MARRIOTT INTERNATIONAL, INC. CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share amounts)

		_	Adjustments				Adjustr	nents	_	
	As Re 16 W End January	eeks ded	Restructuring Costs & Other Charges ⁶	As Adjusted 16 Weeks Ended January 1, 2010**		As Reported 17 Weeks Ended January 2, 2009	Restructuring Costs & Other Charges ⁶	Certain Tax Items	As Adjusted 17 Weeks Ended January 2, 2009**	Percent Better/(Worse) Adjusted 2009 vs. Adjusted 2008
REVENUES										
Base management fees Franchise fees	\$	163 119	\$ -	\$ 163 119	5	\$ 183 137	\$ -	\$ -	\$ 183 137	(11)
Incentive management fees		59	-	59		82	-	-	82	(13) (28)
Owned, leased, corporate housing and other revenue 1		335	-	335		376	-	-	376	(11)
Timeshare sales and services ²		377	(2)	375		325	61	-	386	(3)
Cost reimbursements ³ Total Revenues	-	2,327 3,380	(2)	2,327 3,378		2,681 3,784	61		2,681 3,845	(13) (12)
OPERATING COSTS AND EXPENSES										
Owned, leased and corporate housing - direct ⁴		313	_	313		331	-		331	5
Timeshare - direct		303	-	303		373	3	-	376	19
Timeshare strategy - impairment charges ⁵		-	-	- 0.007		-	-	-	-	-
Reimbursed costs Restructuring costs		2,327 7	(7)	2,327		2,681 55	(55)	-	2,681	13
General, administrative and other ⁷		215	(8)	207		292	(54)	-	238	13
Total Expenses		3,165	(15)	3,150	_	3,732	(106)	-	3,626	13
OPERATING INCOME		215	13	228		52	167	-	219	4
Gains and other income 8		4	-	4		19	9	-	28	(86)
Interest expense		(34)	-	(34)		(50)	-	-	(50)	32
Interest income		5	-	5		11	-	-	11 5	(55)
Equity in (losses) earnings ⁹ Timeshare strategy - impairment charges (non-operating) ¹⁰		(16) -	6 -	(10)	_	(11)	16	-	-	(300)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES		174	19	193		21	192	-	213	(9)
Provision for income taxes		(68)	(7)	(75)		(33)	(68)	7	(94)	. 20
INCOME / (LOSS) FROM CONTINUING OPERATIONS		106	12	118		(12)	124	7	119	(1)
Discontinued operations - Synthetic Fuel, net of tax 11		-	-	-		-	-	-	-	
NET INCOME / (LOSS)		106	12	118		(12)	124	7	119	(1)
Add: Net losses attributable to noncontrolling interests, net of tax		-	-	-		2	-	-	2	(100)
NET INCOME / (LOSS) ATTRIBUTABLE TO MARRIOTT	\$	106	\$ 12	\$ 118	9	\$ (10)	\$ 124	\$ 7	\$ 121	(2)
EARNINGS / (LOSSES) PER SHARE - Basic 13										
Earnings / (losses) from continuing operations attributable to Marriott shareholders ¹² Earnings from discontinued operations ¹¹	\$	0.30	\$ 0.03	\$ 0.33	\$	\$ (0.03)	\$ 0.35	\$ 0.02	\$ 0.34	(3)
Earnings north discontinued operations Earnings / (losses) per share attributable to Marriott shareholders 12	\$	0.30	\$ 0.03	\$ 0.33	9	\$ (0.03)	\$ 0.35	\$ 0.02	\$ 0.34	(3)
EARNINGS / (LOSSES) PER SHARE - Diluted ¹³										
Earnings / (losses) from continuing operations attributable to Marriott shareholders ¹²	\$	0.28	\$ 0.03	\$ 0.32	9	\$ (0.03)	\$ 0.35	\$ 0.02	\$ 0.33	(3)
Earnings from discontinued operations 11		-	-	-			-	-	-	
Earnings / (losses) per share attributable to Marriott shareholders ¹²	\$	0.28	\$ 0.03	\$ 0.32	9	\$ (0.03)	\$ 0.35	\$ 0.02	\$ 0.33	(3)
Basic Shares ¹³		357.6	357.6	357.6		353.0	353.0	353.0	353.0	
Diluted Shares ^{13,14}		372.2	372.2	372.2		353.0	353.0	353.0		

^{**} Denotes non-GAAP financial measures. Please see pages A-27 and A-28 for additional information about our reasons for providing these alternative financial measures and the limitations on their use.

See page A-3 for footnote references.

February 11, 2010

MARRIOTT INTERNATIONAL, INC. CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share amounts)

			Adjustments				Adjustr	nents		
	As Reported 52 Weeks Ended January 1, 2010	Restructuring Costs & Other Charges ⁶	Timeshare Strategy - Impairment Charges ^{5,10}	Certain Tax Items	As Adjusted 52 Weeks Ended January 1, 2010**	As Reported 53 Weeks Ended January 2, 2009	Restructuring Costs & Other Charges ⁶	Certain Tax Items	As Adjusted 53 Weeks Ended January 2, 2009**	Percent Better/(Worse) Adjusted 2009 vs. Adjusted 2008
REVENUES										
Base management fees	\$ 53) \$ -	\$ -	\$ -	\$ 530	\$ 635	5 \$ -	\$ -	\$ 635	(17)
Franchise fees	40		-	-	400	451		-	451	(11)
Incentive management fees	15		-	-	154	311		-	311	(50)
Owned, leased, corporate housing and other revenue ¹ Timeshare sales and services ²	1,01 1,12		-	-	1,019 1,147	1,225 1,423		-	1,225 1,484	(17) (23)
Cost reimbursements ³	7,68		-		7,682	8,834			8,834	(13)
Total Revenues	10,90		-	-	10,932	12,879		-	12,940	(16)
OPERATING COSTS AND EXPENSES										
Owned, leased and corporate housing - direct ⁴	95		-	-	951	1,088		-	1,088	13
Timeshare - direct	1,04		-	-	1,041	1,334		-	1,337	22
Timeshare strategy - impairment charges ⁵ Reimbursed costs	61- 7,68		(614)	-	7,682	8,834		-	8,834	13
Restructuring costs	7,00		_		- ,002	55			-	-
General, administrative and other ⁷	72	` '	-	-	622	803	, ,	-	749	17
Total Expenses	11,06) (150)	(614)	-	10,296	12,114	(106)	-	12,008	14
OPERATING (LOSS) / INCOME	(15	2) 174	614	-	636	765	5 167	-	932	(32)
Gains and other income ⁸	3	1 -	-	-	31	38		-	47	(34)
Interest expense	(11	•	-	-	(118)	(163	-	-	(163)	28
Interest income	2		-	-	25	39		-	39	(36)
Equity in (losses) earnings ⁹ Timeshare strategy - impairment charges (non-operating) ¹⁰	(6 (13		138	-	(27)	15	5 16	-	31	(187)
(LOSS) / INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(41		752		547	694	192	_	886	(38)
				50						
Benefit / (Provision) for income taxes	6	5 (83)	(250)	56	(212)	(350	0) (68)	72	(346)	39
(LOSS) / INCOME FROM CONTINUING OPERATIONS	(35	3) 130	502	56	335	344	124	72	540	(38)
Discontinued operations - Synthetic Fuel, net of tax 11		<u> </u>	-	-	<u> </u>	3	-	-	3	(100)
NET (LOSS) / INCOME	(35	3) 130	502	56	335	347	124	72	543	(38)
Add: Net losses attributable to noncontrolling interests, net of tax		7 -	-	-	7	15	5 -	-	15	(53)
NET (LOSS) / INCOME ATTRIBUTABLE TO MARRIOTT	\$ (34	6) \$ 130	\$ 502	\$ 56	\$ 342	\$ 362	2 \$ 124	\$ 72	\$ 558	(39)
(LOSSES) / EARNINGS PER SHARE - Basic 13										
(Losses) / earnings from continuing operations attributable to Marriott shareholders 12	\$ (0.9	7) \$ 0.37	\$ 1.41	\$ 0.16	\$ 0.96	\$ 1.01	\$ 0.35	\$ 0.20	\$ 1.56	(38)
Earnings from discontinued operations 11		<u> </u>	-	-		0.01	-	-	0.01	(100)
(Losses) / earnings per share attributable to Marriott shareholders 12	\$ (0.9	7) \$ 0.37	\$ 1.41	\$ 0.16	\$ 0.96	\$ 1.02	2 \$ 0.35	\$ 0.20	\$ 1.57	(39)
(LOSSES) / EARNINGS PER SHARE - Diluted 13										
(Losses) / earnings from continuing operations attributable to Marriott shareholders 12	\$ (0.9	7) \$ 0.37	\$ 1.41	\$ 0.16	\$ 0.93	\$ 0.97		\$ 0.19		(38)
Earnings from discontinued operations 11			-	-		0.01		-	0.01	(100)
(Losses) / earnings per share attributable to Marriott shareholders 12	\$ (0.9)	7) \$ 0.37	\$ 1.41	\$ 0.16	\$ 0.93	\$ 0.98	3 \$ 0.33	\$ 0.19	\$ 1.50	(38)
Basic Shares ¹³ Diluted Shares ^{13,14}	356.		356.4	356.4	356.4	355.6		355.6	355.6	
Diluted Strates	356.	4 356.4	356.4	356.4	367.4	370.7	370.7	370.7	370.7	

^{**} Denotes non-GAAP financial measures. Please see pages A-27 and A-28 for additional information about our reasons for providing these alternative financial measures and the limitations on their use. See page A-3 for footnote references.

MARRIOTT INTERNATIONAL, INC. CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share amounts)

Reconciliations of Consolidated Income / (Loss) from Continuing Operations to Income / (Loss) from Continuing Operations Attributable to Marriot

			Adjus	tments	_								Adjust	ments	_		
	16 E Jar	Reported Weeks Inded Luary 1, 2010	&	ucturing osts Other arges ⁶	16 \ Er Jan	djusted Weeks nded uary 1, 010**				17 E Jar	Reported Weeks Inded Luary 2, 2009	& ·	ucturing osts Other arges ⁶	Certain Tax Items		As Adjusted 17 Weeks Ended January 2, 2009**	Percent Better/(Worse) Adjusted 2009 vs. Adjusted 2008
CONSOLIDATED INCOME / (LOSS) FROM CONTINUING OPERATIONS Add: Losses attributable to noncontrolling interests, net of tax	\$	106 -	\$	12	\$	118				\$	(12) 2	\$	124	\$	7 \$ -	3 119 2	(1) (100)
INCOME / (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO MARRIOTT	\$	106	\$	12	\$	118				\$	(10)	\$	124	\$	7 \$	3 121	(2)
	۸۵۱	Reported			Adjust	ments			As Adjusted	A c E	Reported		Adjust	ments	_	As Adjusted	Percent
	52 E Jar	Weeks Inded Luary 1, 2010	&	ucturing osts Other arges ⁶	Stra Impa	eshare ategy - airment rges ^{5,10}	Certain Tax Item		52 Weeks Ended January 1, 2010**	53 E Jar	Weeks Inded nuary 2, 2009	C &	ucturing osts Other arges ⁶	Certain Tax Items		53 Weeks Ended January 2, 2009**	Better/(Worse) Adjusted 2009 vs. Adjusted 2008
CONSOLIDATED (LOSS) / INCOME FROM CONTINUING OPERATIONS Add: Losses attributable to noncontrolling interests, net of tax	\$	(353)) \$	130		502		6 \$ -	335 7	\$	344 15	\$	124		2 \$	5 540 15	(38) (53)
(LOSS) / INCOME FROM CONTINUING OPERATIONS ATTRIBUTABLE TO MARRIOTT	\$	(346)) \$	130	\$	502	\$ 5	6 \$	342	\$	359	\$	124	\$ 7	2 \$	555	(38)

^{**} Denotes non-GAAP financial measures. Please see pages A-27 and A-28 for additional information about our reasons for providing these alternative financial measures and the limitations on their use

- 1 Owned, leased, corporate housing and other revenue includes revenue from the properties we own or lease, revenue from our corporate housing business, termination fees and other revenue
- 2 Timeshare sales and services includes total timeshare revenue except for base management fees, incentive management fees, cost reimbursements, real estate gains and joint venture earnings. Timeshare sales and services also includes gains / (losses) on the sale of timeshare note receivable securitizations.
- Cost reimbursements include reimbursements from lodging properties for Marriott-funded operating expenses.
- 4 Owned, leased and corporate housing direct expenses include operating expenses related to our owned or leased hotels, including lease payments,
- pre-opening expenses and depreciation, plus expenses related to our corporate housing business.
- 5 Reflects the following 2009 third quarter impairments: inventory \$529 million, property and equipment \$64 million; and other impairments \$21 million, all of which are allocated to the Timeshare segment. See page A-16 for information regarding Timeshare Strategy - Impairment Charges.
- 6 Refer to page A-15 for information regarding Restructuring and Other Charges.
- 7 General, administrative and other expenses include the overhead costs allocated to our segments, and our corporate overhead costs and general expenses.
- 8 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.
- 9 Equity in (losses) earnings includes our equity in (losses) / earnings of unconsolidated equity method joint ventures.
- 10 Reflects the 2009 third quarter \$71 million joint venture impairment charge which is allocated to the Timeshare segment and \$67 million loan impairment and funding liability charge which is unallocated.
- See page A-16 for information regarding Timeshare Strategy Impairment Charges.
- 11 Discontinued operations relates to our Synthetic Fuel business which was shut down and substantially all the assets liquidated at December 28, 2007.
- 12 Earnings / (Losses) per share attributable to Marriott shareholders plus adjustment items may not equal earnings per share attributable to Marriott shareholders as adjusted due to rounding.
- 13 All share numbers and per share amounts have been retroactively adjusted to reflect the stock dividends with distribution dates of July 30, 2009, September 3, 2009 and December 3, 2009.
- 14 Basic and fully diluted weighted average common shares outstanding used to calculate earnings per share from continuing operations for the periods in which we had a loss are the same because inclusion of additional equivalents would be anti-dilutive.

MARRIOTT INTERNATIONAL, INC. TIMESHARE SEGMENT

(\$ in millions)

				Adjustr	nents						Adju	stments			
Compani Devenues	16 \ Ei Jan	eported Weeks nded uary 1,	Costs	ucturing & Other arges	Stra Impa	eshare ategy - airment arges	16 E Jar	adjusted Weeks nded nuary 1, 010**	17 ' E Jan	eported Weeks nded uary 2,	Costs	ucturing & Other arges	17 ' E Jan	Adjusted Weeks nded uary 2, 009**	Percent Better / (Worse) As Adjusted 2009 vs. As Adjusted 2008
Segment Revenues Segment revenues	\$	477	\$	(2)	\$		\$	475	\$	424	\$	61	\$	485	(2)
Segment revenues	<u> </u>	4//	<u> </u>	(2)	<u> </u>		Φ	4/5	<u> </u>	424	Φ	01	<u> </u>	403	(2)
Segment Results															
Base fees revenue	\$	15	\$	-	\$	-	\$	15	\$	7	\$	-	\$	7	114
Timeshare sales and services, net		74		(2)		-		72		(48)		58		10	620
Timeshare strategy - impairment															
charges		-		-		-		-		-		-		-	-
Restructuring costs		(7)		7		-		-		(28)		28		-	-
General, administrative and other															
expense		(23)		-		-		(23)		(32)		-		(32)	28
Gains and other income		1		-		-		1		-		-		-	*
Joint venture equity earnings		(6)		3		-		(3)		2		7		9	(133)
Timeshare strategy - impairment															
charges (non-operating)		-		-		-		-		-		-		-	-
Noncontrolling interest		-		-		-		-		4				4	(100)
Segment results	\$	54	\$	8	\$	-	\$	62	\$	(95)	\$	93	\$	(2)	3,200
Development Services Financing Other revenue Sales and services revenue	\$	185 98 76 18 377	\$	(2)	\$	- - - -	\$	185 98 74 18 375	\$	231 92 (1) 3 325	\$	17 - 44 - 61	\$	248 92 43 3 386	(25) 7 72 500 (3)
Contract Sales Company: Timeshare Fractional Residential	\$	183 3 9	\$	- 3 -	\$	- - -	\$	183 6 9	\$	222 1 (23)	\$	- 2 16	\$	222 3 (7)	(18) 100 229
Total company		195		3		-		198		200		18		218	(9)
Joint ventures:															
Timeshare		-		-		-		-		-		-		-	-
Fractional		(12)		17		-		5		(23)		21		(2)	350
Residential		(8)		8		-		-		(74)		76		2	(100)
Total joint ventures		(20)		25		-		5		(97)		97		-	*
Total contract sales, including						,		,							
joint ventures	\$	175	\$	28	\$		\$	203	\$	103	\$	115	\$	218	(7)
Gain / (Loss) on Notes Sold Gain / (loss) on notes sold	\$	38	\$	<u>-</u>	\$		\$	38_	\$	(12)	\$	12	\$	<u>-</u> _	*

 $^{^{\}star}$ Percent cannot be calculated.

^{**}Denotes non-GAAP financial measures. Please see pages A-27 and A-28 for additional information about our reasons for providing these alternative financial measures and the limitations on their use.

MARRIOTT INTERNATIONAL, INC. TIMESHARE SEGMENT

(\$ in millions)

				Adjustn	nents						Adju	stments			
	52 E Jar	Reported Weeks Inded Juary 1, 2010	Costs	ucturing & Other arges	Stra Impa	eshare ategy - airment arges	52 E Jan	Adjusted Weeks nded uary 1, 010**	53 I	Reported Weeks Ended nuary 2, 2009	Costs	ucturing & Other arges	53 E Jar	Adjusted Weeks Ended nuary 2,	Percent Better / (Worse) As Adjusted 2009 vs. As Adjusted 2008
Segment Revenues Segment revenues	\$	1,439	\$	24	\$		\$	1,463	\$	1,750	\$	61	\$	1,811	(19)
Segment revenues	Φ	1,439	Ψ	24	Ψ		φ	1,403	Ψ	1,750	Ψ	01	φ	1,011	(19)
Segment Results															
Base fees revenue	\$	47	\$	-	\$	-	\$	47	\$	42	\$	-	\$	42	12
Timeshare sales and services, net Timeshare strategy - impairment		83		23		-		106		89		58		147	(28)
charges		(614)		-		614		_		_		_		_	-
Restructuring costs		(45)		45		-		-		(28)		28		-	-
General, administrative and other expense		(80)		7		-		(73)		(111)		-		(111)	34
Gains and other income		2		-		-		2		-		-		-	*
Joint venture equity earnings		(12)		6		-		(6)		11		7		18	(133)
Timeshare strategy - impairment charges (non-operating)		(71)		_		71		_		_		_		_	_
Noncontrolling interest		11		_		-		11		25		_		25	(56)
Segment results	\$	(679)	\$	81	\$	685	\$	87	\$	28	\$	93	\$	121	(28)
Sales and Services Revenue Development Services Financing Other revenue Sales and services revenue	\$	626 330 130 37 1,123	\$	4 - 20 - 24	\$	- - - - -	\$	630 330 150 37 1,147	\$	953 336 106 28 1,423	\$	17 - 44 - 61	\$	970 336 150 28 1,484	(35) (2) - 32 (23)
Contract Sales Company: Timeshare Fractional Residential	\$	685 28 8	\$	- 4 4	\$	- - -	\$	685 32 12	\$	1,081 35 10	\$	- 2 16	\$	1,081 37 26	(37) (14) (54)
Total company	-	721		8				729		1,126		18		1,144	(36)
Joint ventures:				-				725		1,120		-		-	(30)
Timeshare Fractional		(21)		40		-		- 19		(6)		- 21		- 15	- 27
Residential		(35)		35		-		-		(44)		76		32	(100)
Total joint ventures		(56)		75				19		(50)		97		47	(60)
Total contract sales, including	-	(00)								(5.5)	-				()
joint ventures	\$	665	\$	83	\$	-	\$	748	\$	1,076	\$	115	\$	1,191	(37)
<u> </u>	Ī														
Gain / (Loss) on Notes Sold Gain / (loss) on notes sold	\$	37	\$		\$	-	\$	37	\$	16	\$	12	\$	28	32

^{*}Percent cannot be calculated.

^{**}Denotes non-GAAP financial measures. Please see pages A-27 and A-28 for additional information about our reasons for providing these alternative financial measures and the limitations on their use.

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

	First Quarter	Second Quarter	Fiscal Year 2009 Third Quarter	Fourth Quarter	Total
Net (Loss) / Income attributable to Marriott	\$ (23)	\$ 37	\$ (466)	\$ 106	\$ (346)
Interest expense	29	28	27	34	118
Tax provision, continuing operations	33	44	(210)	68	(65)
Tax provision, noncontrolling interest	1	2	1	-	4
Depreciation and amortization	39	42	43	61	185
Less: Depreciation reimbursed by third-party owners	(2)	(2)	(2)	(3)	(9)
Interest expense from unconsolidated joint ventures	3	6	4	6	19
Depreciation and amortization from unconsolidated joint ventures	6	6	6	9	27
EBITDA **	86	163	(597)	281	(67)
Restructuring costs and other charges					
Severance	2	10	4	5	21
Facilities exit costs	-	22	5	2	29
Development cancellations	-	1	-	-	1
Total restructuring costs	2	33	9	7	51
Impairment of investments and other, net of prior year reserves	68	3	1	11	83
Reserves for loan losses	42	1	-	-	43
Contract cancellation allowances	4	1	1	3	9
Residual interests valuation	13	12	(3)	(2)	20
System development write-off	-	7	-	-	7
Total other charges	127	24	(1)	12	162
Total restructuring costs and other charges	129	57	8	19	213
Timeshare strategy - impairment charges					
Operating impairments	-	-	614	-	614
Non-operating impairments			138		138
Total timeshare strategy - impairment charges			752		752
Adjusted EBITDA **	\$ 215	\$ 220	\$ 163	\$ 300	\$ 898
Decrease over 2008 Adjusted EBITDA	-25%	-43%	-43%	-12%	-31%
			Fiscal Year 2008		
	First	Second	Third	Fourth	
	Quarter	Quarter	Quarter	Quarter	Total
Net Income / (Loss) attributable to Marriott	\$ 121	\$ 157	\$ 94	\$ (10)	\$ 362
Interest expense	42	38	33	50	163
Tax provision, continuing operations	75	139	103	33	350
Tax provision, minority interest	1	1	5	2	9
Tax benefit, synthetic fuel	-	(6)	(1)	-	(7)
Depreciation and amortization	41	47	42	60	190
Less: Depreciation reimbursed by third-party owners	(3)	(3)	(2)	(2)	(10)
Interest expense from unconsolidated joint ventures	4	4	5	5	18
Depreciation and amortization from unconsolidated joint ventures EBITDA **	286	383	6 285	10 148	1,102
Discontinued operations adjustment (synthetic fuel)	1	2	4		4
Restructuring costs and other charges	1	2	1	-	4
Severance	-	-	-	19	19
Facilities exit costs	-	-	-	5	5
Development cancellations				31	31
Total restructuring costs			-	55	55
Reserves for expected fundings	-		-	16	16
Inventory write-downs	-	-	-	9	9
Contract cancellation allowances	-	-	-	12	12
Accounts receivable-bad debts	-	-	-	4	4
Residual interests valuation	-	-	-	32	32
Hodge inoffectiveness				40	4.0

287

12

30

22

137

192

340

286

12

30

22

137

192

1,298

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Hedge ineffectiveness

Reserves for loan losses

Total other charges

adjustment (synthetic fuel) Pre-tax Synthetic Fuel losses

Adjusted EBITDA **

Impairment of investments and other

Total restructuring costs and other charges

The following items make up the discontinued operations

EBITDA adjustment for discontinued operations (synthetic fuel)

^{**} Denotes non-GAAP financial measures. Please see pages A-27 and A-28 for additional information about our reasons for providing these alternative financial measures and the limitations on their use.

MARRIOTT INTERNATIONAL, INC. Non-GAAP Financial Measure

Total Debt Net of Cash

(\$ in millions)

	Ye	ance at ar-End 2009	Ye	lance at ear-End 2008	(W	etter/ /orse) nange
Total debt	\$	2,298	\$	3,095	\$	797
Cash and cash equivalents		(115)		(134)		(19)
Total debt net of cash**	\$	2,183	\$	2,961	\$	778

		Rar	nge			nge			
		timated alance		timated alance	Α	•	ed to Balance End 2009		
		ear-End 010 ^(a)		ear-End 2010 ^(b)		Better/(Worse) Change ^(a)		r/(Worse) ange ^(b)	
Total debt	\$	2,851	\$	2,751	\$	(553)	\$	(453)	
Cash and cash equivalents		(115)		(115)				-	
Total debt net of cash**	, <u> </u>	2,736		2,636		(553)		(453)	
Less the impact of ASU Nos. 2009-16 and 2009-17	(953)			(953)		953		953	
Adjusted total debt net of cash**(c)	\$	1,783	\$	1,683	\$	400	\$	500	

⁽a) Assumes \$400 debt repayment in 2010.

⁽b) Assumes \$500 debt repayment in 2010.

 $^{^{(}c)}$ Excludes the impact of the update to ASU Nos. 2009-16 and 2009-17.

^{**} Denotes non-GAAP financial measures. Please see pages A-27 and A-28 for additional information about our reasons for providing these alternative financial measures and the limitations on their use.

Non-GAAP Financial Measure Reconciliation Adjusted Fourth Quarter and Full Year 2008 and 2009 General, Adminstrative, and Other Expenses Excluding Restructuring Costs, Other Charges and Deferred Compensation Credits (Charges)

(\$ in millions)

	Fourth Q	euarter 2008	Fourth C	Quarter 2009	Percent Better/(Worse) Adjusted 2009 vs. Adjusted 2008
General, administrative and other expenses	\$	292	\$	215	
Less: Restructuring costs and other charges Deferred Compensation credits (charges)		(54) 16		(8) (5)	
Adjusted General, administrative and other expenses**	\$	254	\$	202	20
					Percent Better/(Worse) Adjusted 2009 vs.
		ear 2008		ear 2009	Adjusted 2008
General, administrative and other expenses Less: Restructuring costs and other charges Deferred Compensation credits (charges)	\$ 	803 (54) 28	\$	722 (100) (15)	
Adjusted General, administrative and other expenses**	\$	777	\$	607	22

^{**} Denotes non-GAAP financial measures. Please see pages A-27 and A-28 for additional information about our reasons for providing these alternative financial measures and the limitations on their use.

Non-GAAP Financial Measure

2009 Adjusted for ASU Nos. 2009-16 and 2009-17 and Forecasted 2010 EBITDA and Adjusted EBITDA

(\$ in millions)

						 Rai	nge	
) Fiscal /ear	2009- ²	Nos. 16 and 9-17 ments	AS 2009 20 Fiso	justed For U Nos. 0-16 and 09-17 al Year 009**	 Estimate Full Ye		
Net (Loss) / Income attributable to Marriott	\$ (346)	\$	(1)	\$	(347)	\$ 311	\$	356
Interest expense	118		77		195	195		190
Tax provision, continuing operations	(65)				(65)	179		204
Tax provision, noncontrolling interest	4		-		4	-		-
Depreciation and amortization	185		-		185	187		187
Less: Depreciation reimbursed by third-party owners	(9)		-		(9)	(21)		(21)
Interest expense from unconsolidated joint ventures	19		-		19	27		27
Depreciation and amortization from unconsolidated joint ventures	 27				27	30		30
EBITDA **	(67)		76		9	908		973
Restructuring costs and other charges								
Severance	21		-		21	-		-
Facilities exit costs	29		-		29	-		-
Development cancellations	 1_				1			
Total restructuring costs	51		-		51	-		
Impairment of investments and other, net of prior year reserves	83		-		83	-		-
Reserves for loan losses	43		-		43	-		-
Contract cancellation allowances	9		-		9	-		-
Residual interests valuation	20		-		20	-		-
System development write-off	 7				7			
Total other charges	162		_		162	-		-
Total restructuring costs and other charges	 213		-		213	 <u>-</u>		
Timeshare strategy - impairment charges								
Operating impairments	614		-		614	-		-
Non-operating impairments	138		-		138	-		-
Total timeshare strategy - impairment charges	752				752			
Adjusted EBITDA **	\$ 898	\$	76	\$	974	\$ 908	\$	973

^{**} Denotes non-GAAP financial measures. Please see pages A-27 and A-28 for additional information about our reasons for providing these alternative financial measures and the limitations on their use.

Non-GAAP Financial Measure Reconciliation First Quarter 2009 General, Administrative, and Other Expenses Excluding Restructuring Costs and Other Charges (\$ in millions)

		Ra	nge				Ra	nge
							Better/(Worse) Estimated	Better/(Worse) Estimated
	Esti	mated	Esti	mated			First Quarter 2010 vs.	First Quarter 2010 vs.
	First Qua	arter 2010	First Qu	arter 2010	First Qua	arter 2009	First Quarter 2009	First Quarter 2009
General, administrative and other expenses	\$	130	\$	140	\$	174		
Less: Restructuring costs and other charges						(38)		
General, administrative and other expenses excluding restructuring costs and other charges**	\$	130	\$	140	\$	136	4	(3)

^{**} Denotes non-GAAP financial measures. Please see pages A-27 and A-28 for additional information about our reasons for providing these alternative financial measures and the limitations on their use.

TIMESHARE SEGMENT

AS ADJUSTED HAD ASU NOS. 2009-16 AND 2009-17 (FORMERLY REFERRED TO AS FAS 166 & 167) BEEN ADOPTED ON JANUARY 2, 2009 **FIRST QUARTER 2009**

(\$ in millions)

Adjustments As Adjusted For ASU Nos. 2009-16 As Reported And 2009-17 As Adjusted ASU Nos. 2009-16 12 Weeks Ended Restructuring Costs & Timeshare Strategy -12 Weeks Ended And 2009-17 12 Weeks Ended March March 27, 2009 Other Charges Impairment Charges March 27, 2009** Adjustments*** 27, 2009** Segment Revenues Segment revenues Segment Results 10 \$ Base fees revenue \$ \$ \$ 10 \$ 10 20 16 25 Timeshare sales and services, net (11)5 Timeshare strategy - impairment charges Restructuring costs (1) 1 General, administrative and other (17) (17)(17)expense Gains and other income Joint venture equity earnings (1) 1 Timeshare strategy - impairment charges (non-operating) Noncontrolling interest Segment results (17) 18 20 21 Sales and Services Revenue Development 121 \$ 125 2 127 \$ 4 \$ \$ \$ Services 70 70 70 Financing 13 13 26 27 53 Other revenue 5 (1) 4 Sales and services revenue 209 17 254 Contract Sales Company: Timeshare \$ 138 \$ \$ \$ 138 \$ \$ 138 Fractional 10 10 10 Residential (5) (1) (1) Total company 143 147 147 Joint ventures: Timeshare Fractional 13 (3) 10 10 Residential (27) 27 10 10 Total joint ventures (14)24 Total contract sales, including 129 28 157 \$ 157 joint ventures (Loss) / Gain on Notes Sold

(1)

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(1)

(Loss) / gain on notes sold

^{**}Denotes non-GAAP financial measures. Please see pages A-27 and A-28 for additional information about our reasons for providing these alternative financial measures and the limitations on their use.

^{***}In addition to the segment impacts shown, ASU Nos. 2009-16 and 2009-17 would have increased consolidated interest expense by \$16 million from \$29 million as reported to \$45 million.

TIMESHARE SEGMENT

AS ADJUSTED HAD ASU NOS. 2009-16 AND 2009-17 (FORMERLY REFERRED TO AS FAS 166 & 167) BEEN ADOPTED ON JANUARY 2, 2009 SECOND QUARTER 2009

(\$ in millions)

Adjustments As Adjusted For ASU Nos. 2009-16 ASU Nos. 2009-16 As Reported As Adjusted And 2009-17 12 Weeks Ended **Restructuring Costs &** Timeshare Strategy -12 Weeks Ended And 2009-17 12 Weeks Ended June 19, 2009 Other Charges Impairment Charges June 19, 2009** June 19, 2009** Adjustments*** Segment Revenues 367 Seament revenues Segment Results Base fees revenue 11 \$ 11 11 Timeshare sales and services, net 12 16 32 48 Timeshare strategy - impairment charges Restructuring costs (30)30 General, administrative and other expense (23)7 (16)(16)Gains and other income (1) Joint venture equity earnings Timeshare strategy - impairment charges (non-operating) Noncontrolling interest Segment results (35) \$ 50 15 32 47 Sales and Services Revenue Development \$ 182 \$ \$ \$ 182 \$ 6 \$ 188 Services 80 80 80 26 Financing 14 12 30 56 Other revenue Sales and services revenue 283 12 295 36 331 \$ \$ Contract Sales Company: Timeshare 200 \$ \$ 200 \$ 200 \$ \$ Fractional 1 9 8 9 Residential Total company 211 211 210 Joint ventures: Timeshare (18) 19 Fractional 1 1 Residential (17)17

1

212

1

212

\$

3

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(1)

209

\$

Total joint ventures

joint ventures

Gain / (Loss) on Notes Sold Gain / loss on notes sold

Total contract sales, including

^{**}Denotes non-GAAP financial measures. Please see pages A-27 and A-28 for additional information about our reasons for providing these alternative financial measures and the limitations on their use.

^{***}In addition to the segment impacts shown, ASU Nos. 2009-16 and 2009-17 would have increased consolidated interest expense by \$18 million from \$28 million as reported to \$46 million.

TIMESHARE SEGMENT

AS ADJUSTED HAD ASU NOS. 2009-16 AND 2009-17 (FORMERLY REFERRED TO AS FAS 166 & 167) BEEN ADOPTED ON JANUARY 2, 2009 **THIRD QUARTER 2009**

(\$ in millions)

Adjustments As Adjusted For ASU Nos. 2009-16 As Reported As Adjusted ASU Nos. 2009-16 And 2009-17 12 Weeks Ended Restructuring Costs & Timeshare Strategy -12 Weeks Ended And 2009-17 12 Weeks Ended Other Charges Adjustments*** September 11, 2009** September 11, 2009 Impairment Charges September 11, 2009** Segment Revenues 330 (3) 327 39 366 Segment revenues Segment Results Base fees revenue 11 \$ \$ \$ 11 Timeshare sales and services, net 16 (3) 13 32 45 Timeshare strategy - impairment charges (614)614 Restructuring costs (7) General, administrative and other (17) (17) expense (17)Gains and other income Joint venture equity earnings (4) (3) (3) Timeshare strategy - impairment 71 charges (non-operating) (71)Noncontrolling interest Segment results \$ (681) 5 \$ 685 \$ 32 41 \$ 9 \$ Sales and Services Revenue Development 138 \$ \$ \$ 138 \$ 11 \$ 149 Services 82 82 82 Financing 27 (3) 24 28 52 Other revenue 254 \$ (3) \$ \$ 251 \$ 39 \$ 290 Sales and services revenue **Contract Sales** Company: Timeshare \$ \$ \$ \$ 164 \$ 164 164 \$ Fractional 7 7 Residential Total company 173 173 173 Joint ventures: Timeshare 7 3 (4) 3 Fractional Residential (17)17 3 3 Total joint ventures (21) 24 Total contract sales, including

176

176

24

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152

joint ventures

Gain / (Loss) on Notes Sold Gain / loss on notes sold

\$

^{**}Denotes non-GAAP financial measures. Please see pages A-27 and A-28 for additional information about our reasons for providing these alternative financial measures and the limitations on their use.

^{***}In addition to the segment impacts shown, ASU Nos. 2009-16 and 2009-17 would have increased consolidated interest expense by \$17 million from \$27 million as reported to \$44 million.

TIMESHARE SEGMENT

AS ADJUSTED HAD ASU NOS. 2009-16 AND 2009-17 (FORMERLY REFERRED TO AS FAS 166 & 167) BEEN ADOPTED ON JANUARY 2, 2009 **FOURTH QUARTER 2009**

(\$ in millions)

Adjustments

As Adjusted For ASU Nos. 2009-16

	16 Wee	eported eks Ended ry 1, 2010		ring Costs & Charges		e Strategy - nt Charges	16 Wee	djusted eks Ended y 1, 2010**	And 2	s. 2009-16 2009-17 ments***	And : 16 Wee	s. 2009-16 2009-17 ks Ended 1, 2010**
Segment Revenues	_		_									
Segment revenues	\$	477	\$	(2)	\$		\$	475	\$	(2)	\$	473
Segment Results Base fees revenue	\$	15	\$	-	\$	_	\$	15	\$	_	\$	15
Timeshare sales and services, net Timeshare strategy - impairment		74		(2)	·	-	·	72		(8)		64
charges Restructuring costs General, administrative and other		(7)		7		-		-		-		-
expense Gains and other income		(23) 1		-		-		(23) 1		-		(23) 1
Joint venture equity earnings Timeshare strategy - impairment		(6)		3		-		(3)		-		(3)
charges (non-operating) Noncontrolling interest Segment results	\$	- - 54	\$	- - 8	\$	<u> </u>	\$	62	\$	(8)	\$	- - 54
ocgment results	Ψ		Ψ		Ψ		Ψ	02	Ψ	(0)	<u> </u>	
Sales and Services Revenue Development	\$	185	\$	_	\$	_	\$	185	\$	4	\$	189
Services Financing		98 76		(2)		-		98 74		(6)		98 68
Other revenue Sales and services revenue	\$	18 377	\$	(2)	\$		\$	18 375	\$	(2)	\$	18 373
						_		_				_
Contract Sales Company:												
Timeshare Fractional	\$	183 3	\$	3	\$	-	\$	183 6	\$	-	\$	183 6
Residential Total company Joint ventures:		9 195		3		<u>-</u>		9 198		-		9 198
Timeshare Fractional		- (12)		- 17		-		- 5		-		- 5
Residential Total joint ventures		(8)		8 25		<u>-</u>		5		-		5
Total contract sales, including joint ventures	\$	175	\$	28	\$		\$	203	\$	-	\$	203
Gain / (Loss) on Notes Sold										()		

38

(38)

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Gain / loss on notes sold

^{**}Denotes non-GAAP financial measures. Please see pages A-27 and A-28 for additional information about our reasons for providing these alternative financial measures and the limitations on their use.
***In addition to the segment impacts shown, ASU Nos. 2009-16 and 2009-17 would have increased consolidated interest expense by \$26 million from \$34 million as reported to \$60 million.

TIMESHARE SEGMENT

AS ADJUSTED HAD ASU NOS. 2009-16 AND 2009-17 (FORMERLY REFERRED TO AS FAS 166 & 167) BEEN ADOPTED ON JANUARY 2, 2009 FULL YEAR 2009

(\$ in millions)

Adjustments

Segment Revenues	As Reported 52 Weeks Ended January 1, 2010		Restructuring Costs & Other Charges		Timeshare Strategy - Impairment Charges		As Adjusted 52 Weeks Ended January 1, 2010**		ASU Nos. 2009-16 And 2009-17 Adjustments***		As Adjusted For ASU Nos. 2009-16 And 2009-17 52 Weeks Ended January 1, 2010**	
Segment revenues	\$	1,439	\$	24	\$		\$	1,463	\$	101	\$	1,564
Segment Results Base fees revenue Timeshare sales and services, net Timeshare strategy - impairment charges Restructuring costs General, administrative and other expense Gains and other income Joint venture equity earnings Timeshare strategy - impairment charges (non-operating) Noncontrolling interest Segment results	\$	47 83 (614) (45) (80) 2 (12) (71) 11 (679)	\$	- 23 - 45 - - 6 - -	\$	- 614 - - - - 71 - 685	\$	47 106 - - (73) 2 (6) - 11 87	\$	76 - - - - - - - 76	\$	47 182 - - (73) 2 (6) - 11 163
Sales and Services Revenue Development Services Financing Other revenue Sales and services revenue	\$	626 330 130 37 1,123	\$	4 - 20 - 24	\$	- - - - -	\$	630 330 150 37 1,147	\$	23 - 79 (1) 101	\$	653 330 229 36 1,248
Contract Sales Company: Timeshare Fractional Residential Total company Joint ventures: Timeshare Fractional Residential Total joint ventures Total joint ventures Total contract sales, including joint ventures	\$	685 28 8 721 - (21) (35) (56)	\$	4 4 8 - 40 35 75	\$	- - - - - - - - -	\$	685 32 12 729 - 19 - 19 748	\$	- - - - - - - -	\$	685 32 12 729 - 19 - 19 748
Gain / (Loss) on Notes Sold Gain / loss on notes sold	\$	37	\$		\$		\$	37	\$	(37)	\$	

^{**}Denotes non-GAAP financial measures. Please see pages A-27 and A-28 for additional information about our reasons for providing these alternative financial measures and the limitations on their use.

***If we had adopted ASU Nos. 2009-16 and 2009-17 on the first day of fiscal year 2009, the full year 2009 impact to the company would have been a \$1 million decline in adjusted pretax income, which includes the \$76 million increase to Timeshare segment results shown in the table above more than offset by the \$77 million increase in interest expense.

MARRIOTT INTERNATIONAL, INC. Non-GAAP Financial Measures

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

Adjusted Measures That Exclude Certain Charges, Costs, and Other Expenses. Management evaluates non-GAAP measures that exclude the impact of Timeshare strategy - impairment charges incurred in the 2009 third quarter, restructuring costs and other charges incurred in the 2008 fourth quarter through the 2009 fourth quarter, deferred compensation charges and credits incurred in the 2008 first quarter through the 2009 fourth quarter, and certain tax expenses incurred in the 2008 second quarter through the 2009 third quarter, because those non-GAAP measures allow for period-over-period comparisons of our on-going core operations before material charges. These non-GAAP measures also facilitate management's comparison of results from our on-going operations before material charges with results from other lodging companies.

Timeshare Strategy - Impairment Charges. In response to the difficult business conditions that the Timeshare segment's timeshare, luxury residential, and luxury fractional real estate development businesses continued to experience, we evaluated our entire Timeshare portfolio in the 2009 third quarter. In order to adjust the business strategy to reflect current market conditions at that time, on September 22, 2009, we approved plans for our Timeshare segment to take the following actions: (1) for our luxury residential projects, reduce prices, convert certain proposed projects to other uses, sell some undeveloped land, and not pursue further Marriott-funded residential development projects; (2) reduce prices for existing luxury fractional units; (3) continue short-term promotions for our U.S. timeshare business and defer the introduction of new projects and development phases; and (4) for our European timeshare and fractional resorts, continue promotional pricing and marketing incentives and not pursue further development. As a result of these decisions, we recorded third quarter 2009 pretax charges totaling \$752 million in our Consolidated Statements of Income (\$502 million after-tax), including \$614 million of pretax charges impacting operating income under the "Timeshare strategy-impairment charges" caption, and \$138 million of pretax charges impacting non-operating income under the "Timeshare strategy-impairment charges (non-operating)" caption.

Restructuring Costs and Other Charges. During the latter part of 2008 and particularly the fourth quarter, we experienced a significant decline in demand for hotel rooms both domestically and internationally due, in part, to the failures and near failures of several large financial service companies and the dramatic downturn in the economy. Our capital intensive Timeshare business was also hurt by the downturn in market conditions and particularly, the significant deterioration in the credit markets, which resulted in our decision not to complete a note sale in the fourth quarter of 2008 (although we did complete a note sale in the first quarter of 2009). These declines resulted in reduced management and franchise fees, cancellation of development projects, reduced timeshare contract sales, contract cancellation allowances, and charges and reserves associated with expected fundings, loans, Timeshare inventory, accounts receivable, contract cancellation allowances, valuation of Timeshare residual interests, hedge ineffectiveness, and asset impairments. We responded by implementing various cost saving measures, beginning in the fourth quarter of 2008 and which continued in 2009, and resulted in first quarter 2009 restructuring costs of \$2 million, second quarter 2009 restructuring costs of \$3 million, and third quarter 2009 restructuring costs of \$9 million, and 2009 fourth quarter restructuring costs of \$7 million that were directly related to the downturn. We also incurred other first quarter 2009, second quarter 2009 and fourth quarter 2009 charges totaling \$127 million, and \$12 million respectively, as well as \$1 million in net other credits in the 2009 third quarter, that were directly related to the downturn, including asset impairment charges, accounts receivable and guarantee charges, reserves associated with loans, reversal of the liability related to expected fundings, Timeshare contract cancellation allowances, and charges related to the valuation of Timeshare residual interests.

Deferred Compensation Expenses. We evaluate adjusted general, administrative, and other expenses excluding the impact of deferred compensation expenses because this non-GAAP measure allows for period-over-period comparisons of our on-going core general, administrative, other expenses before material charges or credits associated with a program that we have modified. As we implemented changes to our deferred compensation plan in 2009, we expect to have significantly reduced expense impact and volatility in 2010 and beyond. We also utilize this metric for forecasting and modeling purposes.

Certain Tax Expenses. Certain tax expenses included \$26 million in the 2009 first quarter, \$17 million in the 2009 second quarter, \$13 million in the 2009 third quarter and \$24 million in the 2008 second quarter of non-cash charges primarily related to the treatment of funds received from certain foreign subsidiaries, an issue we are contesting with the Internal Revenue Service ("IRS"). Additionally, certain tax expenses in the 2008 second quarter also reflected \$12 million of tax expense due primarily to prior years' tax adjustments, including a settlement with the IRS that resulted in a lower than expected refund of taxes associated with a 1995 leasing transaction. Certain tax expenses in the 2008 third quarter reflected \$29 million of tax expense primarily related to an unfavorable court decision involving a tax planning transaction associated with a 1994 sale transaction. Certain tax expenses in the 2008 fourth quarter include income tax expense totaling \$7 million primarily due to prior years' tax adjustments.

Non-GAAP Financial Measures (cont.)

Earnings Before Interest, Taxes, Depreciation and Amortization. Earnings before interest, taxes, depreciation and amortization ("EBITDA") reflects earnings excluding the impact of interest expense, tax expense, depreciation and amortization. Management considers EBITDA to be an indicator of operating performance because it can be used to measure our ability to service debt, fund capital expenditures, and expand our business. EBITDA is used by analysts, lenders, investors and others, as well as by us, to evaluate companies because it excludes certain items that can vary widely across different industries or among companies within the same industry. For example, interest expense can be dependent on a company's capital structure, debt levels and credit ratings. Accordingly, the impact of interest expense on earnings can vary significantly among companies. The tax positions of companies can also vary because of their differing abilities to take advantage of tax benefits and because of the tax policies of the jurisdictions in which they operate. As a result, effective tax rates and tax expense can vary considerably among companies. EBITDA also excludes depreciation and amortization because companies utilize productive assets of different ages and use different methods of both acquiring and depreciating productive assets. These differences can result in considerable variability in the relative costs of productive assets and the depreciation and amortization expense among companies.

Adjusted EBITDA. Management also evaluates adjusted EBITDA which excludes: (1) Timeshare strategy - impairment charges of \$752 million incurred in the 2009 third quarter; (2) the 2009 fourth quarter restructuring costs and other charges totaling \$19 million; (3) the 2009 third quarter restructuring costs and other charges totaling \$8 million; (4) the 2009 second quarter restructuring costs and other charges totaling \$57 million; (5) the 2009 first quarter restructuring costs and other charges totaling \$129 million; (6) the 2008 fourth quarter restructuring costs and other charges totaling \$192 million; and (7) the first through third quarters of 2008 impact of the synthetic fuel business. Management excludes the restructuring costs and other charges incurred in the 2009 first through fourth quarters and in the 2008 fourth quarter and the timeshare strategy-impairment charges recorded in the 2009 third quarter for the reasons noted above under "Measures That Exclude Certain Charges, Costs, and Other Expenses." Fourth quarter 2008 restructuring costs and other charges included \$55 million of restructuring costs and \$137 million of other charges, including charges and reserves associated with expected fundings, loans, Timeshare inventory, accounts receivable, contract cancellation allowances, valuation of Timeshare residual interests, hedge ineffectiveness, and asset impairments. Management also excludes the first through third quarters of 2008 impact of the synthetic fuel business, which was discontinued in 2007 and which did not relate to our core lodging business, to allow for period-over-period comparisons of our ongoing core lodging operations and facilitate management's comparison of our results with those of other lodging companies.

Adjusted Measures that Exclude the Impact of New Accounting Standards or Reflect Their Early Adoption. As of the first day of fiscal year 2010, we adopted Accounting Standards Update ("ASU") No. 2009-16 "Transfers and Servicing (Topic 860): Accounting for Transfers of Financial Assets" (formerly known as FAS No. 166, "Accounting for Transfers of Financial Assets-an amendment of FASB Statement No. 140") and ASU No. 2009-17 "Consolidations (Topic 810); Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities" (formerly known as FAS No. 167, "Amendments to FASB Interpretation No. 46(R)," which requires consolidating previously securitized pools of Timeshare notes and will impact the ongoing accounting for those notes. Management evaluates non-GAAP measures that exclude the impact of these standards in future years or include the impact of these standards as if we had adopted them early in order to better perform year-over-year comparisons on a comparable basis.

Total Debt Net of Cash (or "Net Debt") and Adjusted Total Debt Net of Cash. Total debt net of cash reflects total debt less cash and cash equivalents. Management considers total debt net of cash to be a more accurate indicator of the net debt that must be repaid or refinanced at maturity (as it gives consideration to cash resources available to retire a portion of the debt when due). In addition, Management considers adjusted total debt net of cash, which excludes the debt that will be consolidated as a result of adopting ASU Nos. 2009-16 and 2009-17, because that debt is non-recourse to the Company and is not supported by the Company's cash flows. Management believes that these financial measures provide a clearer picture of the future demands on cash to repay debt and uses these measures in making decisions regarding its borrowing capacity and future refinancing needs. Management also evaluates adjusted total debt net of cash for the reason stated in the previous paragraph.