

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 business. 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.

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

	Fiscal Year 2006					
	First Quarter	Second Quarter	Range		Range	
			Estimated Third Quarter	Estimated Third Quarter	Estimated Full Year	Estimated Full Year
Operating income	\$ 203	\$ 234	***	***	***	***
Add back: Synthetic Fuel operating loss ***	27	18	***	***	***	***
Lodging operating income **	<u>\$ 230</u>	<u>\$ 252</u>	<u>\$ 195</u>	<u>\$ 200</u>	<u>\$ 950</u>	<u>\$ 980</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 third and fourth quarters of 2006.

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

Twelve Weeks ending June 16, 2006					
	As Reported	Synthetic Fuel Impact	Excluding Synthetic Fuel **	CTF Transaction	Excluding Synthetic Fuel and CTF Transaction **
Operating income (loss)	\$ 234	\$ (18)	\$ 252	\$ -	\$ 252
Gains and other income	48	3	45	-	45
Interest income, provision for loan losses and interest expense	(17)	2	(19)	-	(19)
Equity in earnings	6	-	6	-	6
Income (loss) before Income Taxes, Minority Interest and Cumulative Effect of Change in Accounting Principle	271	(13)	284	-	284
Tax (Provision)/Benefit	(96)	6	(102)	-	(102)
Tax Credits	11	11	-	-	-
Total Tax (Provision)/Benefit	(85)	17	(102)	-	(102)
Income before Minority Interest and Cumulative Effect of Change in Accounting Principle	186	4	182	-	182
Minority Interest	-	-	-	-	-
Income before Cumulative Effect of Change in Accounting Principle	\$ 186	\$ 4	\$ 182	\$ -	\$ 182
Diluted Shares	436.6	436.6	436.6	436.6	436.6
Earnings per Share - Diluted	\$0.43	\$0.01	\$0.42	\$0.00	\$0.42
Tax Rate	31.4%		35.9%		35.9%

Twelve Weeks ending June 17, 2005					
	As Reported	Synthetic Fuel Impact	Excluding Synthetic Fuel **	CTF Transaction	Excluding Synthetic Fuel and CTF Transaction **
Operating income (loss)	\$ 41	\$ (36)	\$ 77	\$ (94)	\$ 171
Gains and other income	63	8	55	-	55
Interest income, provision for loan losses and interest expense	4	-	4	-	4
Equity in earnings	6	-	6	-	6
Income (loss) before Income Taxes, Minority Interest and Cumulative Effect of Change in Accounting Principle	114	(28)	142	(94)	236
Tax (Provision)/Benefit	(39)	9	(48)	32	(80)
Tax Credits	59	59	-	-	-
Total Tax Benefit/(Provision)	20	68	(48)	32	(80)
Income before Minority Interest and Cumulative Effect of Change in Accounting Principle	134	40	94	(62)	156
Minority Interest	4	4	-	-	-
Income before Cumulative Effect of Change in Accounting Principle	\$ 138	\$ 44	\$ 94	\$ (62)	\$ 156
Diluted Shares	468.9	468.9	468.9	468.9	468.9
Earnings per Share - Diluted	\$0.29	\$0.09	\$0.20	(\$0.13)	\$0.33
Tax Rate	-17.5%		33.8%		33.8%

** Denotes non-GAAP financial measures.
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MARRIOTT INTERNATIONAL, INC.
Non-GAAP Financial Measure Reconciliation
Measures that Exclude Synthetic Fuel and CTF Transaction
(in millions, except per share amounts)

Twenty-Four Weeks ending June 16, 2006					
	<u>As Reported</u>	<u>Synthetic Fuel Impact</u>	<u>Excluding Synthetic Fuel **</u>	<u>CTF Transaction</u>	<u>Excluding Synthetic Fuel and CTF Transaction **</u>
Operating income (loss)	\$ 437	\$ (45)	\$ 482	\$ -	\$ 482
Gains and other income (expense)	82	(1)	83	-	83
Interest income, provision for loan losses and interest expense	(31)	2	(33)	-	(33)
Equity in earnings	3	-	3	-	3
Income (loss) before Income Taxes, Minority Interest and Cumulative Effect of Change in Accounting Principle	491	(44)	535	-	535
Tax (Provision)/Benefit	(173)	14	(187)	-	(187)
Tax Credits	32	32	-	-	-
Total Tax (Provision)/Benefit	(141)	46	(187)	-	(187)
Income before Minority Interest and Cumulative Effect of Change in Accounting Principle	350	2	348	-	348
Minority Interest	6	5	1	-	1
Income before Cumulative Effect of Change in Accounting Principle	<u>\$ 356</u>	<u>\$ 7</u>	<u>\$ 349</u>	<u>\$ -</u>	<u>\$ 349</u>
Diluted Shares	438.9	438.9	438.9	438.9	438.9
Earnings per Share - Diluted	\$0.81	\$0.02	\$0.79	\$0.00	\$0.79
Tax Rate	28.7%		35.0%		35.0%

Twenty-Four Weeks ending June 17, 2005					
	<u>As Reported</u>	<u>Synthetic Fuel Impact</u>	<u>Excluding Synthetic Fuel **</u>	<u>CTF Transaction</u>	<u>Excluding Synthetic Fuel and CTF Transaction **</u>
Operating income (loss)	\$ 199	\$ (81)	\$ 280	\$ (94)	\$ 374
Gains and other income (expense)	58	(1)	59	-	59
Interest income, provision for loan losses and interest expense	(4)	-	(4)	-	(4)
Equity in earnings	1	-	1	-	1
Income (loss) before Income Taxes, Minority Interest and Cumulative Effect of Change in Accounting Principle	254	(82)	336	(94)	430
Tax (Provision)/Benefit	(91)	24	(115)	32	(147)
Tax Credits	106	106	-	-	-
Total Tax Benefit/(Provision)	15	130	(115)	32	(147)
Income before Minority Interest and Cumulative Effect of Change in Accounting Principle	269	48	221	(62)	283
Minority Interest	14	14	-	-	-
Income before Cumulative Effect of Change in Accounting Principle	<u>\$ 283</u>	<u>\$ 62</u>	<u>\$ 221</u>	<u>\$ (62)</u>	<u>\$ 283</u>
Diluted Shares	475.5	475.5	475.5	475.5	475.5
Earnings per Share - Diluted	\$0.60	\$0.13	\$0.47	(\$0.13)	\$0.60
Tax Rate	-5.9%		34.2%		34.2%

** Denotes non-GAAP financial measures.

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

Fiscal Year 2006			
	First Quarter	Second Quarter	Total
Net income	\$ 65	\$ 186	\$ 251
Cumulative effect of change in accounting principle, before tax	173	-	173
Interest expense	27	30	57
Tax provision from continuing operations	56	85	141
Tax benefit from cumulative effect of change in accounting principle	(68)	-	(68)
Depreciation	34	34	68
Amortization	6	8	14
Less: Depreciation reimbursed by third-party owners	(4)	(4)	(8)
Interest expense from unconsolidated joint ventures	5	6	11
Depreciation and amortization from unconsolidated joint ventures	6	7	13
EBITDA **	\$ 300	\$ 352	\$ 652
Synthetic fuel adjustment	24	11	35
Adjusted EBITDA **	\$ 324	\$ 363	\$ 687
Increase over 2005 Adjusted EBITDA	17%	19%	18%

The following items make up the Synthetic Fuel adjustment:

Pre-tax synthetic fuel operating losses	\$ 31	\$ 13	\$ 44
Pre-tax minority interest - synthetic fuel	(5)	-	(5)
Synthetic fuel depreciation	(2)	(2)	(4)
EBITDA adjustment for synthetic fuel	\$ 24	\$ 11	\$ 35

Fiscal Year 2005					
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
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
EBITDA **	\$ 234	\$ 190	\$ 259	\$ 422	\$ 1,105
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
Adjusted EBITDA **	\$ 276	\$ 306	\$ 267	\$ 421	\$ 1,270

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)
EBITDA adjustment for synthetic fuel	\$ 42	\$ 22	\$ (7)	\$ (1)	\$ 56

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