

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 United States generally accepted accounting principles.

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:

	Third Quarter 2004			Third Quarter 2003		
	Continuing Operations			Continuing Operations		
	Income from Continuing Operations	Synthetic Fuel Impact	Excluding Synthetic Fuel	Income from Continuing Operations	Synthetic Fuel Impact	Excluding Synthetic Fuel
Operating Income (loss)	\$ 99	\$ (31)	\$ 130	\$ 90	\$ (3)	\$ 93
Gains and other income	43	19	24	15	-	15
Interest income, provision for loan losses and interest expense	10	-	10	4	-	4
Equity in (losses)	(8)	-	(8)	(3)	-	(3)
Pre-tax income (loss)	144	(12)	156	106	(3)	109
Tax (Provision)/Benefit	(57)	(1)	(56)	(36)	1	(37)
Tax Credits	29	29	-	52	52	-
Total Tax (Provision)/Benefit	(28)	28	(56)	16	53	(37)
Income from Continuing Operations before Minority Interest	116	16	100	122	50	72
Minority Interest	16	15	1	(29)	(29)	-
Income from Continuing Operations	\$ 132	\$ 31	\$ 101	\$ 93	\$ 21	\$ 72
Diluted Shares	238.9	238.9	238.9	245.8	245.8	245.8
Earnings per Share - Diluted	\$0.55	\$0.13	\$0.42	\$0.38	\$0.09	\$0.29
Tax Rate	19.6%		35.9%	-15.3%		34.5%

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	Third Quarter YTD 2004			Third Quarter YTD 2003		
	Continuing Operations			Continuing Operations		
	Income from Continuing Operations	Synthetic Fuel Impact	Excluding Synthetic Fuel	Income from Continuing Operations	Synthetic Fuel Impact	Excluding Synthetic Fuel
Operating Income (loss)	\$ 368	\$ (61)	\$ 429	\$ 216	\$ (104)	\$ 320
Gains and other income	95	28	67	54	-	54
Interest income, provision for loan losses and interest expense	29	-	29	(6)	-	(6)
Equity in (losses)	(37)	(28)	(9)	(1)	-	(1)
Pre-tax income (loss)	455	(61)	516	263	(104)	367
Tax (Provision)/Benefit	(172)	12	(184)	(90)	37	(127)
Tax Credits	93	93	-	162	162	-
Total Tax (Provision)/Benefit	(79)	105	(184)	72	199	(127)
Income from Continuing Operations before Minority Interest	376	44	332	335	95	240
Minority Interest	30	29	1	(29)	(29)	-
Income from Continuing Operations	\$ 406	\$ 73	\$ 333	\$ 306	\$ 66	\$ 240
Diluted Shares	240.9	240.9	240.9	244.8	244.8	244.8
Earnings per Share - Diluted	\$1.69	\$0.30	\$1.39	\$1.25	\$0.27	\$0.98
Tax Rate	17.4%		35.6%	-27.4%		34.6%

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Non-GAAP Financial Measure Reconciliation
(\$ 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 United States generally accepted accounting principles.

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
Add back: Synthetic fuel operating loss	59	42	3	-	104
Lodging operating income	\$ 117	\$ 110	\$ 93	\$ 161	\$ 481

	Fiscal Year 2004			
	First Quarter	Second Quarter	Third Quarter	Third Quarter YTD
Operating income as reported	\$ 151	\$ 118	\$ 99	\$ 368
Add back: Synthetic fuel operating loss	-	30	31	61
Lodging operating income	\$ 151	\$ 148	\$ 130	\$ 429

MARRIOTT INTERNATIONAL, INC.

Non-GAAP Financial Measure

EBITDA (in millions)

We consider earnings before interest, taxes, depreciation and amortization, adjusted to eliminate the impact of our synthetic fuel segment (Adjusted 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, and reflects our belief that the synthetic fuel segment will no longer have a material impact on our business after the Section 29 synthetic fuel tax credits expire at the end of 2007. However, EBITDA and Adjusted EBITDA are non-GAAP financial measures, and are not alternatives to net income, financial results, cash flow from operations, or any other operating measure prescribed by United States generally accepted accounting principles. Additionally, our calculation of EBITDA and Adjusted EBITDA may be different from the calculations used by other companies and as a result comparability may be limited.

Fiscal Year 2004				
	First Quarter	Second Quarter	Third Quarter	Third Quarter YTD
Net income	\$ 114	\$ 160	\$ 133	\$ 407
Interest expense	22	24	23	69
Tax provision continuing operations	18	33	28	79
Tax provision discontinued operations	-	-	1	1
Depreciation	32	29	32	93
Amortization	7	8	7	22
Interest expense from unconsolidated joint ventures	10	11	9	30
Depreciation and amortization from unconsolidated joint ventures	13	9	13	35
EBITDA	\$ 216	\$ 274	\$ 246	\$ 736
Synthetic fuel adjustment	28	5	(6)	27
Pre-tax loss (gain) discontinued operations	(1)	-	(1)	(2)
Adjusted EBITDA	\$ 243	\$ 279	\$ 239	\$ 761

The following items make up the synfuel adjustment:

Pre-tax synthetic fuel operating losses	\$ -	\$ 21	\$ 12	\$ 33
Pre-tax synthetic fuel equity losses	28	-	-	28
Pre-tax minority interest - synthetic fuel	-	(14)	(15)	(29)
Synthetic fuel depreciation		(2)	(3)	(5)
EBITDA adjustment for synthetic fuel	\$ 28	\$ 5	\$ (6)	\$ 27

Fiscal Year 2003					
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Net income	\$ 116	\$ 125	\$ 92	\$ 169	\$ 502
Interest expense	26	25	26	33	110
Tax provision (benefit) – continuing operations	(40)	(16)	(16)	29	(43)
Tax provision (benefit) – discontinued operations	19	(1)	-	(2)	16
Tax benefit included in minority interest ⁽¹⁾			49	45	94
Depreciation	29	27	30	46	132
Amortization	5	7	7	9	28
Interest expense from unconsolidated joint ventures	10	12	13	16	51
Depreciation and amortization from unconsolidated joint ventures	11	12	13	17	53
EBITDA	\$ 176	\$ 191	\$ 214	\$ 362	\$ 943
Synthetic fuel adjustment	57	39	(19)	(30)	47
Pre-tax loss (gain) discontinued operations	(48)	2	1	3	(42)
Adjusted EBITDA	\$ 185	\$ 232	\$ 196	\$ 335	\$ 948

The following items make up the synfuel adjustment:

Pre-tax synthetic fuel operating losses	\$ 59	\$ 42	\$ 3	\$ -	\$ 104
Pre-tax synthetic fuel equity (earnings)	-	-	-	(10)	(10)
Pre-tax minority interest - synthetic fuel	-	-	(20)	(19)	(39)
Synthetic fuel depreciation	(2)	(3)	(2)	(1)	(8)
EBITDA adjustment for synthetic fuel	\$ 57	\$ 39	\$ (19)	\$ (30)	\$ 47

⁽¹⁾ 2003 minority interest tax benefits have been reclassified in order to make the presentation comparable.