

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

In our press release and schedules 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 generally accepted accounting principle measures to the non-GAAP measures (identified by a double asterisk on the following pages) that we refer to in our press release. Although our 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 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.

**Synthetic Fuel.** We do not consider the Synthetic Fuel segment to be related to our core business, which is lodging. In addition, management expects the Synthetic Fuel segment will no longer have a material impact on our business after the end of 2007, when the Internal Revenue Code provision which provides for synthetic fuel tax credits expires, or earlier if the company elects to make its present synthetic fuel production shutdown permanent. Accordingly, our management evaluates non-GAAP measures which exclude the impact of our Synthetic Fuel segment 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.

**CTF transaction.** Some of the non-GAAP measures are further adjusted to exclude the impact of the \$94 million pre-tax charge (2005 second quarter) associated with the agreements we entered into with CTF Holdings Ltd. and its affiliates ("the CTF transaction"). That charge was primarily non-cash and primarily due to the write-off of deferred contract acquisition costs associated with the termination of management agreements. GAAP reporting for the CTF transaction charge does not reflect the fact that the company entered into new management agreements as part of the CTF transaction, which substantially replaced the terminated management agreements. Accordingly, our management evaluates the non-GAAP measures which exclude the CTF transaction charge because those measures allow for period-over-period comparisons relative to our on-going core lodging operations before material charges, and in particular because those non-GAAP measures recognize the new management agreements that were entered into as part of the CTF transaction and the resulting continuity of management for the hotels in question. In addition, these non-GAAP measures facilitate management's comparison of our results with the results of other lodging companies.

**Leveraged lease impairment charge and discontinued operations.** Management evaluates non-GAAP measures that exclude the \$17 million leveraged lease impairment charge recorded in the 2005 third quarter and discontinued operations in order to better assess the period-over-period performance of our on-going core operating businesses. Management does not consider the leveraged lease investment to be related to our core lodging business. In addition, non-GAAP measures which exclude these non-lodging items facilitate management's comparison of our results with the results of other lodging companies.

**Base Management and Franchise Fees.** In the first quarter of 2006, we recognized \$5 million in base management fees that were calculated based on prior period results, but not earned and due until the first quarter of 2006. Management evaluates the non-GAAP measure that excludes the \$5 million recognized in 2006 in order to better assess the period-over-period performance of our on-going lodging operations.

**Incentive Fees.** In the first quarter of 2005, we recognized \$8 million in incentive fees that were calculated based on prior period results, but not earned and due until the first quarter of 2005. Management evaluates the non-GAAP measure that excludes the \$8 million recognized in 2005 in order to better assess the period-over-period performance of our on-going lodging operations.

April 20, 2006

**MARRIOTT INTERNATIONAL, INC.**  
Non-GAAP Financial Measure Reconciliation  
Lodging Operating Income  
(\$ in millions)

	Fiscal Year 2006				
	Range		Range		
	First Quarter	Estimated Second Quarter	Estimated Second Quarter	Estimated Full Year	Estimated Full Year
Operating income	\$ 203	\$ 217	\$ 227	\$ 915	\$ 945
Add back: Synthetic Fuel operating loss ***	27	-	-	-	-
Lodging operating income **	<u>\$ 230</u>	<u>\$ 217</u>	<u>\$ 227</u>	<u>\$ 915</u>	<u>\$ 945</u>

	Fiscal Year 2005				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Operating income as reported	\$ 158	\$ 41	\$ 135	\$ 221	\$ 555
Add back: Synthetic fuel operating loss	45	36	34	29	144
Lodging operating income **	<u>\$ 203</u>	<u>\$ 77</u>	<u>\$ 169</u>	<u>\$ 250</u>	<u>\$ 699</u>

\*\* Denotes non-GAAP financial measures.

\*\*\* Guidance not provided for the second, third and fourth quarters of 2006.

April 20, 2006

**MARRIOTT INTERNATIONAL, INC.**  
**Non-GAAP Financial Measure Reconciliation**  
**Measures that Exclude Synthetic Fuel**  
(in millions, except per share amounts)

	First Quarter 2006			First Quarter 2005			Percent Better/ (Worse) Excluding Synthetic Fuel
	Net Income	Synthetic Fuel Impact	Excluding Synthetic Fuel **	Net Income	Synthetic Fuel Impact	Excluding Synthetic Fuel **	
Operating income (loss)	\$ 203	\$ (27)	\$ 230	\$ 158	\$ (45)	\$ 203	13
Gains and other income (expense)	34	(4)	38	(5)	(9)	4	850
Interest income, provision for loan losses and interest expense	(14)	-	(14)	(8)	-	(8)	(75)
Equity in losses	(3)	-	(3)	(5)	-	(5)	40
Income (loss) before Income Taxes, Minority Interest and Cumulative Effect of Change in Accounting Principle	220	(31)	251	140	(54)	194	29
Tax (Provision)/Benefit	(77)	8	(85)	(52)	15	(67)	(27)
Tax Credits	21	21	-	47	47	-	*
Total Tax (Provision)/Benefit	(56)	29	(85)	(5)	62	(67)	(27)
Income (Loss) before Minority Interest and Cumulative Effect of Change in Accounting Principle	164	(2)	166	135	8	127	31
Minority Interest	6	5	1	10	10	-	*
Income before Cumulative Effect of Change in Accounting Principle	\$ 170	\$ 3	\$ 167	\$ 145	\$ 18	\$ 127	31
Diluted Shares	220.5	220.5	220.5	239.6	239.6	239.6	
Earnings per Share - Diluted	\$0.77	\$0.01	\$0.76	\$0.61	\$0.08	\$0.53	43
Tax Rate	25.5%		33.9%	3.6%		34.5%	

\* Percent can not be calculated or is not meaningful.

\*\* Denotes non-GAAP financial measures.

April 20, 2006

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

	<b>Fiscal Year 2006</b>
	<b>First Quarter</b>
<b>Net income</b>	<b>\$ 65</b>
Cumulative effect of change in accounting principle, before tax	173
Interest expense	27
Tax provision from continuing operations	56
Tax benefit from cumulative effect of change in accounting principle	(68)
Depreciation	34
Amortization	6
Less: Depreciation reimbursed by third-party owners	(4)
Interest expense from unconsolidated joint ventures	5
Depreciation and amortization from unconsolidated joint ventures	6
<b>EBITDA **</b>	<b>\$ 300</b>
Synthetic fuel adjustment	24
<b>Adjusted EBITDA **</b>	<b>\$ 324</b>
<b>Increase over 2005 Adjusted EBITDA</b>	<b>17%</b>

**The following items make up the Synthetic Fuel adjustment:**

Pre-tax synthetic fuel operating losses	\$ 31
Pre-tax minority interest - synthetic fuel	(5)
Synthetic fuel depreciation	(2)
<b>EBITDA adjustment for synthetic fuel</b>	<b>\$ 24</b>

	<b>Fiscal Year 2005</b>				
	<b>First Quarter</b>	<b>Second Quarter</b>	<b>Third Quarter</b>	<b>Fourth Quarter</b>	<b>Total</b>
Net income	\$ 145	\$ 138	\$ 149	\$ 237	\$ 669
Interest expense	24	21	24	37	106
Tax provision/(benefit) from continuing operations	5	(20)	33	76	94
Tax provision/(benefit) from discontinued operations	-	-	1	-	1
Depreciation	30	29	46	51	156
Amortization	7	7	7	7	28
Less: Depreciation reimbursed by third-party owners	-	-	(12)	(5)	(17)
Interest expense from unconsolidated joint ventures	11	6	4	8	29
Depreciation and amortization from unconsolidated joint ventures	12	9	7	11	39
<b>EBITDA **</b>	<b>\$ 234</b>	<b>\$ 190</b>	<b>\$ 259</b>	<b>\$ 422</b>	<b>\$ 1,105</b>
Synthetic fuel adjustment	42	22	(7)	(1)	56
Pre-tax gain from discontinued operations	-	-	(2)	-	(2)
Non-recurring charges -					
CTF Acquisition one-time charge	-	94	-	-	94
Leveraged lease charge	-	-	17	-	17
<b>Adjusted EBITDA **</b>	<b>\$ 276</b>	<b>\$ 306</b>	<b>\$ 267</b>	<b>\$ 421</b>	<b>\$ 1,270</b>

**The following items make up the Synthetic Fuel adjustment:**

Pre-tax synthetic fuel operating losses	\$ 54	\$ 28	\$ 13	\$ 17	\$ 112
Pre-tax minority interest - synthetic fuel	(10)	(4)	(18)	(15)	(47)
Synthetic fuel depreciation	(2)	(2)	(2)	(3)	(9)
<b>EBITDA adjustment for synthetic fuel</b>	<b>\$ 42</b>	<b>\$ 22</b>	<b>\$ (7)</b>	<b>\$ (1)</b>	<b>\$ 56</b>

\*\* Denotes Non-GAAP financial measures.

April 20, 2006

**MARRIOTT INTERNATIONAL, INC.**  
Non-GAAP Financial Measure Reconciliation  
Measures that Exclude Fees Recognized  
Based on Prior Period Results  
(in millions)

	<b>First Quarter 2006</b>	<b>First Quarter 2005</b>	<b>Percent Better/ (Worse)</b>
Base management fees	\$ 127	\$ 111	14
Franchise fees	82	70	17
Total base management and franchise fees	<u>209</u>	<u>181</u>	15
Less: Fees recognized based on prior period results	<u>5</u>	<u>-</u>	*
Total base management and franchise fees, excluding fees recognized based on prior period results **	<u><u>\$ 204</u></u>	<u><u>\$ 181</u></u>	13
 Incentive management fees	 \$ 59	 \$ 50	 18
Less: Fees recognized based on prior period results	<u>-</u>	<u>8</u>	(100)
Total incentive management fees, excluding fees recognized based on prior period results **	<u><u>\$ 59</u></u>	<u><u>\$ 42</u></u>	40

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