

MARRIOTT INTERNATIONAL, INC.
PRESS RELEASE SCHEDULES
QUARTER 2, 2014
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MARRIOTT INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
SECOND QUARTER 2014 AND 2013

(in millions except per share amounts, unaudited)

	<u>Three Months Ended June 30, 2014</u>	<u>Three Months Ended June 30, 2013</u>	<u>Percent Better/ (Worse)</u>
REVENUES			
Base management fees	\$ 176	\$ 166	6
Franchise fees	194	177	10
Incentive management fees	82	64	28
Owned, leased, and other revenue ¹	269	246	9
Cost reimbursements ²	<u>2,763</u>	<u>2,610</u>	6
Total Revenues	3,484	3,263	7
OPERATING COSTS AND EXPENSES			
Owned, leased, and other - direct ³	199	181	(10)
Reimbursed costs	2,763	2,610	(6)
Depreciation, amortization, and other ⁴	47	33	(42)
General, administrative, and other ⁵	<u>159</u>	<u>160</u>	1
Total Expenses	3,168	2,984	(6)
OPERATING INCOME	316	279	13
Gains and other income ⁶	3	10	(70)
Interest expense	(30)	(29)	(3)
Interest income	4	5	(20)
Equity in losses ⁷	<u>(8)</u>	<u>(2)</u>	(300)
INCOME BEFORE INCOME TAXES	285	263	8
Provision for income taxes	<u>(93)</u>	<u>(84)</u>	(11)
NET INCOME	\$ 192	\$ 179	7
EARNINGS PER SHARE - Basic			
Earnings per share	<u>\$ 0.66</u>	<u>\$ 0.58</u>	14
EARNINGS PER SHARE - Diluted			
Earnings per share	<u>\$ 0.64</u>	<u>\$ 0.57</u>	12
Basic Shares	292.5	306.7	
Diluted Shares	298.7	314.0	

* Percent cannot be calculated.

¹ – *Owned, leased, and other revenue* includes revenue from the properties we own or lease, termination fees, branding fees, and other revenue.

² – *Cost reimbursements* include reimbursements from properties for Marriott-funded operating expenses.

³ – *Owned, leased, and other - direct* expenses include operating expenses related to our owned or leased hotels, including lease payments and pre-opening expenses.

⁴ – *Depreciation, amortization, and other* expenses include depreciation for fixed assets, amortization of capitalized costs incurred to acquire management, franchise, and license agreements, and any related impairments, accelerations, or write-offs.

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, the sale or other-than-temporary impairment of joint ventures and investments, and income from cost method investments.

⁷ – *Equity in losses* include our equity in earnings or losses of unconsolidated equity method investments.

MARRIOTT INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
SECOND QUARTER YEAR-TO-DATE 2014 AND 2013

(in millions except per share amounts, unaudited)

	<u>Six Months Ended June 30, 2014</u>	<u>Six Months Ended June 30, 2013</u>	<u>Percent Better/ (Worse)</u>
REVENUES			
Base management fees	\$ 331	\$ 319	4
Franchise fees	357	328	9
Incentive management fees	153	130	18
Owned, leased, and other revenue ¹	503	470	7
Cost reimbursements ²	<u>5,433</u>	<u>5,158</u>	5
Total Revenues	6,777	6,405	6
OPERATING COSTS AND EXPENSES			
Owned, leased, and other - direct ³	384	360	(7)
Reimbursed costs	5,433	5,158	(5)
Depreciation, amortization, and other ⁴	83	58	(43)
General, administrative, and other ⁵	<u>307</u>	<u>324</u>	5
Total Expenses	6,207	5,900	(5)
OPERATING INCOME	570	505	13
Gains and other income ⁶	3	13	(77)
Interest expense	(60)	(60)	-
Interest income	9	8	13
Equity in losses ⁷	<u>(6)</u>	<u>(2)</u>	(200)
INCOME BEFORE INCOME TAXES	516	464	11
Provision for income taxes	<u>(152)</u>	<u>(149)</u>	(2)
NET INCOME	\$ 364	\$ 315	16
EARNINGS PER SHARE - Basic			
Earnings per share	<u>\$ 1.24</u>	<u>\$ 1.02</u>	22
EARNINGS PER SHARE - Diluted			
Earnings per share	<u>\$ 1.21</u>	<u>\$ 0.99</u>	22
Basic Shares	294.3	309.3	
Diluted Shares	301.2	317.3	

* Percent cannot be calculated.

¹ – *Owned, leased, and other revenue* includes revenue from the properties we own or lease, termination fees, branding fees, and other revenue.

² – *Cost reimbursements* include reimbursements from properties for Marriott-funded operating expenses.

³ – *Owned, leased, and other - direct* expenses include operating expenses related to our owned or leased hotels, including lease payments and pre-opening expenses.

⁴ – *Depreciation, amortization, and other* expenses include depreciation for fixed assets, amortization of capitalized costs incurred to acquire management, franchise, and license agreements, and any related impairments, accelerations, or write-offs.

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, the sale or other-than-temporary impairment of joint ventures and investments, and income from cost method investments.

⁷ – *Equity in losses* include our equity in earnings or losses of unconsolidated equity method investments.

MARRIOTT INTERNATIONAL, INC.
TOTAL LODGING PRODUCTS

Brand	Number of Properties			Number of Rooms/Suites		
	June 30, 2014	June 30, 2013	vs. June 30, 2013	June 30, 2014	June 30, 2013	vs. June 30, 2013
<u>Domestic Full-Service</u>						
Marriott Hotels	346	348	(2)	140,247	140,626	(379)
Renaissance Hotels	77	77	-	27,419	27,820	(401)
Autograph Collection	34	26	8	8,842	6,917	1,925
Gaylord Hotels	5	5	-	8,098	8,098	-
The Ritz-Carlton	38	38	-	11,300	11,356	(56)
The Ritz-Carlton Residential	30	30	-	3,598	3,598	-
<u>Domestic Limited-Service</u>						
Courtyard	845	824	21	119,072	115,733	3,339
Fairfield Inn & Suites	698	689	9	63,488	62,855	633
SpringHill Suites	311	301	10	36,537	35,329	1,208
Residence Inn	635	612	23	76,912	73,851	3,061
TownePlace Suites	228	218	10	22,683	21,630	1,053
<u>International</u>						
Marriott Hotels	222	208	14	68,042	63,922	4,120
Renaissance Hotels	82	77	5	25,745	25,090	655
Autograph Collection ¹	27	18	9	3,516	2,041	1,475
Protea Hotels	112	-	112	9,995	-	9,995
Courtyard	122	113	9	24,040	22,119	1,921
Fairfield Inn & Suites	17	14	3	2,092	1,716	376
SpringHill Suites	2	2	-	299	299	-
Residence Inn	24	23	1	3,349	3,229	120
TownePlace Suites	3	2	1	426	278	148
Marriott Executive Apartments	28	27	1	4,423	4,295	128
The Ritz-Carlton	47	42	5	13,777	12,655	1,122
The Ritz-Carlton Residential	10	7	3	630	469	161
The Ritz-Carlton Serviced Apartments	4	4	-	579	579	-
Bulgari Hotels & Resorts	3	3	-	202	202	-
EDITION	2	1	1	251	78	173
AC Hotels by Marriott ¹	73	75	(2)	8,310	8,491	(181)
Timeshare ²	62	63	(1)	13,054	12,856	198
Total	4,087	3,847	240	696,926	666,132	30,794

¹ All AC Hotels by Marriott properties and five Autograph Collection properties included in this table are operated by unconsolidated joint ventures that hold management agreements and also provide services to franchised properties.

² Timeshare unit and room counts are as of June 20, 2014 and June 14, 2013, the end of Marriott Vacation Worldwide's second quarter for 2014 and 2013, respectively.

MARRIOTT INTERNATIONAL, INC.
KEY LODGING STATISTICS
Constant \$

Comparable Company-Operated International Properties¹

Region	Three Months Ended June 30, 2014 and June 30, 2013						
	REVPAR		Occupancy			Average Daily Rate	
	2014	vs. 2013	2014	vs. 2013		2014	vs. 2013
Caribbean & Latin America ²	\$170.88	12.7%	73.5%	1.8% pts.		\$232.45	10.0%
Europe	\$160.25	1.3%	77.9%	0.5% pts.		\$205.60	0.6%
Middle East & Africa	\$117.57	3.9%	62.8%	1.7% pts.		\$187.10	1.2%
Asia Pacific	\$126.19	5.5%	72.8%	2.0% pts.		\$173.24	2.6%
Total International^{2,3}	\$143.03	4.5%	73.6%	1.4% pts.		\$194.31	2.5%
Worldwide^{2,4}	\$138.07	5.1%	76.8%	1.6% pts.		\$179.76	2.9%

Comparable Systemwide International Properties¹

Region	Three Months Ended June 30, 2014 and June 30, 2013						
	REVPAR		Occupancy			Average Daily Rate	
	2014	vs. 2013	2014	vs. 2013		2014	vs. 2013
Caribbean & Latin America ²	\$145.15	10.6%	72.3%	1.7% pts.		\$200.85	8.0%
Europe	\$148.74	1.6%	75.9%	0.8% pts.		\$195.92	0.6%
Middle East & Africa	\$116.06	4.9%	63.4%	2.1% pts.		\$183.10	1.5%
Asia Pacific	\$126.51	5.6%	73.3%	2.0% pts.		\$172.56	2.8%
Total International^{2,5}	\$137.37	4.6%	73.2%	1.5% pts.		\$187.63	2.5%
Worldwide^{2,4}	\$116.63	5.8%	77.0%	1.7% pts.		\$151.39	3.5%

¹ Statistics are in constant dollars. International includes properties located outside the United States and Canada, except for Worldwide which includes the United States.

² Due to significant inflation in Venezuela, in the 2014 second quarter we removed our three hotels in that country from our set of comparable properties.

³ Includes Marriott Hotels, Renaissance, Autograph Collection, The Ritz-Carlton, Bulgari, Residence Inn, and Courtyard properties.

⁴ Includes Marriott Hotels, Renaissance, Autograph Collection, Gaylord Hotels, The Ritz-Carlton, Bulgari, Residence Inn, Courtyard, Fairfield Inn & Suites, TownePlace Suites, and SpringHill Suites properties.

⁵ Includes Marriott Hotels, Renaissance, Autograph Collection, The Ritz-Carlton, Bulgari, Residence Inn, Courtyard, and Fairfield Inn & Suites properties.

MARRIOTT INTERNATIONAL, INC.
KEY LODGING STATISTICS
Constant \$

Comparable Company-Operated International Properties¹

Region	Six Months Ended June 30, 2014 and June 30, 2013						
	REVPAR		Occupancy			Average Daily Rate	
	2014	vs. 2013	2014	vs. 2013		2014	vs. 2013
Caribbean & Latin America ²	\$196.43	10.8%	76.0%	2.3%	pts.	\$258.58	7.4%
Europe	\$137.79	1.8%	70.7%	1.0%	pts.	\$194.84	0.4%
Middle East & Africa	\$121.52	1.8%	62.1%	1.4%	pts.	\$195.78	-0.6%
Asia Pacific	\$128.73	6.0%	72.0%	2.1%	pts.	\$178.74	2.8%
Total International^{2,3}	\$139.46	4.8%	70.9%	1.7%	pts.	\$196.79	2.3%
Worldwide^{2,4}	\$132.35	5.3%	73.5%	1.8%	pts.	\$179.96	2.7%

Comparable Systemwide International Properties¹

Region	Six Months Ended June 30, 2014 and June 30, 2013						
	REVPAR		Occupancy			Average Daily Rate	
	2014	vs. 2013	2014	vs. 2013		2014	vs. 2013
Caribbean & Latin America ²	\$159.62	9.5%	72.8%	2.2%	pts.	\$219.37	6.2%
Europe	\$128.50	2.5%	68.8%	1.2%	pts.	\$186.72	0.6%
Middle East & Africa	\$119.70	2.7%	62.8%	1.8%	pts.	\$190.70	-0.2%
Asia Pacific	\$128.43	6.1%	72.4%	2.1%	pts.	\$177.27	3.0%
Total International^{2,5}	\$132.62	5.0%	70.1%	1.7%	pts.	\$189.19	2.4%
Worldwide^{2,4}	\$110.27	5.9%	73.1%	1.8%	pts.	\$150.75	3.3%

¹ Statistics are in constant dollars. International includes properties located outside the United States and Canada, except for Worldwide which includes the United States.

² Due to significant inflation in Venezuela, in the 2014 second quarter we removed our three hotels in that country from our set of comparable properties. Statistics have been adjusted as if the change had been made at the beginning of the year.

³ Includes Marriott Hotels, Renaissance, Autograph Collection, The Ritz-Carlton, Bulgari, Residence Inn, and Courtyard properties.

⁴ Includes Marriott Hotels, Renaissance, Autograph Collection, Gaylord Hotels, The Ritz-Carlton, Bulgari, Residence Inn, Courtyard, Fairfield Inn & Suites, TownePlace Suites, and SpringHill Suites properties.

⁵ Includes Marriott Hotels, Renaissance, Autograph Collection, The Ritz-Carlton, Bulgari, Residence Inn, Courtyard, and Fairfield Inn & Suites properties.

MARRIOTT INTERNATIONAL, INC.
KEY LODGING STATISTICS

Comparable Company-Operated North American Properties¹

Brand	Three Months Ended June 30, 2014 and June 30, 2013							
	REVPAR		Occupancy			Average Daily Rate		
	2014	vs. 2013	2014	vs. 2013		2014	vs. 2013	
Marriott Hotels	\$149.83	4.3%	79.0%	1.5%	pts.	\$189.56	2.3%	
Renaissance	\$143.65	3.2%	78.7%	0.9%	pts.	\$182.54	2.1%	
The Ritz-Carlton	\$255.78	6.4%	75.9%	1.2%	pts.	\$337.09	4.7%	
Composite North American Full-Service²	\$158.25	4.4%	78.3%	1.3%	pts.	\$202.08	2.6%	
Courtyard	\$99.66	8.2%	76.4%	2.4%	pts.	\$130.37	4.8%	
SpringHill Suites	\$89.27	6.2%	79.7%	2.3%	pts.	\$112.00	3.0%	
Residence Inn	\$110.48	5.0%	81.7%	0.9%	pts.	\$135.18	3.8%	
TownePlace Suites	\$74.95	24.1%	78.9%	9.3%	pts.	\$95.01	9.5%	
Composite North American Limited-Service³	\$100.96	7.6%	78.2%	2.2%	pts.	\$129.07	4.5%	
Composite - All⁴	\$135.80	5.3%	78.3%	1.7%	pts.	\$173.49	3.1%	

Comparable Systemwide North American Properties¹

Brand	Three Months Ended June 30, 2014 and June 30, 2013							
	REVPAR		Occupancy			Average Daily Rate		
	2014	vs. 2013	2014	vs. 2013		2014	vs. 2013	
Marriott Hotels	\$132.47	5.0%	76.7%	1.3%	pts.	\$172.67	3.2%	
Renaissance	\$127.32	5.2%	77.7%	1.9%	pts.	\$163.86	2.6%	
Autograph Collection	\$185.55	9.1%	79.4%	0.6%	pts.	\$233.75	8.3%	
The Ritz-Carlton	\$255.78	6.4%	75.9%	1.2%	pts.	\$337.09	4.7%	
Composite North American Full-Service⁵	\$140.82	5.3%	76.8%	1.3%	pts.	\$183.35	3.5%	
Courtyard	\$100.42	6.7%	77.0%	1.8%	pts.	\$130.39	4.2%	
Fairfield Inn & Suites	\$78.38	7.3%	75.1%	2.0%	pts.	\$104.38	4.3%	
SpringHill Suites	\$89.88	6.9%	78.9%	2.4%	pts.	\$113.96	3.7%	
Residence Inn	\$109.23	5.7%	83.1%	1.4%	pts.	\$131.47	3.9%	
TownePlace Suites	\$77.20	10.3%	79.3%	3.2%	pts.	\$97.36	5.8%	
Composite North American Limited-Service³	\$95.25	6.8%	78.4%	1.9%	pts.	\$121.44	4.1%	
Composite - All⁶	\$112.36	6.0%	77.8%	1.7%	pts.	\$144.37	3.7%	

¹ Statistics include properties located in the United States.

² Includes the Marriott Hotels, Renaissance Hotels, Gaylord Hotels, and The Ritz-Carlton properties.

³ Includes the Residence Inn, Courtyard, Fairfield Inn & Suites, TownePlace Suites, and SpringHill Suites properties.

⁴ Includes the Marriott Hotels, Renaissance Hotels, Gaylord Hotels, The Ritz-Carlton, Residence Inn, Courtyard, Fairfield Inn & Suites, TownePlace Suites, and SpringHill Suites properties.

⁵ Includes the Marriott Hotels, Renaissance Hotels, Gaylord Hotels, Autograph, and The Ritz-Carlton properties.

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

MARRIOTT INTERNATIONAL, INC.
KEY LODGING STATISTICS

Comparable Company-Operated North American Properties¹

Brand	Six Months Ended June 30, 2014 and June 30, 2013						
	REVPAR		Occupancy			Average Daily Rate	
	2014	vs. 2013	2014	vs. 2013		2014	vs. 2013
Marriott Hotels	\$142.99	4.8%	76.1%	1.6%	pts.	\$187.95	2.6%
Renaissance	\$133.20	3.5%	74.9%	1.2%	pts.	\$177.78	1.8%
The Ritz-Carlton	\$254.19	5.8%	74.2%	1.1%	pts.	\$342.66	4.2%
Composite North American Full-Service²	\$151.60	4.8%	75.4%	1.5%	pts.	\$200.94	2.7%
Courtyard	\$92.30	8.4%	71.5%	2.7%	pts.	\$129.09	4.3%
SpringHill Suites	\$84.18	4.9%	74.7%	1.9%	pts.	\$112.69	2.3%
Residence Inn	\$104.24	5.5%	78.5%	1.9%	pts.	\$132.80	3.0%
TownePlace Suites	\$70.11	20.1%	73.9%	8.2%	pts.	\$94.84	6.8%
Composite North American Limited-Service³	\$94.18	7.6%	73.7%	2.6%	pts.	\$127.73	3.9%
Composite - All⁴	\$129.10	5.6%	74.8%	1.9%	pts.	\$172.65	2.9%

Comparable Systemwide North American Properties¹

Brand	Six Months Ended June 30, 2014 and June 30, 2013						
	REVPAR		Occupancy			Average Daily Rate	
	2014	vs. 2013	2014	vs. 2013		2014	vs. 2013
Marriott Hotels	\$126.67	5.6%	73.6%	1.6%	pts.	\$172.02	3.3%
Renaissance	\$118.89	5.5%	73.8%	2.0%	pts.	\$161.07	2.6%
Autograph Collection	\$183.24	10.4%	77.8%	1.1%	pts.	\$235.50	8.9%
The Ritz-Carlton	\$254.19	5.8%	74.2%	1.1%	pts.	\$342.66	4.2%
Composite North American Full-Service⁵	\$135.05	5.8%	73.8%	1.6%	pts.	\$183.01	3.5%
Courtyard	\$92.64	6.6%	72.1%	1.8%	pts.	\$128.46	4.0%
Fairfield Inn & Suites	\$70.72	6.4%	69.5%	1.8%	pts.	\$101.77	3.7%
SpringHill Suites	\$83.48	7.0%	74.6%	2.6%	pts.	\$111.88	3.3%
Residence Inn	\$102.20	5.7%	79.3%	1.8%	pts.	\$128.95	3.4%
TownePlace Suites	\$72.00	9.3%	74.9%	3.5%	pts.	\$96.13	4.3%
Composite North American Limited-Service³	\$88.01	6.5%	73.8%	2.0%	pts.	\$119.32	3.7%
Composite - All⁶	\$105.67	6.2%	73.8%	1.8%	pts.	\$143.23	3.5%

¹ Statistics include properties located in the United States.

² Includes the Marriott Hotels, Renaissance Hotels, Gaylord Hotels, and The Ritz-Carlton properties.

³ Includes the Residence Inn, Courtyard, Fairfield Inn & Suites, TownePlace Suites, and SpringHill Suites properties.

⁴ Includes the Marriott Hotels, Renaissance Hotels, Gaylord Hotels, The Ritz-Carlton, Residence Inn, Courtyard, Fairfield Inn & Suites, TownePlace Suites, and SpringHill Suites properties.

⁵ Includes the Marriott Hotels, Renaissance Hotels, Gaylord Hotels, Autograph, and The Ritz-Carlton properties.

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

MARRIOTT INTERNATIONAL, INC.
NON-GAAP FINANCIAL MEASURES
EBITDA AND ADJUSTED EBITDA
(\$ in millions)

	Fiscal Year 2014	
	First Quarter	Second Quarter
Net Income	\$ 172	\$ 192
Interest expense	30	30
Tax provision	59	93
Depreciation and amortization	26	32
Depreciation classified in Reimbursed costs	12	13
Interest expense from unconsolidated joint ventures	1	1
Depreciation and amortization from unconsolidated joint ventures	4	3
EBITDA **	304	364
EDITION impairment charge	10	15
Share-based compensation (including share-based compensation reimbursed by third-party owners)	25	29
Adjusted EBITDA **	\$ 339	\$ 408
Increase over 2013 Quarterly Adjusted EBITDA**	12%	10%

	Fiscal Year 2013				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Net Income	\$ 136	\$ 179	\$ 160	\$ 151	\$ 626
Interest expense	31	29	28	32	120
Tax provision	65	84	63	59	271
Depreciation and amortization	25	33	34	35	127
Depreciation classified in Reimbursed costs	12	12	12	12	48
Interest expense from unconsolidated joint ventures	1	1	1	1	4
Depreciation and amortization from unconsolidated joint ventures	3	3	3	4	13
EBITDA **	273	341	301	294	1,209
Share-based compensation (including share-based compensation reimbursed by third-party owners)	30	31	28	27	116
Adjusted EBITDA **	\$ 303	\$ 372	\$ 329	\$ 321	\$ 1,325

** Denotes non-GAAP financial measures. Please see pages A-12 and A-13 for information about our reasons for providing these alternative financial measures and the limitations on their use.

MARRIOTT INTERNATIONAL, INC.
NON-GAAP FINANCIAL MEASURES
FULL YEAR EBITDA AND ADJUSTED EBITDA
FORECASTED 2014
(\$ in millions)

	Range		As Reported Full Year 2013
	Estimated EBITDA Full Year 2014		
Net Income	\$ 712	\$ 747	\$ 626
Interest expense	120	120	120
Tax provision	313	328	271
Depreciation and amortization	120	120	127
Depreciation classified in Reimbursed costs	50	50	48
Interest expense from unconsolidated joint ventures	5	5	4
Depreciation and amortization from unconsolidated joint ventures	15	15	13
EBITDA **	1,335	1,385	1,209
EDITION impairment charge	25	25	-
Share-based compensation (including share-based compensation reimbursed by third-party owners)	105	105	116
Adjusted EBITDA **	\$ 1,465	\$ 1,515	\$ 1,325
Increase over 2013 Adjusted EBITDA**	11%	14%	

** Denotes non-GAAP financial measures. See pages A-12 and A-13 for information about our reasons for providing these alternative financial measures and the limitations on their use.

MARRIOTT INTERNATIONAL, INC.
NON-GAAP FINANCIAL MEASURES
ADJUSTED OPERATING INCOME MARGIN EXCLUDING COST REIMBURSEMENTS AND OTHER CHARGES
SECOND QUARTER 2014 AND 2013
(\$ in millions)

	Second Quarter 2014	Second Quarter 2013
OPERATING INCOME MARGIN		
Operating Income	<u>\$ 316</u>	<u>\$ 279</u>
Total revenues as reported	\$ 3,484	\$ 3,263
Less: cost reimbursements	(2,763)	(2,610)
Total revenues excluding cost reimbursements **	<u>\$ 721</u>	<u>\$ 653</u>
Operating income margin, excluding cost reimbursements **	44%	43%
	Second Quarter 2014	Second Quarter 2013
ADJUSTED OPERATING INCOME MARGIN		
Operating Income	\$ 316	\$ 279
Add: EDITION impairment charge	15	-
Add: Venezuela currency loss	7	-
Operating income, as adjusted **	<u>\$ 338</u>	<u>\$ 279</u>
Adjusted operating income increase over prior year **	21%	
Adjusted operating income margin, excluding cost reimbursements and other charges **	47%	

** Denotes non-GAAP financial measures. Please see pages A-12 and A-13 for information about our reasons for providing these alternative financial measures and the limitations on their use.

MARRIOTT INTERNATIONAL, INC.
NON-GAAP FINANCIAL MEASURES
ADJUSTED 2014 EPS EXCLUDING OTHER CHARGES, NET OF TAX
(in millions, except per share amounts)

	Second Quarter 2014	Second Quarter 2013
Net income, as reported	<u>\$ 192</u>	<u>\$ 179</u>
Add: EDITION impairment charge, net of tax	9	
Add: Venezuela currency loss, net of tax	5	
Add: Litigation reserve, net of tax	7	
Net income, as adjusted **	<u><u>\$ 213</u></u>	
Diluted EPS, as reported	<u>\$ 0.64</u>	<u>\$ 0.57</u>
Add: EDITION impairment charge, net of tax	0.03	
Add: Venezuela currency loss, net of tax	0.02	
Add: Litigation reserve, net of tax	0.02	
Diluted EPS, as adjusted **	<u><u>\$ 0.71</u></u>	
Diluted Shares	298.7	314.0
Increase over 2013 Diluted EPS	12%	
Adjusted increase over 2013 Diluted EPS **	25%	

** Denotes non-GAAP financial measures. See page A-12 and A-13 for 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 required by, or presented in accordance with 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 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, we may calculate and/or present these non-GAAP financial measures differently than measures with the same or similar names that other companies report, and as a result, the non-GAAP measures we report may not be comparable to those reported by others.

Adjusted Measures that Exclude 2014 Second Quarter Charges. We recorded charges of \$33 million pre-tax (\$21 million after-tax) in the second quarter of 2014, none of which were allocated to any of our business segments, consisting of: (1) a \$15 million impairment charge recorded in the "Depreciation, amortization, and other" caption of our Income Statement following an evaluation of our EDITION hotels for recovery and determination that our cost estimates exceeded our total fixed sales price; (2) an \$11 million charge recorded in "Equity in losses" caption of our Income Statement for a litigation reserve; and (3) a \$7 million charge recorded in the "General, administrative, and other" caption of our Income Statement for foreign currency exchange losses from the devaluation of assets denominated in Venezuelan Bolívares. We believe that measures that exclude these 2014 second quarter charges are a meaningful measure of our performance because these measures permit period-over-period comparisons of our ongoing core operations before these items and facilitate our comparison of results before these items with results from other lodging companies.

Earnings Before Interest Expense, Taxes, Depreciation and Amortization ("EBITDA") and Adjusted EBITDA. EBITDA, a financial measure that is not required by, or presented in accordance with GAAP, reflects net income excluding the impact of interest expense, provision for income taxes, depreciation and amortization. We believe that EBITDA is a meaningful 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 expense which we report under "Depreciation, amortization, and other" as well as depreciation included under "Reimbursed costs" in our Consolidated Statements of Income, 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.

We also believe that Adjusted EBITDA, another non-GAAP financial measure, is a meaningful indicator of operating performance. Our Adjusted EBITDA reflects adjustments to exclude pre-tax impairment charges of \$10 million in the 2014 first quarter and \$15 million in the 2014 second quarter, both which relate to the impairment charge described more fully above, and share-based compensation expense for all periods presented. Because companies use share-based payment awards differently, both in the type and quantity of awards granted, we excluded share-based compensation expense to address considerable variability among companies in recording compensation expense. We believe that Adjusted EBITDA that excludes these items is a meaningful measure of our operating performance because it permits period-over-period comparisons of our ongoing core operations before these items and facilitates our comparison of results before these items with results from other lodging companies.

EBITDA and Adjusted EBITDA have limitations and should not be considered in isolation or as substitutes for performance measures calculated under GAAP. Both of these non-GAAP measures exclude certain cash expenses that we are obligated to make. In addition, other companies in our industry may calculate EBITDA and in particular Adjusted EBITDA differently than we do or may not calculate them at all, limiting the usefulness of EBITDA and Adjusted EBITDA as comparative measures.

Adjusted 2014 EPS Excluding 2014 Other Charges, Net of Tax. Our EPS excludes charges of \$33 million pre-tax (\$21 million after-tax) that we recorded in the second quarter of 2014, each of which we describe more fully above. We believe that EPS excluding these items is a meaningful measure of our performance because it permits period-over-period comparisons of our ongoing core operations before these items and facilitates our comparison of results before these items with results from other lodging companies.

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Adjusted Operating Income Margin Excluding Cost Reimbursements and Other Charges. Cost reimbursements revenue represents reimbursements we receive for costs we incur on behalf of managed and franchised properties and relates, predominantly, to payroll costs at managed properties where we are the employer, but also includes reimbursements for other costs, such as those associated with our Marriott Rewards and The Ritz-Carlton Rewards programs. As we record cost reimbursements based on the costs we incur 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 operating income and therefore, operating income margin, as adjusted for the \$15 million pre-tax impairment charge and the \$7 million pre-tax foreign currency exchange losses from the devaluation of assets denominated in Venezuelan Bolivars, meaningful for the reasons noted above. In calculating adjusted operating income margin we consider total revenues as adjusted to exclude cost reimbursements and adjusted operating income margin to further exclude cost reimbursements to be meaningful metrics as they represent that portion of revenue and operating income margin that impacts operating income and net income.