

MARRIOTT INTERNATIONAL, INC.
Segment Information, Non-GAAP Financial Measures and Reconciliations

Segment Information

Segment Results are evaluated by management based primarily on the results of the segment without allocating corporate expenses, interest income, provision for loan losses and interest expense. With the exception of the Synthetic Fuel segment, we also do not allocate income taxes to our segments. As note sales are an integral part of the Timeshare segment, we include Timeshare note sale gains in our Timeshare segment results, and we allocate other gains and other income, joint venture income or losses and divisional general, administrative and other expenses to each of our segments.

Non-GAAP Financial Measures

We report certain financial measures that are not prescribed or authorized by U.S. 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). 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, net cash provided by operating activities 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.

Diluted Earnings per Share Excluding 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. Furthermore, for the 2006 fiscal year we have not provided forward looking guidance for the Synthetic Fuel segment. Accordingly, management evaluates the non-GAAP measure diluted earnings per share excluding the Synthetic Fuel segment because this measure allows for period-over-period comparison of our on-going core lodging operations. In addition, this non-GAAP measure facilitates management's comparison of our results with the results of other lodging companies.

Free Cash Flow. We calculate free cash flow as net cash provided by operating activities less net cash used by investing activities. We consider free cash flow to be a meaningful indicator of our operating performance and evaluate this metric because it represents the cash we expect to have available for debt service requirements, opportunistic investments, share repurchases and other purposes.

Return on Invested Capital. We calculate return on invested capital (“ROIC”) excluding our synthetic fuel operation as earnings before income taxes and interest expense (EBIT), excluding our synthetic fuel operation, divided by average capital investment, excluding our Synthetic Fuel segment. We exclude our synthetic fuel operations for the reasons noted above in the “Diluted Earnings per Share Excluding Synthetic Fuel” caption. We consider ROIC excluding our synthetic fuel operation to be a meaningful indicator of our operating performance, and we evaluate this financial measure because it measures how effectively we use the money invested in our lodging operations.

Lodging Net Revenue. We calculate lodging net revenue as operating income excluding the impact of both our Synthetic Fuel segment and general, administrative and other expenses. We exclude the Synthetic Fuel segment for the reasons noted above in the “Diluted Earnings per Share Excluding Synthetic Fuel” caption. We consider lodging net revenue to be a meaningful indicator of our performance because it measures our core lodging performance before the impact of both general, administrative and other expenses and the synthetic fuel operations. We do not allocate our general, administrative and other expenses to the line items of our income statement. In addition, in preparing our forecasts and budgets we focus on lodging net revenue and general, administrative and other expenses separately.

Timeshare Segment Results Excluding Timeshare General, Administrative and Other Expenses. We consider the percentage contribution of each of the components of our Timeshare segment results excluding the impact of Timeshare general, administrative and other expenses to be meaningful indicators of our performance because these contribution percentages highlight the relative importance of the components to our Timeshare segment. Management excludes Timeshare segment general, administrative and other expenses from the analysis because those expenses are not allocated to the individual components, but instead represent expenses for our Timeshare segment as a whole.

MARRIOTT INTERNATIONAL, INC.
Non-GAAP Financial Measure Reconciliation
Lodging Net Revenue

(\$ in millions)

The calculation of lodging net revenue is as follows:

				Range	
	2006	2009	2009	2009	
	Estimate	Estimate	Estimate	Estimate	
		RevPAR 4%	RevPAR 6%	RevPAR 8%	
Base fees	\$ 551	\$ 725	\$ 750	\$ 775	
Franchise fees	386	525	545	565	
Base and franchise fees	\$ 937	\$ 1,250	\$ 1,295	\$ 1,340	
Incentive fees	272	390	480	570	
Total fees	1,209	1,640	1,775	1,910	
Timeshare sales and services revenue	*	*	*	*	
Timeshare - direct expenses	*	*	*	*	
Timeshare net revenue	342	385	410	410	
Owned, leased, corporate housing and other revenue	*	*	*	*	
Owned, leased and corporate housing - direct expenses	*	*	*	*	
Owned, leased, corporate housing and other, net revenue	179	230	240	250	
Lodging net revenue **	\$ 1,730	\$ 2,255	\$ 2,425	\$ 2,570	

* Forward-looking detail is not available.

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

				Range	
	2006	2009	2009	2009	
	Estimate	Estimate	Estimate	Estimate	
		RevPAR 4%	RevPAR 6%	RevPAR 8%	
Operating income ¹	\$ 1,072	\$ 1,508	\$ 1,678	\$ 1,823	
Add back general, administrative and other expenses	658	747	747	747	
Lodging net revenue **	\$ 1,730	\$ 2,255	\$ 2,425	\$ 2,570	

¹ Does not include the synthetic fuel operations. Forward looking detail not provided for 2006 and the IRS tax credits expire in 2007.

** Denotes a non-GAAP financial measure.

MARRIOTT INTERNATIONAL, INC.
Total Forecast and Timeshare Segment Component

(\$ in millions)

	Fiscal Year 2006 Forecast		
	Total Range		Timeshare Segment ¹
Base management, incentive management and franchise fees ²	\$ 1,204	\$ 1,214	\$ 34
Owned, leased, corporate housing and other revenue, net of direct expenses	176	181	-
Timeshare net revenue	339	344	342
General, administrative and other expenses	(660)	(655)	(103)
Synthetic fuel	*	*	-
OPERATING INCOME ³	1,059	1,084	273
Gains and other income ³	63	63	-
Interest expense, net of interest income and loan loss provision ³	(78)	(73)	-
Equity in earnings	7	7	2
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES ³	\$ 1,051	\$ 1,081	\$ 275

¹ Represents the mid-point of the amounts included within the "Total" range columns.

² For the Timeshare segment represents only base fees.

³ Excluding Synthetic Fuel, as forward looking detail not provided.

* Forward-looking detail is not available.

MARRIOTT INTERNATIONAL, INC.
Non-GAAP Financial Measure Reconciliation
Timeshare Segment Results Excluding Timeshare General,
Administrative and Other Expenses
(\$ in millions)

The reconciliation of Timeshare segment results to Timeshare segment results excluding Timeshare general, administrative and other expenses is as follows:

	Fiscal Year Forecast	
	2006	2009
Timeshare segment results	\$ 275	\$ 377
Add back Timeshare general, administrative and other expenses	<u>103</u>	<u>106</u>
Timeshare segment results excluding general, administrative and other expenses **	<u><u>\$ 378</u></u>	<u><u>\$ 483</u></u>

** Denotes a non-GAAP financial measure.

MARRIOTT INTERNATIONAL, INC.
Non-GAAP Financial Measure Reconciliation
Diluted Earnings per Share from Continuing Operations excluding Synthetic Fuel
(in millions, except per share amounts)

	Fiscal Year 2002			Fiscal Year 2003			Fiscal Year 2004			Fiscal Year 2005		
	Continuing Operations			Continuing Operations			Continuing Operations			Continuing Operations		
	As Reported	Synthetic Fuel Impact	** Excluding Synthetic Fuel	As Reported	Synthetic Fuel Impact	** Excluding Synthetic Fuel	As Reported	Synthetic Fuel Impact	** Excluding Synthetic Fuel	As Reported	Synthetic Fuel Impact	** Excluding Synthetic Fuel
Income (loss) from continuing operations before income taxes and minority interest	\$ 471	\$ (134)	\$ 605	\$ 488	\$ (94)	\$ 582	\$ 654	\$ (98)	\$ 752	\$ 717	\$ (112)	\$ 829
Tax (provision)/benefit	(191)	49	(240)	(168)	34	(202)	(244)	21	(265)	(261)	23	(284)
Tax credits	159	159	-	211	211	-	144	144	-	167	167	-
Total tax (provision)/benefit	(32)	208	(240)	43	245	(202)	(100)	165	(265)	(94)	190	(284)
Income from continuing operations before minority interest	439	74	365	531	151	380	554	67	487	623	78	545
Minority interest	-	-	-	(55)	(55)	-	40	40	-	45	47	(2)
Income from continuing operations	\$ 439	\$ 74	\$ 365	\$ 476	\$ 96	\$ 380	\$ 594	\$ 107	\$ 487	\$ 668	\$ 125	\$ 543
Diluted shares	509.3	509.3	509.3	490.8	490.8	490.8	481.0	481.0	481.0	462.3	462.3	462.3
Earnings from continuing operations per share - diluted ¹	\$ 0.87	\$ 0.15	\$ 0.72	\$ 0.97	\$ 0.20	\$ 0.77	\$ 1.24	\$ 0.22	\$ 1.01	\$ 1.45	\$ 0.27	\$ 1.17

** Denotes a non-GAAP financial measure.

¹ The sum of earnings per share as reported less the individual earnings per share impact associated with Synthetic Fuel may not sum to earnings per share excluding Synthetic Fuel.

Marriott International, Inc.
Non-GAAP Financial Measure Reconciliation
Return on Invested Capital
(\$ in millions)

The reconciliation of income from continuing operations to earnings before income taxes and interest expense is as follows:

	Fiscal Year 2005			Fiscal Year 2004			Fiscal Year 2003		
	As Reported	Synthetic Fuel Impact ¹	Excluding Synthetic Fuel ^{**}	As Reported	Synthetic Fuel Impact ¹	Excluding Synthetic Fuel ^{**}	As Reported	Synthetic Fuel Impact ¹	Excluding Synthetic Fuel ^{**}
Income from continuing operations	\$ 668	\$ 125	\$ 543	\$ 594	\$ 107	\$ 487	\$ 476	\$ 96	\$ 380
Add:									
Provision (benefit) for income taxes	94	(190)	284	100	(165)	265	(43)	(245)	202
Tax benefit included in minority interest	-	-	-	-	-	-	94	94	-
Interest expense	106	-	106	99	-	99	110	-	110
Goodwill amortization ²	-	-	-	-	-	-	-	-	-
Timeshare interest ³	24	-	24	21	-	21	21	-	21
Earnings (losses) before income taxes and interest expense	<u>\$ 892</u>	<u>\$ (65)</u>	<u>\$ 957</u>	<u>\$ 814</u>	<u>\$ (58)</u>	<u>\$ 872</u>	<u>\$ 658</u>	<u>\$ (55)</u>	<u>\$ 713</u>

The reconciliation of assets to invested capital is as follows :

	Year End 2005			Year End 2004			Year End 2003		
	Total	Synthetic Fuel Impact ¹	Excluding Synthetic Fuel	Total	Synthetic Fuel Impact ¹	Excluding Synthetic Fuel	Total	Synthetic Fuel Impact ¹	Excluding Synthetic Fuel
Assets	\$ 8,530	\$ 103	\$ 8,427	\$ 8,668	\$ 116	\$ 8,552	\$ 8,177	\$ 83	\$ 8,094
Add:									
Cumulative goodwill amortization	128	-	128	128	-	128	128	-	128
Current liabilities - discontinued operations	-	-	-	-	-	-	-	-	-
Less:									
Current liabilities, net of current portion of long-term debt	(2,077)	(54)	(2,023)	(2,005)	(76)	(1,929)	(1,779)	(16)	(1,763)
Assets - discontinued operations	-	-	-	-	-	-	-	-	-
Deferred tax assets, net	(765)	-	(765)	(559)	-	(559)	(466)	-	(466)
Timeshare capitalized interest	(20)	-	(20)	(21)	-	(21)	(22)	-	(22)
Invested capital	<u>\$ 5,796</u>	<u>\$ 49</u>	<u>\$ 5,747</u>	<u>\$ 6,211</u>	<u>\$ 40</u>	<u>\$ 6,171</u>	<u>\$ 6,038</u>	<u>\$ 67</u>	<u>\$ 5,971</u>
Average capital investment ⁴	<u>\$ 6,004</u>	<u>\$ 45</u>	<u>\$ 5,959</u>	<u>\$ 6,125</u>	<u>\$ 54</u>	<u>\$ 6,071</u>	<u>\$ 5,755</u>	<u>\$ 56</u>	<u>\$ 5,699</u>
Return on invested capital ^{**}			16%			14%			13%

Detail forecast information is not available for 2006 and 2009. We expect ROIC to exceed 20% for 2006 and be in the mid to high 20's for 2009.

^{**} Denotes a non-GAAP financial measure.

1. We acquired the synthetic fuel operations in the 2001 fourth quarter and began operating the facilities in the 2002 first quarter.
2. Beginning with 2002, we stopped amortizing goodwill in conjunction with the adoption of FAS No. 142, "Goodwill and Other Intangible Assets." For comparability, we add the amortized portion back for 2001, 2000 and 1999.
3. Timeshare interest represents previously capitalized interest that is a component of product cost.
4. Calculated as "Invested capital" for the current year and prior year, divided by two.

Marriott International, Inc.
Non-GAAP Financial Measure Reconciliation
Return on Invested Capital
(\$ in millions)

The reconciliation of income from continuing operations to earnings before income taxes and interest expense is as follows:

	Fiscal Year 2002			Fiscal Year 2001			Fiscal Year 2000	Fiscal Year 1999
	As Reported	Synthetic Fuel Impact ¹	Excluding Synthetic Fuel ^{**}	As Reported	Synthetic Fuel Impact ¹	Excluding Synthetic Fuel ^{**}	As Reported	As Reported
Income from continuing operations	\$ 439	\$ 74	\$ 365	\$ 269	\$ -	\$ 269	\$ 490	\$ 399
Add:								
Provision (benefit) for income taxes	32	(208)	240	152	-	152	281	235
Tax benefit included in minority interest	-	-	-	-	-	-	-	-
Interest expense	86	-	86	109	-	109	100	61
Goodwill amortization ²	-	-	-	28	-	28	29	29
Timeshare interest ³	17	-	17	12	-	12	8	8
Earnings (losses) before income taxes and interest expense	<u>\$ 574</u>	<u>\$ (134)</u>	<u>\$ 708</u>	<u>\$ 570</u>	<u>\$ -</u>	<u>\$ 570</u>	<u>\$ 908</u>	<u>\$ 732</u>

The reconciliation of assets to invested capital is as follows :

	Year End 2002			Year End 2001			Year End 2000	Year End 1999
	Total	Synthetic Fuel Impact ¹	Excluding Synthetic Fuel	Total	Synthetic Fuel Impact ¹	Excluding Synthetic Fuel	Total	Total
Assets	\$ 8,296	\$ 59	\$ 8,237	\$ 9,107	\$ 49	\$ 9,058	\$ 8,237	\$ 7,324
Add:								
Cumulative goodwill amortization	128	-	128	128	-	128	100	71
Current liabilities - discontinued operations	119	-	119	129	-	129	125	118
Less:								
Current liabilities, net of current portion of long-term debt	(2,043)	(14)	(2,029)	(1,883)	-	(1,883)	(1,926)	(1,770)
Assets - discontinued operations	(633)	-	(633)	(889)	-	(889)	(978)	(1,167)
Deferred tax assets, net	(369)	-	(369)	(128)	-	(128)	(72)	(84)
Timeshare capitalized interest	(26)	-	(26)	(17)	-	(17)	(7)	(4)
Invested capital	<u>\$ 5,472</u>	<u>\$ 45</u>	<u>\$ 5,427</u>	<u>\$ 6,447</u>	<u>\$ 49</u>	<u>\$ 6,398</u>	<u>\$ 5,479</u>	<u>\$ 4,488</u>
Average capital investment ⁴	<u>\$ 5,960</u>	<u>\$ 47</u>	<u>\$ 5,913</u>	<u>\$ 5,963</u>	<u>\$ 25</u>	<u>\$ 5,938</u>	<u>\$ 4,984</u>	
Return on invested capital ^{**}			12%			10%	18%	

^{**} Denotes a non-GAAP financial measure.

1. We acquired the synthetic fuel operations in the 2001 fourth quarter and began operating the facilities in the 2002 first quarter.
2. Beginning with 2002, we stopped amortizing goodwill in conjunction with the adoption of FAS No. 142, "Goodwill and Other Intangible Assets." For comparability, we add the amortized portion back for 2001, 2000 and 1999.
3. Timeshare interest represents previously capitalized interest that is a component of product cost.
4. Calculated as "Invested capital" for the current year and prior year, divided by two.