §</td>
<td>(757)</td>
<td>(704)</td>
<td>(776)</td>
<td>(1,142)</td>
<td>(1,159)</td>
<td>(1,159)</td>
<td>(1,348)</td>
<td>(1,256)</td>
<td>(913)</td>
<td>(963)</td>
<td>(865)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Timeshare capitalized interest ‡</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(46)</td>
<td>(45)</td>
<td>(46)</td>
<td>(48)</td>
<td>(49)</td>
<td>(19)</td>
<td>(19)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested capital †</td>
<td>$ 3,994</td>
<td>$ 3,994</td>
<td>$ 3,549</td>
<td>$ 2,565</td>
<td>$ 5,416</td>
<td>$ 5,416</td>
<td>$ 5,291</td>
<td>$ 4,408</td>
<td>$ 5,531</td>
<td>$ 5,319</td>
<td>$ 5,161</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Add:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average invested capital † ‡</td>
<td>$ 3,772</td>
<td>$ 3,772</td>
<td>$ 3,549</td>
<td>$ 2,565</td>
<td>$ 5,354</td>
<td>$ 5,354</td>
<td>$ 4,970</td>
<td>$ 5,425</td>
<td>$ 5,240</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Timeshare current liabilities, net of current portion of long-term debt §</td>
<td>342</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes receivable from MVW related to the spin-off §</td>
<td>270</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Timeshare capitalized interest ‡</td>
<td>45</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested capital †</td>
<td>$ 3,313</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted invested capital †</td>
<td>$ 2,760</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted average invested capital †</td>
<td>$ 2,663</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Return on invested capital †

| | 34% | 38% | 30% | 14% | -5% | 17% | 26% |

† Denotes non-GAAP financial measures. Please see pages 1 through 4 for additional information about our reasons for providing these alternative financial measures and the limitations on their use.
Timeshare interest represents (for periods prior to the date of our spin-off of our timeshare operations and timeshare development business) previously capitalized interest that is a component of product cost.

Assets net of current liabilities associated with discontinued operations deducted because the return on invested capital metric we analyze is related to our core lodging business (continuing operations).

Deducted because they will be satisfied in the short term.

Deducted because the numerator of the calculation is a pre-tax number. At year-end 2011, 2010 and 2009, "Deferred tax assets, net" was also net of "current deferred income tax liabilities" of $12 million, $19 million, and $19 million, respectively. Current deferred income tax liabilities were $0 for each prior year presented.

Deducted because the numerator of the calculation is a pre-interest expense number.

Calculated as "Invested capital" for the current year and prior year, divided by two, with the exception of 2010 and 2011. See footnote 7 for more information on the average invested capital calculation for 2010 and footnote 8 for more information on the adjusted average invested capital calculation for 2011.


For comparability of beginning and ending 2011 balances, 2011 adjusted average invested capital is the average of: 1) the 2011 adjusted beginning balance (reflecting the Timeshare spin-off as if it had occurred on the first day of fiscal year 2011); and 2) the Year-End 2011 balance. See footnote 10 also.

Invested capital for Beginning of Year 2011 was further adjusted to calculate adjusted invested capital as if the Timeshare spin-off had occurred on the first day of fiscal year 2011 by: 1) adding back Timeshare current liabilities, net of current portion of long-term debt that were included in the total current liabilities deducted for the company; 2) adding notes receivable from Marriott Vacations Worldwide (“MVW”) calculated as of the beginning of year 2011 and established subsequent to the Timeshare spin-off; 3) adding back Timeshare capitalized interest; and 4) deducting Timeshare assets as of the beginning of year 2011 included in total company assets. See footnote 10 also.

ROIC for 2011 only was calculated as if the spin-off of our timeshare operations and development business had occurred on the first day of fiscal year 2011.