MARRIOTT INTERNATIONAL, INC.

Non-GAAP Financial Measures

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

ESOP Settlement Charge. Management evaluates 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, including adjusted earnings per share and adjusted earnings before interest, taxes, depreciation and amortization, because these measures allow for period-over-period comparisons relative to our on-going operations before material charges. Additionally, these non-GAAP measures facilitate management's comparison of our results relative to on-going operations before material charges with that of other lodging companies. The settlement resulted in an after-tax charge of $54 million in the second quarter 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.

Earnings Before Interest and Taxes. Earnings before interest and taxes (EBIT) reflects earnings excluding the impact of interest expense and tax expense. EBIT is used by analysts, lenders, investors and others, as well as by us, to evaluate companies because it excludes certain items that can vary widely across different industries or among companies within the same industry. For example, interest expense can be dependent on a company's capital structure, debt levels and credit ratings. Accordingly, the impact of interest expense on earnings can vary significantly among companies. Additionally, the tax positions of companies can vary because of their differing abilities to take advantage of tax benefits and because of the tax policies of the jurisdictions in which they operate. As a result, effective tax rates and tax expense can vary considerably among companies.

Earnings Before Interest, Taxes, Depreciation and Amortization. Earnings before interest, taxes, depreciation and amortization (EBITDA) reflects EBIT excluding the impact of depreciation and amortization. Our management considers EBITDA to be an indicator of operating performance because it can be used to measure our ability to service debt, fund capital expenditures, and expand our business. EBITDA is used by analysts, lenders, investors and others, as well as by us, to evaluate companies because it excludes certain items that can vary widely across different industries or among companies within the same industry. In addition to the items previously noted that are excluded in calculating EBIT, 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.

Adjusted EBITDA. Our management also evaluates adjusted EBITDA which excludes the synthetic fuel business for 2007 and 2006, as well as the $35 million charge in 2007 for excise taxes associated with the ESOP settlement. The synthetic fuel operations, discontinued in 2007, are not related to our core business, which is lodging. Accordingly, our management evaluates non-GAAP measures which exclude the impact of the synthetic fuel business because those measures allow for period-over-period comparisons of our on-going core lodging operations. In addition, these non-GAAP measures facilitate management's comparison of our results with the results of other lodging companies. Our management excludes the excise taxes associated with the ESOP settlement for the reasons noted above in the "ESOP Settlement Charge" caption.

Return on Invested Capital. Return on Invested Capital ("ROIC") is calculated as EBIT divided by average capital investment. We consider ROIC to be a meaningful indicator of our operating performance, and we evaluate this metric because it measures how effectively we use the money invested in our lodging operations. The calculation of EBIT adds back to income from continuing operations: 1) the provision for income taxes; 2) interest expense; and 3) timeshare interest representing previously capitalized interest that is a component of product cost. The calculation of invested capital adds back to total assets cumulative goodwill amortization to be consistent with the calculation for earlier years. Beginning with 2002, we stopped amortizing goodwill in conjunction with the adoption of FAS No. 142, "Goodwill and Other Intangible Assets." The calculation of invested capital deducts from total assets: 1) current liabilities as they will be satisfied in the short term; 2) assets associated with discontinued operations net of liabilities because the ROIC metric we analyze is related to our core lodging business (continuing operations); 3) deferred tax assets net of liabilities because the numerator of the calculation is a pre-tax number; and 4) timeshare capitalized interest because the numerator of the calculation is a pre-interest expense number.

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Non-GAAP Financial Measure Reconciliation

Measures that Exclude the Second Quarter 2007 ESOP Settlement

(in millions, except per share amounts)

	Fiscal Year 2007		
	As Reported	ESOP Impact	Excluding ESOP ** [1]
Operating income (loss)	$ 1,188	$ (35)	$ 1,223
Gains and other income (expense)	97	-	97
Interest income, provision for loan losses and interest expense	(163)	(13)	(150)
Equity in earnings (losses)	15	-	15
Income (losses) from continuing operations before income taxes and minority interest	1,137	(48)	1,185
Provision for income taxes	(441)	(6)	(435)
Minority interest	1	-	1
Income (loss) from continuing operations	$ 697	$ (54)	$ 751
Diluted shares	397.3	397.3	397.3
Earnings per share - diluted	$ 1.75	$ (0.14)	$ 1.89

** Denotes non-GAAP financial measures.

[1] – We refer to earnings per share excluding the ESOP impact as adjusted earnings per share, and we refer to income from continuing operations excluding the ESOP impact as adjusted income from continuing operations.

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Non-GAAP Financial Measure Reconciliation

Return on Invested Capital

($ in millions)

The reconciliation of income from continuing operations to earnings before income taxes and interest expense is as follows:

	Fiscal Year 2007
Income from continuing operations	$ 697
Add:	
Provision for income taxes	441
Interest expense	184
Timeshare interest [1]	24
Earnings before income taxes and interest expense **	$ 1,346

The reconciliation of assets to invested capital is as follows:

	Fiscal Year 2007	Fiscal Year 2006
Assets	$ 8,942	$ 8,588
Add:		
Cumulative goodwill amortization	128	128
Current liabilities - discontinued operations	13	55
Less:		
Current liabilities, net of current portion of long-term debt	(2,701)	(2,507)
Assets - discontinued operations	(53)	(91)
Deferred tax assets, net	(863)	(865)
Timeshare capitalized interest	(19)	(19)
Invested capital **	$ 5,447	$ 5,289
Average capital investment ** [2]	$ 5,368	
Return on invested capital **	**25%**	

** Denotes a non-GAAP financial measure.

[1] Timeshare interest represents previously capitalized interest that is a component of product cost.

[2] Calculated as "Invested capital" for the current year and prior year, divided by two.

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

	Fiscal Year 2007				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Net income	$ 182	$ 207	$ 131	$ 176	$ 696
Interest expense	33	52	42	57	184
Tax provision	14	42	52	207	315
Depreciation and amortization	46	45	43	63	197
Less: Depreciation reimbursed by third-party owners	(4)	(4)	(4)	(6)	(18)
Interest expense from unconsolidated joint ventures	5	5	8	6	24
Depreciation and amortization from unconsolidated joint ventures	6	7	6	9	28
EBITDA**	**$ 282**	**$ 354**	**$ 278**	**$ 512**	**$ 1,426**
ESOP Settlement - Excise Tax	-	35	-	-	35
Discontinued operations adjustment (synthetic fuel)	52	52	30	(15)	119
Adjusted EBITDA**	**$ 334**	**$ 441**	**$ 308**	**$ 497**	**$ 1,580**
Increase over 2006 Adjusted EBITDA	**3%**	**21%**	**3%**	**14%**	**11%**
The following items make up the discontinued operations (synthetic fuel)					
Pre-tax Synthetic Fuel operating losses (income)	$ 54	$ 54	$ 32	$ (13)	$ 127
Synthetic Fuel depreciation	(2)	(2)	(2)	(2)	(8)
EBITDA adjustment for discontinued operations (synthetic fuel)	**$ 52**	**$ 52**	**$ 30**	**$ (15)**	**$ 119**

	Fiscal Year 2006				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Net income	$ 61	$ 186	$ 141	$ 220	$ 608
Cumulative effect of change in accounting principle	173	-	-	-	173
Interest expense	27	30	29	38	124
Tax provision	56	85	82	63	286
Tax benefit from cumulative effect of change in accounting principle	(64)	-	-	-	(64)
Depreciation and amortization	40	42	44	62	188
Less: Depreciation reimbursed by third-party owners	(4)	(4)	(4)	(6)	(18)
Interest expense from unconsolidated joint ventures	5	6	5	7	23
Depreciation and amortization from unconsolidated joint ventures	6	7	7	9	29
EBITDA**	**$ 300**	**$ 352**	**$ 304**	**$ 393**	**$ 1,349**
Discontinued operations adjustment (synthetic fuel)	24	11	(4)	44	75
Adjusted EBITDA**	**$ 324**	**$ 363**	**$ 300**	**$ 437**	**$ 1,424**
The following items make up the discontinued operations (synthetic fuel)					
Pre-tax Synthetic Fuel operating losses (income)	$ 31	$ 13	$ (2)	$ 53	$ 95
Pre-tax minority interest - Synthetic Fuel	(5)	-	-	(1)	(6)
Synthetic Fuel depreciation	(2)	(2)	(2)	(8)	(14)
EBITDA adjustment for discontinued operations (synthetic fuel)	**$ 24**	**$ 11**	**$ (4)**	**$ 44**	**$ 75**

** Denotes non-GAAP financial measures.