

MARRIOTT INTERNATIONAL, INC.
Non-GAAP Financial Measure Reconciliation
(in millions, except per share amounts)

We consider income from continuing operations excluding the impact of the synthetic fuel operations, earnings per share excluding the impact of the synthetic fuel operations, and the effective tax rate excluding the impact of the synthetic fuel operations, to be meaningful performance indicators because they reflect that portion of our income from continuing operations, earnings per share, and the effective tax rate that relates to our lodging business and enables investors to compare the results of our operations and effective tax rate to that of other lodging companies. However, income from continuing operations excluding the impact of the synthetic fuel operations, earnings per share excluding the impact of the synthetic fuel operations, and the effective tax rate excluding the impact of the synthetic fuel operations are all non-GAAP financial measures, and are not alternatives to income from continuing operations, earnings per share, effective tax rate or any other operating measure prescribed by accounting principles generally accepted in the United States.

The reconciliation of income from continuing operations, earnings per share, and the effective income tax rate as reported to income from continuing operations excluding the impact of the synthetic fuel operations, earnings per share excluding the impact of the synthetic fuel operations, and the effective income tax rate excluding the impact of the synthetic fuel operations is as follows:

Second Quarter 2004

	Continuing Operations		
	Income from Continuing Operations	Synthetic Fuel Impact	Excluding Synthetic Fuel
Pre tax income (loss)	\$ 179	\$ (21)	\$ 200
Tax (Provision)/Benefit	(68)	3	(71)
Tax Credits	35	35	-
Total Tax (Provision)/Benefit	(33)	38	(71)
Income from Continuing Operations before Minority Interest	146	17	129
Minority Interest	14	14	-
Income from Continuing Operations	<u>\$ 160</u>	<u>\$ 31</u>	<u>\$ 129</u>
Diluted Shares	240.3	240.3	240.3
Earnings per Share - Diluted	\$0.67	\$0.13	\$0.54
Tax Rate	18.4%		35.4%

Second Quarter 2003

	Continuing Operations		
	Income from Continuing Operations	Synthetic Fuel Impact	Excluding Synthetic Fuel
Pre tax income (loss)	\$ 110	\$ (42)	\$ 152
Tax (Provision)/Benefit	(37)	15	(52)
Tax Credits	53	53	-
Total Tax Benefit/(Provision)	16	68	(52)
Income from Continuing Operations	<u>\$ 126</u>	<u>\$ 26</u>	<u>\$ 100</u>
Diluted Shares	244.3	244.3	244.3
Earnings per Share - Diluted	\$0.52	\$0.11	\$0.41
Tax Rate	-14.7%		33.8%

July 15, 2004

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The reconciliation of income from continuing operations, earnings per share, and the effective income tax rate as reported to income from continuing operations excluding the impact of the synthetic fuel operations, earnings per share excluding the impact of the synthetic fuel operations, and the effective income tax rate excluding the impact of the synthetic fuel operations is as follows:

Second Quarter YTD 2004

	Continuing Operations		
	Income from Continuing Operations	Synthetic Fuel Impact	Excluding Synthetic Fuel
Pre tax income (loss)	\$ 311	\$ (49)	\$ 360
Tax (Provision)/Benefit	(115)	13	(128)
Tax Credits	64	64	-
Total Tax (Provision)/Benefit	(51)	77	(128)
Income from Continuing Operations before Minority Interest	260	28	232
Minority Interest	14	14	-
Income from Continuing Operations	<u>\$ 274</u>	<u>\$ 42</u>	<u>\$ 232</u>
Diluted Shares	241.5	241.5	241.5
Earnings per Share - Diluted	\$1.14	\$0.17	\$0.97
Tax Rate	16.4%		35.5%

Second Quarter YTD 2003

	Continuing Operations		
	Income from Continuing Operations	Synthetic Fuel Impact	Excluding Synthetic Fuel
Pre tax income (loss)	\$ 157	\$ (101)	\$ 258
Tax (Provision)/Benefit	(54)	36	(90)
Tax Credits	110	110	-
Total Tax Benefit/(Provision)	56	146	(90)
Income from Continuing Operations	<u>\$ 213</u>	<u>\$ 45</u>	<u>\$ 168</u>
Diluted Shares	243.9	243.9	243.9
Earnings per Share - Diluted	\$0.87	\$0.18	\$0.69
Tax Rate	-35.4%		34.7%

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(\$ in millions)

We consider lodging operating income to be a meaningful indicator of our performance because it measures our growth in profitability as a lodging company and enables investors to compare the operating income related to our lodging segments to the operating income of other lodging companies. However, lodging operating income is a non-GAAP financial measure and is not an alternative to operating income or any other operating measure prescribed by accounting principles generally accepted in the United States.

The reconciliation of operating income to lodging operating income is as follows:

	Fiscal Year 2003				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Operating income as reported	\$ 58	\$ 68	\$ 90	\$ 161	\$ 377
Less: Synthetic fuel operating loss	59	42	3	-	104
Lodging operating income	\$ 117	\$ 110	\$ 93	\$ 161	\$ 481

	Fiscal Year 2004		
	First Quarter	Second Quarter	Second Quarter YTD
Operating income as reported	\$ 151	\$ 118	\$ 269
Less: Synthetic fuel operating loss	-	30	30
Lodging operating income	\$ 151	\$ 148	\$ 299

July 15, 2004