

MARRIOTT INTERNATIONAL, INC.
PRESS RELEASE SCHEDULES
QUARTER 3, 2011
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MARRIOTT INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share amounts)

	As Reported 12 Weeks Ended September 9, 2011	Other Charges and Certain Tax Items	As Adjusted 12 Weeks Ended September 9, 2011 **	As Reported 12 Weeks Ended September 10, 2010	Percent Better (Worse) Adjusted 2011 vs. Reported 2010
REVENUES					
Base management fees	\$ 136	\$ -	\$ 136	\$ 123	11
Franchise fees	124	-	124	109	14
Incentive management fees	29	-	29	21	38
Owned, leased, corporate housing and other revenue ¹	254	-	254	220	15
Timeshare sales and services ²	286	-	286	275	4
Cost reimbursements ³	2,045	-	2,045	1,900	8
Total Revenues	<u>2,874</u>	<u>-</u>	<u>2,874</u>	<u>2,648</u>	<u>9</u>
OPERATING COSTS AND EXPENSES					
Owned, leased and corporate housing - direct ⁴	219	-	219	213	(3)
Timeshare - direct	250	-	250	219	(14)
Timeshare strategy - impairment charges ⁵	324	(324)	-	-	*
Reimbursed costs	2,045	-	2,045	1,900	(8)
General, administrative and other ⁶	180	(10)	170	149	(14)
Total Expenses	<u>3,018</u>	<u>(334)</u>	<u>2,684</u>	<u>2,481</u>	<u>(8)</u>
OPERATING (LOSS) INCOME	(144)	334	190	167	14
(Losses) gains and other income ⁷	(16)	18	2	3	(33)
Interest expense	(39)	-	(39)	(41)	5
Interest income	2	-	2	4	(50)
Equity in losses ⁸	(2)	-	(2)	(5)	60
(LOSS) INCOME BEFORE INCOME TAXES	(199)	352	153	128	20
Benefit (provision) for income taxes	20	(69)	(49)	(45)	(9)
NET (LOSS) INCOME	<u>\$ (179)</u>	<u>\$ 283</u>	<u>\$ 104</u>	<u>\$ 83</u>	<u>25</u>
(LOSSES) EARNINGS PER SHARE - Basic					
(Losses) earnings per share ⁹	<u>\$ (0.52)</u>	<u>\$ 0.82</u>	<u>\$ 0.30</u>	<u>\$ 0.23</u>	<u>30</u>
(LOSSES) EARNINGS PER SHARE - Diluted					
(Losses) earnings per share ⁹	<u>\$ (0.52)</u>	<u>\$ 0.82</u>	<u>\$ 0.29</u>	<u>\$ 0.22</u>	<u>32</u>
Basic Shares	345.4	345.4	345.4	363.1	
Diluted Shares ¹⁰	345.4	345.4	356.8	378.1	

** Denotes non-GAAP financial measures. Please see pages A-21 and A-22 for additional information about our reasons for providing these alternative financial measures and limitations on their use.

See page A-3 for footnote references.

MARRIOTT INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share amounts)

	As Reported 36 Weeks Ended September 9, 2011	Other Charges and Certain Tax Items	As Adjusted 36 Weeks Ended September 9, 2011 **	As Reported 36 Weeks Ended September 10, 2010	Percent Better (Worse) Adjusted 2011 vs. Reported 2010
REVENUES					
Base management fees	\$ 419	\$ -	\$ 419	\$ 384	9
Franchise fees	347	-	347	305	14
Incentive management fees	121	-	121	107	13
Owned, leased, corporate housing and other revenue ¹	727	-	727	704	3
Timeshare sales and services ²	850	-	850	849	-
Cost reimbursements ³	6,160	-	6,160	5,700	8
Total Revenues	<u>8,624</u>	<u>-</u>	<u>8,624</u>	<u>8,049</u>	<u>7</u>
OPERATING COSTS AND EXPENSES					
Owned, leased and corporate housing - direct ⁴	643	-	643	654	2
Timeshare - direct	720	-	720	693	(4)
Timeshare strategy - impairment charges ⁵	324	(324)	-	-	*
Reimbursed costs	6,160	-	6,160	5,700	(8)
General, administrative and other ⁶	498	(10)	488	429	(14)
Total Expenses	<u>8,345</u>	<u>(334)</u>	<u>8,011</u>	<u>7,476</u>	<u>(7)</u>
OPERATING INCOME	279	334	613	573	7
(Losses) gains and other income ⁷	(11)	18	7	7	-
Interest expense	(117)	-	(117)	(130)	10
Interest income	9	-	9	11	(18)
Equity in losses ⁸	(6)	-	(6)	(20)	70
INCOME BEFORE INCOME TAXES	154	352	506	441	15
Provision for income taxes	(97)	(69)	(166)	(156)	(6)
NET INCOME	<u>\$ 57</u>	<u>\$ 283</u>	<u>\$ 340</u>	<u>\$ 285</u>	<u>19</u>
EARNINGS PER SHARE - Basic					
Earnings per share ⁹	<u>\$ 0.16</u>	<u>\$ 0.79</u>	<u>\$ 0.95</u>	<u>\$ 0.79</u>	<u>20</u>
EARNINGS PER SHARE - Diluted					
Earnings per share ⁹	<u>\$ 0.15</u>	<u>\$ 0.77</u>	<u>\$ 0.92</u>	<u>\$ 0.76</u>	<u>21</u>
Basic Shares	356.5	356.5	356.5	361.5	
Diluted Shares ¹⁰	369.8	369.8	369.8	376.4	

** Denotes non-GAAP financial measures. Please see page A-21 and A-22 for additional information about our reasons for providing these alternative financial measures and limitations on their use.

See page A-3 for footnote references.

MARRIOTT INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share amounts)

* Percent cannot be calculated.

- 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, branding fees and other revenue.
- ² – *Timeshare sales and services* includes total timeshare revenue except for base management fees and cost reimbursements.
- ³ – *Cost reimbursements* include reimbursements from 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 – Reflects the following 2011 third quarter Timeshare segment impairments: inventory \$256 million, land \$62 million, and other impairments \$6 million.
- ⁶ – *General, administrative and other* expenses include the overhead costs allocated to our segments, and our corporate overhead costs and general expenses.
- ⁷ – *(Losses) gains and other income* includes gains and losses on: the sale of real estate, note sales or repayments (except timeshare note securitizations), the sale or other-than-temporary impairment of joint ventures and investments, debt extinguishments, and income from cost method joint ventures.
- ⁸ – *Equity in losses* includes our equity in earnings or losses of unconsolidated equity method joint ventures.
- ⁹ – Earnings per share plus adjustment items may not equal earnings per share as adjusted.
- ¹⁰ – Basic and fully diluted weighted average shares outstanding used to calculate earnings per share for the period in which we had a loss are the same because inclusion of additional equivalents would be anti-dilutive.

MARRIOTT INTERNATIONAL, INC.
FOURTH QUARTER 2010 CONSOLIDATED STATEMENTS OF INCOME
(in millions, except per share amounts)

	Adjustments			As Adjusted 16 Weeks Ended December 31, 2010 **
	As Reported 16 Weeks Ended December 31, 2010	Other Charges	Certain Tax Items	
REVENUES				
Base management fees	\$ 178	\$ -	\$ -	\$ 178
Franchise fees	136	-	-	136
Incentive management fees	75	-	-	75
Owned, leased, corporate housing and other revenue ¹	342	-	-	342
Timeshare sales and services (including net note sale gains of \$38 for the sixteen weeks ended January 1, 2010) ²	372	-	-	372
Cost reimbursements ³	2,539	-	-	2,539
Total Revenues	<u>3,642</u>	<u>-</u>	<u>-</u>	<u>3,642</u>
OPERATING COSTS AND EXPENSES				
Owned, leased and corporate housing - direct ⁴	301	-	-	301
Timeshare - direct	329	-	-	329
Reimbursed costs	2,539	-	-	2,539
Restructuring costs	-	-	-	-
General, administrative and other ⁵	351	(111)	-	240
Total Expenses	<u>3,520</u>	<u>(111)</u>	<u>-</u>	<u>3,409</u>
OPERATING INCOME	122	111	-	233
Gains and other income ⁶	28	-	-	28
Interest expense	(50)	-	-	(50)
Interest income	8	-	-	8
Equity in earnings (losses) ⁷	2	(11)	-	(9)
INCOME BEFORE INCOME TAXES	110	100	-	210
Benefit (provision) for income taxes	63	(38)	(85)	(60)
NET INCOME	<u>\$ 173</u>	<u>\$ 62</u>	<u>\$ (85)</u>	<u>\$ 150</u>
EARNINGS PER SHARE - Basic				
Earnings per share ⁸	<u>\$ 0.48</u>	<u>\$ 0.17</u>	<u>\$ (0.23)</u>	<u>\$ 0.41</u>
EARNINGS PER SHARE - Diluted				
Earnings per share ⁸	<u>\$ 0.46</u>	<u>\$ 0.16</u>	<u>\$ (0.22)</u>	<u>\$ 0.39</u>
Basic Shares	365.6	365.6	365.6	365.6
Diluted Shares	382.0	382.0	382.0	382.0

** Denotes non-GAAP financial measures. Please see pages A-21 and A-22 for additional information about our reasons for providing these alternative financial measures and 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, branding fees and other revenue.

² – Timeshare sales and services includes total timeshare revenue except for base management fees and cost reimbursements.

³ – Cost reimbursements include reimbursements from 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 – General, administrative and other expenses include the overhead costs allocated to our segments, and our corporate overhead costs and general expenses.

⁶ – Gains and other income includes gains and losses on: the sale of real estate, note sales or repayments (except timeshare note securitizations), the sale of joint ventures and investments; and debt extinguishments, as well as income from cost method joint ventures.

⁷ – Equity in earnings (losses) includes our equity in earnings (losses) of unconsolidated equity method joint ventures.

⁸ – Earnings per share plus adjustment items may not equal earnings per share as adjusted.

MARRIOTT INTERNATIONAL, INC.
TOTAL LODGING PRODUCTS ¹

Brand	Number of Properties			Number of Rooms/Suites		
	September 9, 2011	September 10, 2010	vs. September 10, 2010	September 9, 2011	September 10, 2010	vs. September 10, 2010
Domestic Full-Service						
Marriott Hotels & Resorts	355	355	-	143,579	142,277	1,302
Renaissance Hotels	78	79	(1)	28,446	28,790	(344)
Autograph Collection	16	11	5	4,860	1,646	3,214
Domestic Limited-Service						
Courtyard	802	785	17	112,578	110,325	2,253
Fairfield Inn & Suites	663	647	16	60,010	58,398	1,612
SpringHill Suites	283	271	12	33,234	31,772	1,462
Residence Inn	597	592	5	72,067	71,280	787
TownePlace Suites	197	192	5	19,770	19,320	450
International						
Marriott Hotels & Resorts	202	195	7	62,404	59,936	2,468
Renaissance Hotels	74	67	7	23,740	22,622	1,118
Autograph Collection	4	-	4	495	-	495
Courtyard	104	97	7	20,496	19,307	1,189
Fairfield Inn & Suites	11	10	1	1,361	1,235	126
SpringHill Suites	2	1	1	299	124	175
Residence Inn	18	18	-	2,559	2,559	-
TownePlace Suites	1	-	1	105	-	105
Marriott Executive Apartments	22	23	(1)	3,562	3,775	(213)
Luxury						
The Ritz-Carlton - Domestic	39	39	-	11,587	11,587	-
The Ritz-Carlton - International	38	35	3	11,503	10,457	1,046
Bulgari Hotels & Resorts	2	2	-	117	117	-
Edition	1	-	1	78	-	78
The Ritz-Carlton Residential	31	26	5	3,780	2,715	1,065
The Ritz-Carlton Serviced Apartments	4	3	1	579	458	121
Unconsolidated Joint Ventures						
AC Hotels by Marriott	75	-	75	7,944	-	7,944
Autograph Collection	4	-	4	278	-	278
Timeshare ²						
Marriott Vacation Club ³	53	53	-	11,988	11,866	122
The Ritz-Carlton Destination Club	10	9	1	476	446	30
The Ritz-Carlton Residences	4	4	-	238	238	-
Grand Residences by Marriott - Fractional	2	2	-	248	248	-
Grand Residences by Marriott - Residential	2	2	-	68	68	-
Sub Total Timeshare	71	70	1	13,018	12,866	152
Total	3,694	3,518	176	638,449	611,566	26,883

Number of Timeshare Interval, Fractional and Residential Resorts

	Total Properties ²	Properties in Active Sales ⁴
100% Company-Developed		
Marriott Vacation Club ⁴	53	27
The Ritz-Carlton Destination Club and Residences	12	9
Grand Residences by Marriott and Residences	4	3
Joint Ventures		
The Ritz-Carlton Destination Club and Residences	2	2
Total	71	41

¹ Total Lodging Products excludes the 2,165 and 1,993 corporate housing rental units as of September 9, 2011 and September 10, 2010, respectively.

² Includes products that are in active sales as well as those that are sold out. Residential products are included once they possess a certificate of occupancy.

³ Marriott Vacation Club includes former Horizons by Marriott Vacation Club products that were previously reported separately.

⁴ Products in active sales may not be ready for occupancy.

MARRIOTT INTERNATIONAL, INC.
KEY LODGING STATISTICS
Constant \$

Comparable Company-Operated International Properties¹

Region	Three Months Ended August 31, 2011 and August 31, 2010						
	REVPAR		Occupancy			Average Daily Rate	
	2011	vs. 2010	2011	vs. 2010	2011	vs. 2010	
Caribbean & Latin America	\$123.32	12.8%	73.5%	3.1% pts.	\$167.78	8.0%	
Europe	\$138.28	5.3%	78.1%	0.3% pts.	\$177.15	4.9%	
Middle East & Africa	\$67.12	-10.1%	56.5%	-8.0% pts.	\$118.83	2.6%	
Asia Pacific	\$95.77	13.9%	73.5%	6.0% pts.	\$130.27	4.5%	
Regional Composite²	\$117.25	7.3%	74.2%	1.6% pts.	\$158.11	5.0%	
International Luxury³	\$185.06	8.5%	63.3%	0.4% pts.	\$292.33	7.8%	
Total International⁴	\$125.64	7.5%	72.8%	1.5% pts.	\$172.54	5.4%	
Worldwide⁵	\$110.31	7.2%	73.3%	2.1% pts.	\$150.50	4.1%	

Comparable Systemwide International Properties¹

Region	Three Months Ended August 31, 2011 and August 31, 2010						
	REVPAR		Occupancy			Average Daily Rate	
	2011	vs. 2010	2011	vs. 2010	2011	vs. 2010	
Caribbean & Latin America	\$105.48	12.4%	70.1%	2.8% pts.	\$150.51	7.9%	
Europe	\$135.18	5.8%	77.7%	0.6% pts.	\$173.93	5.0%	
Middle East & Africa	\$65.96	-9.1%	56.2%	-7.0% pts.	\$117.37	2.3%	
Asia Pacific	\$103.24	8.5%	73.0%	4.5% pts.	\$141.48	1.8%	
Regional Composite²	\$115.94	6.6%	73.5%	1.5% pts.	\$157.82	4.5%	
International Luxury³	\$185.06	8.5%	63.3%	0.4% pts.	\$292.33	7.8%	
Total International⁴	\$122.84	6.9%	72.4%	1.4% pts.	\$169.56	4.9%	
Worldwide⁵	\$96.15	6.9%	73.9%	2.3% pts.	\$130.11	3.6%	

¹ We report financial results on a period basis and international statistics on a monthly basis. Statistics are in constant dollars for June through August. International includes properties located outside the United States and Canada, except for Worldwide which includes the United States.

² Regional information includes the Marriott Hotels & Resorts, Renaissance Hotels and Courtyard brands.

³ International Luxury includes The Ritz-Carlton properties outside of the United States and Canada and Bulgari Hotels & Resorts.

⁴ Includes Regional Composite and International Luxury.

⁵ Includes international statistics for the three calendar months ended August 31, 2011 and August 31, 2010, and the United States statistics for the twelve weeks ended September 9, 2011 and September 10, 2010. Includes the Marriott Hotels & Resorts, Renaissance Hotels, The Ritz-Carlton, Bulgari Hotels & Resorts, Residence Inn, Courtyard, Fairfield Inn & Suites, TownePlace Suites, and SpringHill Suites brands.

MARRIOTT INTERNATIONAL, INC.
KEY LODGING STATISTICS
Constant \$

Comparable Company-Operated International Properties¹

Region	Eight Months Ended August 31, 2011 and August 31, 2010						
	REVPAR		Occupancy			Average Daily Rate	
	2011	vs. 2010	2011	vs. 2010	2011	vs. 2010	
Caribbean & Latin America	\$135.62	10.5%	74.0%	3.1% pts.	\$183.25	5.8%	
Europe	\$126.47	7.1%	72.9%	1.0% pts.	\$173.42	5.6%	
Middle East & Africa	\$79.90	-9.8%	57.0%	-11.7% pts.	\$140.19	8.8%	
Asia Pacific	\$96.01	16.8%	71.8%	6.3% pts.	\$133.80	6.5%	
Regional Composite²	\$114.36	8.6%	71.3%	1.7% pts.	\$160.46	6.0%	
International Luxury³	\$197.04	6.5%	63.9%	0.1% pts.	\$308.14	6.3%	
Total International⁴	\$124.59	8.1%	70.4%	1.5% pts.	\$177.06	5.9%	
Worldwide⁵	\$110.54	6.7%	71.0%	1.7% pts.	\$155.80	4.2%	

Comparable Systemwide International Properties¹

Region	Eight Months Ended August 31, 2011 and August 31, 2010						
	REVPAR		Occupancy			Average Daily Rate	
	2011	vs. 2010	2011	vs. 2010	2011	vs. 2010	
Caribbean & Latin America	\$115.78	10.0%	70.6%	2.9% pts.	\$163.93	5.6%	
Europe	\$122.13	7.3%	71.8%	1.4% pts.	\$170.15	5.3%	
Middle East & Africa	\$77.80	-8.5%	56.8%	-10.0% pts.	\$136.88	7.6%	
Asia Pacific	\$100.70	11.4%	71.1%	4.8% pts.	\$141.68	3.9%	
Regional Composite²	\$111.56	7.7%	70.2%	1.7% pts.	\$158.86	5.2%	
International Luxury³	\$197.04	6.5%	63.9%	0.1% pts.	\$308.14	6.3%	
Total International⁴	\$120.10	7.5%	69.6%	1.5% pts.	\$172.56	5.2%	
Worldwide⁵	\$92.87	6.7%	70.4%	2.1% pts.	\$131.83	3.4%	

¹ We report financial results on a period basis and international statistics on a monthly basis. Statistics are in constant dollars for January through August. International includes properties located outside the United States and Canada, except for Worldwide which includes the United States.

² Regional information includes the Marriott Hotels & Resorts, Renaissance Hotels and Courtyard brands.

³ International Luxury includes The Ritz-Carlton properties outside of the United States and Canada and Bulgari Hotels & Resorts.

⁴ Includes Regional Composite and International Luxury.

⁵ Includes international statistics for the eight calendar months ended August 31, 2011 and August 31, 2010, and the United States statistics for the thirty-six weeks ended September 9, 2011 and September 10, 2010. Includes the Marriott Hotels & Resorts, Renaissance Hotels, The Ritz-Carlton, Bulgari Hotels & Resorts, Residence Inn, Courtyard, Fairfield Inn & Suites, TownePlace Suites, and SpringHill Suites brands.

MARRIOTT INTERNATIONAL, INC.
KEY LODGING STATISTICS

Comparable Company-Operated North American Properties¹

Brand	Twelve Weeks Ended September 9, 2011 and September 10, 2010						
	REVPAR		Occupancy			Average Daily Rate	
	2011	vs. 2010	2011	vs. 2010	2011	vs. 2010	
Marriott Hotels & Resorts	\$113.06	4.4%	73.8%	1.2% pts.	\$153.22	2.8%	
Renaissance Hotels	\$107.89	8.8%	72.3%	3.5% pts.	\$149.16	3.6%	
Composite North American Full-Service²	\$112.09	5.2%	73.5%	1.6% pts.	\$152.47	2.9%	
The Ritz-Carlton ³	\$188.75	13.5%	69.9%	2.7% pts.	\$270.02	9.1%	
Composite North American Full-Service & Luxury⁴	\$121.24	6.6%	73.1%	1.7% pts.	\$165.89	4.1%	
Residence Inn	\$93.26	3.8%	79.7%	0.9% pts.	\$117.03	2.6%	
Courtyard	\$78.07	9.5%	71.6%	4.1% pts.	\$109.06	3.2%	
TownePlace Suites	\$60.96	11.5%	77.8%	5.0% pts.	\$78.33	4.4%	
SpringHill Suites	\$67.05	8.1%	70.0%	3.2% pts.	\$95.76	3.3%	
Composite North American Limited-Service⁵	\$80.38	7.8%	74.1%	3.3% pts.	\$108.53	3.0%	
Composite - All⁶	\$103.99	7.0%	73.5%	2.4% pts.	\$141.49	3.5%	

Comparable Systemwide North American Properties¹

Brand	Twelve Weeks Ended September 9, 2011 and September 10, 2010						
	REVPAR		Occupancy			Average Daily Rate	
	2011	vs. 2010	2011	vs. 2010	2011	vs. 2010	
Marriott Hotels & Resorts	\$102.04	5.1%	71.5%	1.6% pts.	\$142.68	2.8%	
Renaissance Hotels	\$99.53	7.9%	72.0%	2.8% pts.	\$138.31	3.6%	
Composite North American Full-Service²	\$101.59	5.6%	71.6%	1.8% pts.	\$141.89	2.9%	
The Ritz-Carlton ³	\$188.75	13.5%	69.9%	2.7% pts.	\$270.02	9.1%	
Composite North American Full-Service & Luxury⁴	\$107.80	6.5%	71.5%	1.9% pts.	\$150.81	3.7%	
Residence Inn	\$95.99	5.4%	82.0%	1.6% pts.	\$117.00	3.3%	
Courtyard	\$82.46	7.7%	73.1%	3.2% pts.	\$112.80	3.0%	
Fairfield Inn & Suites	\$66.91	8.7%	73.1%	3.1% pts.	\$91.55	4.1%	
TownePlace Suites	\$66.25	8.0%	78.6%	2.9% pts.	\$84.32	4.0%	
SpringHill Suites	\$74.30	8.5%	74.1%	4.2% pts.	\$100.24	2.3%	
Composite North American Limited-Service⁵	\$80.84	7.3%	75.8%	2.9% pts.	\$106.66	3.2%	
Composite - All⁶	\$90.89	6.9%	74.2%	2.5% pts.	\$122.52	3.3%	

¹ Statistics include only properties located in the United States.

² Includes the Marriott Hotels & Resorts and Renaissance Hotels brands.

³ Statistics for The Ritz-Carlton are for June through August.

⁴ Includes the Marriott Hotels & Resorts, Renaissance Hotels and The Ritz-Carlton brands.

⁵ Includes the Residence Inn, Courtyard, Fairfield Inn & Suites, TownePlace Suites and SpringHill Suites brands.

⁶ Includes the Marriott Hotels & Resorts, Renaissance Hotels, The Ritz-Carlton, Residence Inn, Courtyard, Fairfield Inn & Suites, TownePlace Suites, and SpringHill Suites brands.

MARRIOTT INTERNATIONAL, INC.
KEY LODGING STATISTICS

Comparable Company-Operated North American Properties¹

Brand	Thirty-six Weeks Ended September 9, 2011 and September 10, 2010						
	REVPAR		Occupancy			Average Daily Rate	
	2011	vs. 2010	2011	vs. 2010	2011	vs. 2010	
Marriott Hotels & Resorts	\$116.46	4.5%	71.9%	0.5% pts.	\$161.95	3.8%	
Renaissance Hotels	\$112.39	6.8%	70.3%	2.0% pts.	\$159.93	3.8%	
Composite North American Full-Service²	\$115.69	4.9%	71.6%	0.8% pts.	\$161.58	3.8%	
The Ritz-Carlton ³	\$211.94	10.6%	70.8%	3.1% pts.	\$299.45	5.7%	
Composite North American Full-Service & Luxury⁴	\$126.00	5.9%	71.5%	1.0% pts.	\$176.20	4.4%	
Residence Inn	\$89.51	3.8%	76.3%	1.4% pts.	\$117.24	1.9%	
Courtyard	\$75.64	7.7%	68.3%	3.0% pts.	\$110.75	3.0%	
TownePlace Suites	\$54.65	10.4%	71.7%	5.1% pts.	\$76.22	2.5%	
SpringHill Suites	\$68.07	9.5%	67.9%	3.0% pts.	\$100.31	4.6%	
Composite North American Limited-Service⁵	\$77.65	6.8%	70.7%	2.7% pts.	\$109.83	2.7%	
Composite - All⁶	\$105.38	6.2%	71.2%	1.7% pts.	\$148.08	3.6%	

Comparable Systemwide North American Properties¹

Brand	Thirty-six Weeks Ended September 9, 2011 and September 10, 2010						
	REVPAR		Occupancy			Average Daily Rate	
	2011	vs. 2010	2011	vs. 2010	2011	vs. 2010	
Marriott Hotels & Resorts	\$103.14	5.0%	69.3%	1.0% pts.	\$148.78	3.4%	
Renaissance Hotels	\$101.53	6.3%	69.8%	1.8% pts.	\$145.52	3.6%	
Composite North American Full-Service²	\$102.85	5.2%	69.4%	1.2% pts.	\$148.19	3.5%	
The Ritz-Carlton ³	\$211.94	10.6%	70.8%	3.1% pts.	\$299.45	5.7%	
Composite North American Full-Service & Luxury⁴	\$109.78	5.8%	69.5%	1.3% pts.	\$157.97	3.9%	
Residence Inn	\$89.82	5.1%	77.8%	1.8% pts.	\$115.38	2.6%	
Courtyard	\$78.09	7.0%	69.2%	2.6% pts.	\$112.92	2.9%	
Fairfield Inn & Suites	\$59.83	9.0%	67.0%	3.2% pts.	\$89.28	3.8%	
TownePlace Suites	\$61.01	9.7%	73.3%	4.3% pts.	\$83.27	3.2%	
SpringHill Suites	\$69.58	8.7%	69.8%	4.0% pts.	\$99.63	2.5%	
Composite North American Limited-Service⁵	\$75.40	7.0%	71.2%	2.8% pts.	\$105.83	2.8%	
Composite - All⁶	\$88.13	6.5%	70.6%	2.2% pts.	\$124.84	3.1%	

¹ Statistics include only properties located in the United States.

² Includes the Marriott Hotels & Resorts and Renaissance Hotels brands.

³ Statistics for The Ritz-Carlton are for January through August.

⁴ Includes the Marriott Hotels & Resorts, Renaissance Hotels and The Ritz-Carlton brands.

⁵ Includes the Residence Inn, Courtyard, Fairfield Inn & Suites, TownePlace Suites and SpringHill Suites brands.

⁶ Includes the Marriott Hotels & Resorts, Renaissance Hotels, The Ritz-Carlton, Residence Inn, Courtyard, Fairfield Inn & Suites, TownePlace Suites, and SpringHill Suites brands.

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

	<u>Adjustments</u>				Percent Better / (Worse) Adjusted 2011 vs. Reported 2010
	As Reported 12 Weeks Ended September 9, 2011	Timeshare Strategy - Impairment Charges	As Adjusted 12 Weeks Ended September 9, 2011 **	As Reported 12 Weeks Ended September 10, 2010	
Segment Revenues					
Base management fees¹	\$ 14	\$ -	\$ 14	\$ 13	8
Sales and services revenue					
<i>Development</i>	147	-	147	135	9
<i>Services</i>	97	-	97	86	13
Financing revenue					
Interest income - non-securitized notes	8	-	8	11	(27)
Interest income - securitized notes	29	-	29	30	(3)
Other financing revenue	1	-	1	2	(50)
<i>Total financing revenue</i>	38	-	38	43	(12)
<i>Other revenue</i>	4	-	4	11	(64)
Total sales and services revenue	286	-	286	275	4
Cost reimbursements	77	-	77	64	20
Segment revenues	\$ 377	\$ -	\$ 377	\$ 352	7
Segment Results					
Base management fees ¹	\$ 14	\$ -	\$ 14	\$ 13	8
Timeshare sales and services, net	36	-	36	56	(36)
Timeshare strategy - impairment charges	(324)	324	-	-	-
General, administrative and other expense ¹	(17)	-	(17)	(18)	6
Gains and other income	(1)	-	(1)	-	*
Equity in earnings (losses)	-	-	-	(1)	100
Interest expense	(10)	-	(10)	(12)	17
Segment results	\$ (302)	\$ 324	\$ 22	\$ 38	(42)
Contract Sales					
Company:					
Timeshare	\$ 158			\$ 157	1
Fractional	4			5	(20)
Residential	2			-	*
Total company	164			162	1
Joint ventures:					
Timeshare	-			-	-
Fractional	2			2	-
Residential	13			-	*
Total joint ventures	15			2	650
Total contract sales ^{2,3}	\$ 179			\$ 164	9

* Percent cannot be calculated.

** Denotes non-GAAP financial measures. Please see pages A-21 and A-22 for additional information about our reasons for providing these alternative financial measures and limitations on their use.

¹ In 2011, we changed the management reporting structure for properties located in Hawaii. Some base management fees we previously recognized under our International lodging segment we now recognize under our Timeshare segment. For comparability, we have reclassified prior year Timeshare segment revenues and segment results to reflect these changes. These reclassifications only impacted certain segment reporting (including the Timeshare segment) and did not change total consolidated revenue, operating income, or net income.

² For the 12 Weeks Ended September 9, 2011 includes residential contract cancellation allowance reversals \$3 million. Gross contract sales for the 2011 third quarter were \$176 million before project specific contract cancellation allowance reversals.

³ For the 12 Weeks Ended September 10, 2010 includes fractional contract cancellation allowances of (\$1) million. Gross contract sales for the 2010 third quarter were \$165 million before the contract cancellation allowance.

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

	Adjustments		As Adjusted 36 Weeks Ended September 9, 2011 **	As Reported 36 Weeks Ended September 10, 2010	Percent Better / (Worse) Adjusted 2011 vs. Reported 2010
	As Reported 36 Weeks Ended September 9, 2011	Timeshare Strategy - Impairment Charges			
Segment Revenues					
Base management fees¹	\$ 40	\$ -	\$ 40	\$ 38	5
Sales and services revenue					
<i>Development</i>	443	-	443	430	3
<i>Services</i>	275	-	275	253	9
Financing revenue					
Interest income - non-securitized notes	22	-	22	30	(27)
Interest income - securitized notes	91	-	91	99	(8)
Other financing revenue	4	-	4	5	(20)
<i>Total financing revenue</i>	117	-	117	134	(13)
<i>Other revenue</i>	15	-	15	32	(53)
Total sales and services revenue	850	-	850	849	-
Cost reimbursements	235	-	235	189	24
Segment revenues	\$ 1,125	\$ -	\$ 1,125	\$ 1,076	5
Segment Results					
Base management fees ¹	\$ 40	\$ -	\$ 40	\$ 38	5
Timeshare sales and services, net	130	-	130	156	(17)
Timeshare strategy - impairment charges	(324)	324	-	-	-
General, administrative and other expense ¹	(50)	-	(50)	(49)	(2)
Gains and other income	-	-	-	-	-
Equity in earnings (losses)	-	-	-	(9)	100
Interest expense	(34)	-	(34)	(40)	15
Segment results	\$ (238)	\$ 324	\$ 86	\$ 96	(10)
Contract Sales					
Company:					
Timeshare	\$ 444			\$ 463	(4)
Fractional	19			21	(10)
Residential	4			6	(33)
Total company	467			490	(5)
Joint ventures:					
Timeshare	-			-	-
Fractional	8			2	300
Residential	13			(3)	533
Total joint ventures	21			(1)	2,200
Total contract sales ^{2,3}	\$ 488			\$ 489	-

** Denotes non-GAAP financial measures. Please see pages A-21 and A-22 for additional information about our reasons for providing these alternative financial measures and limitations on their use.

¹ In 2011, we changed the management reporting structure for properties located in Hawaii. Some base management fees we previously recognized under our International lodging segment we now recognize under our Timeshare segment. For comparability, we have reclassified prior year Timeshare segment revenues and segment results to reflect these changes. These reclassifications only impacted certain segment reporting (including the Timeshare segment) and did not change total consolidated revenue, operating income, or net income.

² For the 36 Weeks Ended September 9, 2011 includes fractional and residential contract cancellation allowance reversals of \$1 million and \$3 million, respectively. Gross contract sales through the 2011 third quarter were \$484 million before project specific contract cancellation allowance reversals.

³ For the 36 Weeks Ended September 10, 2010 includes fractional and residential contract cancellation allowances of (\$8) million and (\$7) million, respectively. Gross contract sales through the 2010 third quarter were \$504 million before project specific contract cancellation allowances.

MARRIOTT INTERNATIONAL, INC.
NON-GAAP FINANCIAL MEASURES
EBITDA AND ADJUSTED EBITDA

(\$ in millions)

Fiscal Year 2011

	First Quarter	Second Quarter	Third Quarter	Total Year to Date
Net Income (loss)	\$ 101	\$ 135	\$ (179)	\$ 57
Interest expense	41	37	39	117
Tax provision (benefit)	51	66	(20)	97
Depreciation and amortization	35	41	40	116
Less: Depreciation reimbursed by third-party owners	(4)	(3)	(4)	(11)
Interest expense from unconsolidated joint ventures	4	4	5	13
Depreciation and amortization from unconsolidated joint ventures	6	7	7	20
EBITDA **	234	287	(112)	409
Other charges				
Timeshare strategy - impairment charges and other	-	-	352	352
Total other charges	-	-	352	352
Adjusted EBITDA **	\$ 234	\$ 287	\$ 240	\$ 761
Increase over 2010 Adjusted EBITDA	6%	3%	9%	6%

Fiscal Year 2010

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Net Income	\$ 83	\$ 119	\$ 83	\$ 173	\$ 458
Interest expense	45	44	41	50	180
Tax provision (benefit)	46	65	45	(63)	93
Depreciation and amortization	39	42	40	57	178
Less: Depreciation reimbursed by third-party owners	(3)	(3)	(2)	(3)	(11)
Interest expense from unconsolidated joint ventures	5	5	6	3	19
Depreciation and amortization from unconsolidated joint ventures	6	6	7	8	27
EBITDA **	221	278	220	225	944
Other charges					
Impairment of investments and other	-	-	-	100	100
Total other charges	-	-	-	100	100
Adjusted EBITDA **	\$ 221	\$ 278	\$ 220	\$ 325	\$ 1,044

** Denotes non-GAAP financial measures. Please see pages A-21 and A-22 for additional information about our reasons for providing these alternative financial measures and the limitations on their use.

NON-GAAP FINANCIAL MEASURES
EBITDA AND ADJUSTED EBITDA FOR TIMESHARE SEGMENT
THIRD QUARTER 2011 AND FORECASTED 2011

(\$ in millions)

	Range				
	Estimated	Full Year 2011	Third	Third	Percent
	EBITDA		Quarter	Quarter	Change
			2011	2010	
Timeshare Segment Results ¹	\$ (193)	\$ (188)	\$ (302)	\$ 38	
Interest expense	49	49	10	12	
Tax provision ²	-	-	-	-	
Depreciation and amortization	33	33	7	8	
Less: Depreciation reimbursed by third-party owners	-	-	-	-	
Interest expense from unconsolidated joint ventures	-	-	-	2	
Depreciation and amortization from unconsolidated joint ventures	-	-	-	-	
Timeshare Segment EBITDA **	(111)	(106)	(285)	60	
Other charges					
Timeshare strategy - impairment charges	324	324	324	-	
Total other charges	324	324	324	-	
Adjusted EBITDA **	\$ 213	\$ 218	\$ 39	\$ 60	(35)

¹ In 2011, we changed the management reporting structure for lodging properties located in Hawaii. Some base management fees we previously recognized under our International lodging segment we now recognize under our Timeshare segment.

For comparability, we have reclassified prior year Timeshare segment results to reflect these changes. These reclassifications only impacted certain segment reporting (including the Timeshare segment) and did not change total consolidated revenue, operating income, or net income.

² Income taxes are not allocated to segment results.

** Denotes non-GAAP financial measures. Please see pages A-21 and A-22 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
EBITDA AND ADJUSTED EBITDA
FORECASTED 2011
(\$ in millions)

	<u>Range</u>		<u>Full Year 2010</u>
	<u>Estimated EBITDA</u>		
	<u>Full Year 2011</u>		
Net Income	\$ 215	\$ 230	\$ 458
Interest expense	160	160	180
Tax provision	180	185	93
Depreciation and amortization	170	170	178
Less: Depreciation reimbursed by third-party owners	(15)	(15)	(11)
Interest expense from unconsolidated joint ventures	20	20	19
Depreciation and amortization from unconsolidated joint ventures	30	30	27
EBITDA **	760	780	944
Other charges			
Timeshare strategy - impairment charges and other	352	352	100
Total other charges	352	352	100
Adjusted EBITDA **	\$ 1,112	\$ 1,132	\$ 1,044
Increase over 2010 Adjusted EBITDA	7%	8%	

** Denotes non-GAAP financial measures. Please see pages A-21 and A-22 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
ADJUSTED GENERAL, ADMINISTRATIVE, AND OTHER EXPENSES
EXCLUDING OTHER CHARGES AND TIMESHARE SPIN-OFF
TRANSACTION COSTS THIRD QUARTER 2011
(\$ in millions)

	Third Quarter 2011
General, administrative and other expenses	\$ 180
Less: Other charges	(10)
Less: Timeshare spin-off transaction costs	(8)
Adjusted General, administrative and other expenses**	\$ 162

** Denotes non-GAAP financial measures. Please see pages A-21 and A-22 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
FORECASTED ADJUSTED GENERAL, ADMINISTRATIVE, AND OTHER EXPENSES
EXCLUDING OTHER CHARGES
ESTIMATED FULL YEAR 2011
(\$ in millions)

	Range	
	Estimated Full Year 2011 **	
General, administrative and other expenses	\$ 733	\$ 743
Less: Other charges	(10)	(10)
Adjusted General, administrative and other expenses**	\$ 723	\$ 733

** Denotes non-GAAP financial measures. Please see pages A-21 and A-22 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
ADJUSTED PRETAX MARGIN EXCLUDING REIMBURSED COSTS
(\$ in millions)

	Third Quarter 2011	Third Quarter 2010
(Loss) income before income taxes as reported	\$ (199)	\$ 128
Timeshare strategy - impairment charges and other	352	-
Income before income taxes excluding other charges**	\$ 153	\$ 128
Total revenues as reported	\$ 2,874	\$ 2,648
Less: Cost reimbursements	(2,045)	(1,900)
Total revenues excluding reimbursed costs	\$ 829	\$ 748
Adjusted pretax margin, excluding the impact of reimbursed costs **	18.5%	17.1%

** Denotes non-GAAP financial measures. Please see pages A-21 and A-22 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
ESTIMATED 2011 IMPACT ON EPS OF REMOVING THE TIMESHARE SEGMENT
(BEFORE THE 2011 THIRD QUARTER IMPAIRMENT CHARGES), REMOVING SPIN-OFF TRANSACTION COSTS,
AND INCLUDING AN ESTIMATED TIMESHARE ROYALTY FEE
(\$ in millions except per share amounts)

	Range	
	Estimated	
	Full Year 2011 **	
Timeshare Segment Results	\$ (193)	\$ (188)
Third Quarter 2011 Timeshare Strategy - Impairment Charges as reported	324	324
Timeshare Segment Results before Timeshare Strategy - Impairment Charges	(131)	(136)
Spin-off transaction costs ¹	13	13
Estimated royalty fee	63	65
	(55)	(58)
Benefit for income taxes	18	19
Impact of removing the timeshare segment and spin-off transaction costs, and including an estimated royalty fee	\$ (37)	\$ (39)
Diluted EPS impact of removing the Timeshare segment and spin-off transaction costs, and including an estimated royalty fee	\$ (0.10)	\$ (0.11)
Diluted Shares	362.0	362.0

** Denotes non-GAAP financial measures. Please see pages A-21 and A-22 for additional information about our reasons for providing these alternative financial measures and the limitations on their use.

¹ Reflects spin-off transaction costs incurred in 2011 through the third quarter.

Note: Proformas to be published at time of the spin. Actuals will vary. Excludes various proforma adjustments. Provided for directional purposes only.

MARRIOTT INTERNATIONAL, INC.
NON-GAAP FINANCIAL MEASURES
PLANNING ASSUMPTIONS AND RELATED ESTIMATES THAT
EXCLUDE OTHER CHARGES AND CERTAIN TAX ITEMS IN 2011 AND 2010
AND FOR 2011 EXCLUDE THE IMPACT OF THE TIMESHARE SEGMENT
(BEFORE THE THIRD QUARTER 2011 IMPAIRMENT CHARGES), EXCLUDE THIRD QUARTER
YEAR TO DATE SPIN-OFF TRANSACTIONS COSTS, AND INCLUDE AN ESTIMATED ROYALTY FEE

	Range		Full Year 2010 ¹
	Estimated Full Year 2011 **	Full Year 2010 ¹	
Diluted EPS	\$ 0.59	\$ 0.64	\$ 1.21
Other charges and certain tax items	0.78	0.78	(0.07)
Diluted EPS excluding other charges and certain tax items**	1.37	1.42	\$ 1.15
Diluted EPS impact of removing the Timeshare segment and third quarter year to date spin-off transaction costs, and including an estimated royalty fee	(0.10)	(0.11)	
Diluted EPS excluding other charges and certain tax items and including the impact of removing the Timeshare segment and third quarter year to date spin-off transaction costs, and including an estimated royalty fee**²	\$ 1.27	\$ 1.31	

** Denotes non-GAAP financial measures. Please see pages A-21 and A-22 for additional information about our reasons for providing these alternative financial measures and the limitations on their use

¹ Earnings per share plus adjustment items does not equal Diluted Earnings per share excluding other charges and certain tax items due to rounding.

² See page A-18 for details.

MARRIOTT INTERNATIONAL, INC.
NON-GAAP FINANCIAL MEASURES
ADJUSTED 2007 EPS EXCLUDING THE TIMESHARE SEGMENT,
INCLUDING AN ESTIMATED TIMESHARE ROYALTY FEE,
AND EXCLUDING THE ESOP CHARGE
(\$ in millions except per share amounts)

	Full Year 2007 **
Impact of removal of Timeshare segment results as reported	\$ (306)
Estimated royalty fee	78
	(228)
Benefit for income taxes	84
TIMESHARE INCOME IMPACT OF ADJUSTMENTS	\$ (144)
DILUTED EPS FROM CONTINUING OPERATIONS AS REPORTED	\$ 1.73
Diluted EPS ESOP Charge Impact	0.14
DILUTED EPS FROM CONTINUING OPERATIONS EXCLUDING ESOP IMPACT	1.87
Diluted EPS Impact of Timeshare income impact of adjustments	(0.36)
	\$ 1.51
Diluted Shares	401.4

** Denotes non-GAAP financial measures. Please see pages A-21 and A-22 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

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 (or other reconciliations identified below) 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 have limitations and should not be considered 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, 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.

Adjusted Measures That Exclude Certain Charges, Costs and Other Expenses. Management evaluates non-GAAP measures that exclude certain charges and tax items incurred in the 2011 third quarter, including Timeshare strategy-impairment charges, certain other charges, and Timeshare spin-off costs, and certain charges and tax items incurred in the 2010 fourth quarter 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.

Timeshare Strategy-Impairment Charges. In preparing our Timeshare segment to operate as an independent, public company following our proposed spin-off of the stock of Marriott Vacations Worldwide Corporation ("MVW") management assessed the Timeshare segment's intended use of excess undeveloped land and built inventory and the current market conditions for those assets. On September 8, 2011, management approved a plan for the Timeshare segment to accelerate cash flow through the monetization of certain excess undeveloped land in the U.S., Mexico, and the Bahamas over the next 18 to 24 months and to accelerate sales of excess built luxury fractional and residential inventory over the next three years. As a result, because the nominal cash flows from the planned land sales and the estimated fair values of the land and excess built luxury inventory were less than their respective carrying values, we recorded a pre-tax non-cash impairment charge of \$324 million in our 2011 third quarter Income Statements under the "Timeshare strategy-impairment charges" caption. This charge was allocated to the Timeshare segment.

Certain Other Charges - 2011. We recorded charges of \$28 million in the 2011 third quarter, which included an \$18 million other-than-temporary impairment of an investment in marketable securities (recorded in the "(Losses) gains and other income" caption of our Income Statement), not allocated to any of our segments, and a charge totaling \$10 million (recorded in the "General, administrative and other" caption of our Income Statements) 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.

Timeshare Spin-off Costs - 2011. We recorded \$8 million and \$13 million of transaction-related expenses in the 2011 third quarter and first three quarters of 2011, respectively, (recorded in the "General, administrative and other" caption of our Income Statements and allocated to the Timeshare segment), related to the proposed spin-off of the timeshare business.

Certain Tax Items. Certain tax items included \$32 million in the 2011 third quarter and \$85 million in the 2010 fourth quarter. The \$32 million consisted of non-cash charges related to the impairment of certain international deferred tax assets that we expect to transfer to MVW in conjunction with the planned spin-off of our timeshare operations and timeshare development business. We impaired these assets because we consider it "more likely than not" that MVW will be unable to realize the value of those deferred tax assets. The \$85 million related to a settlement with the Appeals Division of the IRS that resolved all issues that arose in the audit of tax years 2005 through 2008. This settlement resulted in a decrease in tax expense for 2010 of approximately \$85 million, which was due to the release of previously established tax liabilities for the treatment of funds received from certain non-U.S. subsidiaries. These tax items were not allocated to any of our segments, as we don't allocate taxes to segments.

Certain Other Charges - 2010. We recorded net charges of \$111 million in the 2010 fourth quarter which included an \$84 million impairment charge associated with an internally developed software asset and a \$27 million impairment charge associated with the anticipated disposition of a land parcel and a golf course. Both of these charges were recorded in the "General, administrative and other" caption of our Income Statements. These charges were partially offset by an \$11 million reversal recorded in the 2010 fourth quarter of a funding liability recorded in 2009. This reversal was recorded in the "Equity in losses" caption of our Income Statements. Due to the significant impact of the recent recession on hotel owner profitability, we agreed to absorb a portion of the cost of the software asset and recorded an \$84 million impairment charge on the investment in the 2010 fourth quarter to reflect the expected unrecovered cost. Except for the impairment charges totaling \$27 million of which \$13 million impacted our Timeshare Segment and \$14 million impacted our North American Limited-Service segment, the rest of the other charges in 2010 were not allocated to any of our segments.

MARRIOTT INTERNATIONAL, INC.
NON-GAAP FINANCIAL MEASURES (cont.)

Earnings Before Interest, Taxes, and Depreciation and Amortization. Earnings before interest, taxes, depreciation and amortization (“EBITDA”) reflects earnings excluding the impact of interest expense, provision for income taxes, 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 EBITDA, as do analysts, lenders, investors and others, 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 provision for income taxes 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.

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

Adjusted EBITDA. Management also evaluates Adjusted EBITDA as an indicator of operating performance. Adjusted EBITDA excludes the \$324 million of Timeshare strategy-impairment charges and \$28 million of other charges recorded in the 2011 third quarter, as well as \$100 million of net charges recorded in the 2010 fourth quarter for the reasons noted above under “Adjusted Measures That Exclude Certain Charges, Costs and Other Expenses.”

Timeshare Segment EBITDA and Adjusted EBITDA. Timeshare segment EBITDA reflects Timeshare segment results excluding the impact of interest expense, tax expense and depreciation and amortization. Timeshare segment adjusted EBITDA reflects EBITDA excluding Timeshare-strategy impairment charges recorded in the 2011 third quarter. We do not allocate taxes to our Timeshare or other segments. Management uses these non-GAAP measures for the reasons noted previously under the “EBITDA” caption and “Adjusted Measures That Exclude Certain Charges, Costs and Other Expenses” captions.

Adjusted Pretax Margin Excluding Reimbursed Costs. Cost reimbursements revenue represents reimbursements of costs incurred on behalf of managed and franchised properties and relates, predominantly, to payroll costs at managed properties where we are the employer. As we record cost reimbursements based upon costs incurred 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 revenues excluding costs reimbursements and therefore, adjusted pretax margin excluding reimbursed costs to be meaningful metrics as they represent that portion of revenue and pretax margin that impacts operating income and net income.

Adjusted Measures that Exclude the Impact of the Timeshare Segment and Include An Estimated Royalty Fee. On February 14, 2011, we announced a plan to separate the company’s businesses into two separate, publicly traded companies. Under the plan, we expect to spin-off our timeshare operations and timeshare development business as a new independent company through a special tax-free dividend to our shareholders in the 2011 fourth quarter. Management evaluates non-GAAP measures that, for prior years and the forecasted full current year, exclude the impact of the Timeshare segment and include the impact of the payment of an estimated royalty fee (as if the spin-off had occurred on either the first day of 2007 or 2011, as applicable) from the new timeshare company for the use of the Marriott timeshare and Ritz-Carlton fractional brands in order to better perform year-over-year comparisons on a comparable basis.

2007 Results as Adjusted. Management evaluates these non-GAAP measures that exclude the charge associated with the 2007 settlement of issues raised during the IRS’ and Department of Labor’s examination of the employee stock ownership plan (“ESOP”) feature of our Employees’ Profit Sharing, Retirement and Savings Plan and Trust, assumes the spin-off occurred on the first day of 2007, and accordingly exclude the Timeshare segment and include the payment of an estimated royalty fee from MVW because these measures allows for period-over-period comparisons for our on-going operations before material charges and after giving effect to the anticipated spin-off. These non-GAAP measures also facilitate management’s comparison of results from our on-going operations before material charges with those of other lodging companies. The ESOP settlement resulted in an after-tax charge of \$54 million in the second quarter of 2007 reflecting \$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.