

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

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 (each of which we identify with the symbol “†”). Although management evaluates and presents these non-GAAP measures for the reasons we describe, please be aware that these non-GAAP measures have limitations, and you should not consider these measures 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 Reflect the Timeshare Spin-off as if it had Occurred on the First Day of 2011 or 2010, as applicable (“Timeshare Spin-off Adjustments”). On November 21, 2011 we completed a spin-off of our timeshare operations and timeshare development business through a special tax-free dividend to our shareholders of all of the issued and outstanding common stock of our wholly owned subsidiary Marriott Vacations Worldwide Corporation (“MVW”).

Because of our significant continuing involvement in MVW future operations (by virtue of our license and other agreements with MVW), we continue to include our former Timeshare segment's historical financial results for periods before the spin-off date in our historical financial results as a component of continuing operations. Under the license agreements we receive license fees consisting of a fixed annual fee of \$50 million (subject to a periodic inflation adjustment), plus two percent of the gross sales price paid to MVW for initial developer sales of interests in vacation ownership units and residential real estate units and one percent of the gross sales price paid to MVW for resales of interests in vacation ownership units and residential real estate units, in each case that are identified with or use the Marriott or Ritz-Carlton marks.

In order to perform year-over-year comparisons on a comparable basis, management evaluates non-GAAP measures that, for certain periods prior to the spin-off date assume the spin-off had occurred on the first day of 2011 or 2010, as applicable. The Timeshare Spin-off Adjustments remove the results of our former Timeshare segment, assume payment by MVW of estimated license fees of \$60 million for 2011 and \$64 million for 2010, and remove the unallocated spin-off transaction costs of \$34 million we incurred for 2011. We have also included certain corporate items not previously allocated to our former Timeshare segment in the Timeshare Spin-off Adjustments.

We provide adjusted measures that reflect Timeshare Spin-off Adjustments for illustrative and informational purposes only.

These adjusted measures are not necessarily indicative of, and we do not purport that they represent, what our operating results would have been had the spin-off actually occurred on the first day of 2011 or 2010, as applicable. This information also does not reflect certain financial and operating benefits we expect to realize as a result of the spin-off.

Adjusted Measures That Exclude Certain Charges, Costs and Tax Items. Management evaluates non-GAAP measures that exclude 2011 other charges, 2010 other charges and certain tax items, 2009 Timeshare strategy - impairment charges, 2008 and 2009 restructuring costs and other charges, 2008 and 2009 certain tax items, and the 2007 Employee Stock Ownership (“ESOP”) settlement charge because those non-GAAP measures allow for period-over-period comparisons of our on-going core operations before the impact of material charges. These non-GAAP measures also facilitate management’s comparison of results from our on-going operations before material charges with results from other lodging companies.

2011 Other Charges. We recorded charges of \$28 million in fiscal year 2011, which included an \$18 million other-than-temporary impairment of an investment in marketable securities (not allocated to any of our segments) recorded in the “(Losses) gains and other income” caption of our Income Statement, and a \$10 million charge related to the impairment of deferred contract acquisition costs and an accounts receivable reserve, both of which were associated with a Luxury segment property whose owner filed for bankruptcy, and recorded in the “General, administrative and other” caption of our Income Statement.

2010 Other Charges and Certain Tax Items. We recorded pre-tax charges of \$98 million in fiscal year 2010 in the “General, administrative and other” caption of our Income Statement, including an \$84 million impairment charge associated with a portion of the development costs of an internally developed software asset, and a \$14 million impairment charge associated with the anticipated disposition of a land parcel.

Certain tax items reflected the tax impact of the \$98 million in pre-tax charges described in the preceding paragraph as well as an \$85 million decrease in tax expense we recorded in fiscal year 2010 for a settlement with the Appeals Division of the U.S. Internal Revenue Service (the “IRS”) that resolved all issues that arose in the audit of tax years 2005 through 2008. This settlement related to the release of previously established tax liabilities for the treatment of funds received from certain non-U.S. subsidiaries.

2009 Timeshare Strategy - Impairment Charges. In response to the difficult business conditions experienced by our former Timeshare segment, we adjusted the business strategy for the segment, and as a result of these decisions we recorded third quarter 2009 Timeshare strategy – impairment charges totaling \$502 million after-tax (\$752 million before tax). For additional information on these charges, please see Footnote No. 20, “Timeshare-Strategy Impairment Charges” of our 2009 Form 10-K.

2008 and 2009 Restructuring Costs and Other Charges. In response to the financial crisis and the dramatic downturn in the economy, we implemented various cost saving measures, and as a result, we incurred restructuring costs and other charges directly related to the downturn of \$124 million after-tax (\$192 million

before tax) in 2008 and \$130 million after-tax (\$213 million before tax) in 2009. For additional information on these charges, please see Footnote No. 20, “Restructuring Costs and Other Charges” of our 2008 Form 10-K and Footnote No. 21, “Restructuring Costs and Other Charges” of our 2009 Form 10-K.

2008 and 2009 Certain Tax Items. Certain tax items included (1) \$72 million of tax charges in 2008 primarily related to an unfavorable court decision on a refund claim, the tax treatment of funds received from foreign subsidiaries, and prior years’ tax adjustments which included an IRS settlement; and (2) \$56 million of non-cash charges in 2009 primarily related to funds received from foreign subsidiaries. For additional information on these tax items, please see Footnote No. 2, “Income Taxes” of our 2009 Form 10-K.

2007 ESOP Settlement Charge. We recorded an after-tax charge of \$54 million in 2007 related to the settlement of issues raised during the IRS’ and Department of Labor’s examination of the ESOP feature of our Employees’ Profit Sharing, Retirement and Savings Plan and Trust. The charge reflected \$35 million of excise taxes (impacting general, administrative, and other expenses), \$13 million of interest expense on those excise taxes and \$6 million of income tax expense primarily reflecting additional interest.

Earnings Before Interest and Taxes (“EBIT”) and Earnings Before Interest, Taxes, Depreciation and Amortization (“EBITDA”). EBIT reflects earnings excluding the impact of interest expense and provision for income taxes, and EBITDA reflects EBIT excluding the impact of depreciation and amortization. Management considers EBITDA to be an 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 EBIT and EBITDA, as do analysts, lenders, investors and others, to evaluate companies because they exclude 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 further excludes depreciation and amortization 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.

Both EBITDA and Adjusted EBITDA (described below) exclude certain cash expenses that we are obligated to make.

Adjusted EBIT and Adjusted EBITDA. Management also evaluates Adjusted EBIT and Adjusted EBITDA as an indicator of operating performance. Adjusted EBIT for fiscal year 2011 reflected Timeshare Spin-off Adjustments, which we describe more fully above. Adjusted EBITDA reflected the following items, each of which we describe more fully above: (1) Timeshare Spin-off Adjustments for both 2011 and 2010; (2) an adjustment for \$28 million of other charges for 2011; and (3) an adjustment for \$98 million of other charges for 2010.

Management uses Adjusted EBIT to perform period-over-period comparisons on a comparable basis. Management uses Adjusted EBITDA to make period-over-period comparisons of our ongoing core operations before material charges and to facilitate comparing results from our ongoing operations before material charges with those of other lodging companies.

Return on Invested Capital (“ROIC”). We calculate ROIC as EBIT divided by average invested capital. We consider ROIC to be a meaningful indicator of our operating performance, and we evaluate ROIC because it measures how effectively we use the money we invest in our lodging operations. We calculated ROIC for fiscal year 2011 as adjusted EBIT divided by adjusted average invested capital, to reflect the Timeshare spin-off as if it had occurred on the first day of fiscal year 2011.

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 it because it represents the cash we expect to have available for debt service requirements, incremental investments, share repurchases and other purposes.

Operating Margin Adjusted for the Spin-off and Other Charges and Excluding Cost Reimbursements and Total Revenues Adjusted for the Spin-off and Excluding Cost Reimbursements. 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 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 total 2010 and 2011 revenues and operating income as adjusted for Timeshare Spin-off Adjustments and other charges, as applicable, meaningful for the reasons noted above. We also consider operating margins excluding cost reimbursements and operating margins adjusted for the spin-off and excluding cost reimbursements and other charges to be meaningful as they represent that portion of revenue and operating margin that impacts our on-going operating income and net income.

Cash Used in Investing Activities and Investments Before Recycling. We consider these non-GAAP measures to be meaningful metrics and evaluate them because they provide detail on our estimated cumulative capital allocations for the three-year period from 2012 to 2014.

MARRIOTT INTERNATIONAL, INC.
NON-GAAP FINANCIAL MEASURES
ADJUSTED CONSOLIDATED STATEMENTS OF INCOME
FISCAL YEAR 2011 AND 2010
(in millions, except per share amounts)

	As Reported Fiscal Year 2011	Timeshare Spin-off Adjustments ¹	Other Charges	As Adjusted Fiscal Year 2011 †	As Reported Fiscal Year 2010	Timeshare Spin-off Adjustments ¹	Other Charges and Certain Tax Items	As Adjusted Fiscal Year 2010 †
REVENUES								
Base management fees	\$ 602	\$ (56)	\$ -	\$ 546	\$ 562	\$ (60)	\$ -	\$ 502
Franchise fees	506	60	-	566	441	64	-	505
Incentive management fees	195	-	-	195	182	-	-	182
Owned, leased, corporate housing and other revenue	1,083	-	-	1,083	1,046	-	-	1,046
Timeshare sales and services	1,088	(1,088)	-	-	1,221	(1,221)	-	-
Cost reimbursements	8,843	(268)	-	8,575	8,239	(251)	-	7,988
Total Revenues	12,317	(1,352)	-	10,965	11,691	(1,468)	-	10,223
OPERATING COSTS AND EXPENSES								
Owned, leased and corporate housing - direct	943	-	-	943	955	-	-	955
Timeshare - direct	929	(929)	-	-	1,022	(1,022)	-	-
Timeshare strategy - impairment charges	324	(324)	-	-	-	-	-	-
Reimbursed costs	8,843	(268)	-	8,575	8,239	(251)	-	7,988
General, administrative and other	752	(99)	(10)	643	780	(89)	(98)	593
Total Expenses	11,791	(1,620)	(10)	10,161	10,996	(1,362)	(98)	9,536
OPERATING INCOME (LOSS)	526	268	10	804	695	(106)	98	687
(Losses) gains and other income	(7)	(3)	18	8	35	(20)	-	15
Interest expense	(164)	29	-	(135)	(180)	43	-	(137)
Interest income	14	10	-	24	19	10	-	29
Equity in losses	(13)	(4)	-	(17)	(18)	(3)	-	(21)
INCOME (LOSS) BEFORE INCOME TAXES	356	300	28	684	551	(76)	98	573
(Provision) benefit for income taxes	(158)	(40)	(11)	(209)	(93)	29	(123)	(187)
NET INCOME (LOSS)	\$ 198	\$ 260	\$ 17	\$ 475	\$ 458	\$ (47)	\$ (25)	\$ 386
EARNINGS (LOSSES) PER SHARE - Diluted								
Earnings (losses) per share ²	\$ 0.55	\$ 0.72	\$ 0.05	\$ 1.31	\$ 1.21	\$ (0.12)	\$ (0.07)	\$ 1.02
Diluted Shares	362.3	362.3	362.3	362.3	378.3	378.3	378.3	378.3

† Denotes non-GAAP financial measures. Please see pages 1 through 4 for additional information about our reasons for providing these alternative financial measures and limitations on their use.

¹ – The adjusted consolidated statements of income are presented as if the Timeshare spin-off had occurred on the first day of fiscal year 2010.

² – Earnings per share plus adjustment items may not equal earnings per share as adjusted due to rounding.

MARRIOTT INTERNATIONAL, INC.
Non-GAAP Financial Measures
Operating Income As Adjusted for Spin-off and Other Charges,
Total Revenues As Adjusted for Spin-off and Excluding Cost Reimbursements, and
Operating Margin as Adjusted for Spin-off and Other Charges and Excluding Cost Reimbursements
(\$ in millions)

	Fiscal Year 2007	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2014 Estimate	
				6% Annual RevPAR Growth	8% Annual RevPAR Growth
Operating income as reported	<u>\$ 1,183</u>	\$ 695	\$ 526	<u>\$ 1,240</u>	<u>\$ 1,390</u>
Timeshare spin-off adjustments		(106)	268		
Other Charges		98	10		
Operating income, as adjusted for spin-off and other charges †		<u>\$ 687</u>	<u>\$ 804</u>		
Total revenues as reported	\$ 12,990	\$ 11,691	\$ 12,317	***	***
Timeshare spin-off adjustments	-	(1,468)	(1,352)		
Total revenues, as adjusted for spin-off †	12,990	10,223	10,965		
Less: Cost reimbursements	(8,575)	(8,239)	(8,843)	***	***
Add: Cost reimbursements in Timeshare spin-off adjustments	-	251	268		
Total revenues as adjusted for spin-off and excluding cost reimbursements †	<u>\$ 4,415</u>	<u>\$ 2,235</u>	<u>\$ 2,390</u>	<u>\$ 3,000</u>	<u>\$ 3,200</u>
Operating margin adjusted for spin-off and other charges and excluding cost reimbursements †	27%	31%	34%	41%	43%

† Denotes non-GAAP financial measures. Please see pages 1 through 4 for additional information about our reasons for providing these alternative financial measures and the limitations on their use.

*** Detailed guidance not provided.

MARRIOTT INTERNATIONAL, INC.
NON-GAAP FINANCIAL MEASURES
EBITDA AND ADJUSTED EBITDA
FISCAL YEAR 2011 AND 2010 AND ESTIMATED FISCAL YEAR 2014
(\$ in millions)

	As Reported Fiscal Year 2011	Timeshare Spin-off Adjustments Fiscal Year 2011	Other Charges Fiscal Year 2011	As Adjusted Fiscal Year 2011 †	Range	
					Fiscal Year 2014 Estimate	
					6% Annual RevPAR Growth	8% Annual RevPAR Growth
Net Income	\$ 198	\$ 260	\$ 17	\$ 475	\$ 745	\$ 835
Interest expense	164	(29)	-	135	185	200
Tax provision	158	40	11	209	365	410
Depreciation and amortization	168	(28)	-	140	185	185
Less: Depreciation reimbursed by third-party owners	(15)	-	-	(15)	(15)	(15)
Interest expense from unconsolidated joint ventures	18	-	-	18	15	15
Depreciation and amortization from unconsolidated joint ventures	30	-	-	30	30	30
EBITDA †	\$ 721	\$ 243	\$ 28	\$ 992	\$ 1,510	\$ 1,660

	As Reported Fiscal Year 2010	Timeshare Spin-off Adjustments Fiscal Year 2010	Other Charges Fiscal Year 2010	As Adjusted Fiscal Year 2010 †	Range	
					Fiscal Year 2014 Estimate	
					6% Annual RevPAR Growth	8% Annual RevPAR Growth
Net Income (loss)	\$ 458	\$ (47)	\$ (25)	\$ 386	\$ 745	\$ 835
Interest expense	180	(43)	-	137	185	200
Tax provision (benefit)	93	(29)	123	187	365	410
Depreciation and amortization	178	(35)	-	143	185	185
Less: Depreciation reimbursed by third-party owners	(11)	-	-	(11)	(15)	(15)
Interest expense from unconsolidated joint ventures	19	(3)	-	16	15	15
Depreciation and amortization from unconsolidated joint ventures	27	-	-	27	30	30
EBITDA †	\$ 944	\$ (157)	\$ 98	\$ 885	\$ 1,510	\$ 1,660

† Denotes non-GAAP financial measures. Please see pages 1 through 4 for additional information about our reasons for providing these alternative financial measures and the limitations on their use.

MARRIOTT INTERNATIONAL, INC.
Non-GAAP Financial Measures
Cash Used In Investing Activities and Investments
(\$ in billions)

	Estimate ¹	
	Fiscal Years	% of
	2012-2014	Investments
Net cash used in investing activities	\$ 1.9	
Less cash provided by:		
Dispositions	(0.6)	
Loan collections and sales	(0.2)	
Cash used in investing activities †	\$ 2.7	
 Detail of Cash used in investing activities and Investments		
Capital expenditures	\$ 1.5	55%
Maintenance capital expenditures	0.2	7%
New systems / corporate expenditures	0.1	4%
Total capital expenditures	1.8	66%
Loan advances	0.4	15%
Equity and cost method investments	0.1	4%
Contract acquisition costs	0.4	15%
 Investments †	 \$ 2.7	 100%

† Denotes non-GAAP financial measures. Please see pages 1 through 4 for additional information about our reasons for providing these alternative financial measures and the limitations on their use.

¹ Based on mid-point of estimated range of \$2.6 billion to \$2.8 billion.

MARRIOTT INTERNATIONAL, INC.
Non-GAAP Financial Measures
Adjusted Diluted EPS From Continuing Operations
Fiscal Year 2009 and 2008
(in millions, except per share amounts)

	<u>Adjustments</u>					<u>Adjustments</u>				
	As Reported Fiscal Year 2009	Restructuring Costs & Other Charges	Timeshare Strategy - Impairment Charges	Certain Tax Items	As Adjusted Fiscal Year 2009 †	As Reported Fiscal Year 2008	Restructuring Costs & Other Charges	Certain Tax Items	As Adjusted Fiscal Year 2008 †	
NET (LOSS) / INCOME FROM CONTINUING OPERATIONS	\$ (346)	\$ 130	\$ 502	\$ 56	\$ 342	\$ 359	\$ 124	\$ 72	\$ 555	
(LOSSES) / EARNINGS PER SHARE - Diluted										
(Losses) / earnings from continuing operations ¹	\$ (0.97)	\$ 0.37	\$ 1.41	\$ 0.16	\$ 0.93	\$ 0.97	\$ 0.33	\$ 0.19	\$ 1.49	
Diluted Shares ¹	356.4	356.4	356.4	356.4	367.4	370.7	370.7	370.7	370.7	

† Denotes non-GAAP financial measures. Please see pages 1 through 4 for additional information about our reasons for providing these alternative financial measures and the limitations on their use.

¹ For fiscal year 2009, (Losses) / Earnings per share plus adjustment items does not equal earnings per share as adjusted due to the different share amounts used in the denominators

MARRIOTT INTERNATIONAL, INC.
Non-GAAP Financial Measures
Adjusted Diluted EPS From Continuing Operations
Fiscal Year 2007
(in millions, except per share amounts)

	As Reported	ESOP	As Adjusted
	Fiscal Year	Adjustment	Fiscal Year
	2007		2007 †
NET INCOME FROM CONTINUING OPERATIONS	<u>\$ 697</u>	<u>\$ 54</u>	<u>\$ 751</u>
EARNINGS PER SHARE - Diluted			
Earnings from continuing operations	<u>\$ 1.73</u>	<u>\$ 0.14</u>	<u>\$ 1.87</u>
Diluted Shares	401.4	401.4	401.4

† Denotes non-GAAP financial measures. Please see pages 1 through 4 for additional information about our reasons for providing these alternative financial measures and the limitations on their use.

Marriott International, Inc.
Non-GAAP Financial Measures
Return on Invested Capital †

The reconciliations of income (loss) from continuing operations to earnings (losses) before interest expense and income taxes ("EBIT") and adjusted EBIT are as follows:

(\$ in millions)	Fiscal Year 2014 Estimate		Fiscal Year 2011	Fiscal Year 2010	Fiscal Year 2009	Fiscal Year 2008	Fiscal Year 2007
	6% Annual RevPAR Growth	8% Annual RevPAR Growth					
Income (loss) from continuing operations	\$ 745	\$ 835	\$ 198	\$ 458	\$ (346)	\$ 359	\$ 697
Add:							
Provision (benefit) for income taxes	365	410	158	93	(65)	350	441
Provision for income taxes related to noncontrolling interest in losses of consolidated subsidiaries	-	-	-	-	4	9	-
Interest expense	185	200	164	180	118	163	184
Timeshare interest ¹	-	-	11	20	24	15	24
Earnings (losses) before interest expense and income taxes †	<u>\$ 1,295</u>	<u>\$ 1,445</u>	531	<u>\$ 751</u>	<u>\$ (265)</u>	<u>\$ 896</u>	<u>\$ 1,346</u>
Add:							
Timeshare spin-off adjustments, pre-tax			300				
Less:							
Timeshare interest			(11)				
Timeshare interest expense			(29)				
Adjusted EBIT †			<u>\$ 791</u>				

The reconciliations of assets to invested capital and adjusted invested capital are as follows:

(\$ in millions)	Year-End 2014 Estimate			Year-End 2011	Beginning of Year 2011	Year-End 2010	Beginning of Year 2010	Year-End 2009	Year-End 2008	Year-End 2007	Year-End 2006
	6% Annual RevPAR Growth	8% Annual RevPAR Growth	Year-End 2013 Estimate								
Assets	\$ 7,045	\$ 6,992	\$ 6,564	\$ 5,910	\$ 8,983	\$ 8,983	\$ 8,903	\$ 7,933	\$ 8,903	\$ 8,942	\$ 8,588
Add:											
Current liabilities - discontinued operations ²	-	-	-	-	-	-	-	-	3	13	55
Less:											
Current liabilities, net of current portion of long-term debt ³	(2,294)	(2,294)	(2,239)	(2,203)	(2,363)	(2,363)	(2,218)	(2,223)	(2,413)	(2,701)	(2,507)
Assets - discontinued operations ²	-	-	-	-	-	-	-	-	-	(53)	(91)
Deferred tax assets, net ⁴	(757)	(704)	(776)	(1,142)	(1,159)	(1,159)	(1,348)	(1,256)	(913)	(863)	(865)
Timeshare capitalized interest ⁵	-	-	-	-	(45)	(45)	(46)	(46)	(49)	(19)	(19)
Invested capital †	<u>\$ 3,994</u>	<u>\$ 3,994</u>	<u>\$ 3,549</u>	<u>\$ 2,565</u>	5,416	<u>\$ 5,416</u>	<u>\$ 5,291</u>	<u>\$ 4,408</u>	<u>\$ 5,531</u>	<u>\$ 5,319</u>	<u>\$ 5,161</u>
Average invested capital † ⁶	<u>\$ 3,772</u>	<u>\$ 3,772</u>				<u>\$ 5,354</u> ⁷	<u>\$ 4,970</u>	<u>\$ 5,425</u>	<u>\$ 5,240</u>		
Add:											
Timeshare current liabilities, net of current portion of long-term debt ⁹					342						
Notes receivable from MVW related to the spin-off ⁹					270						
Timeshare capitalized interest ⁹					45						
Less:											
Timeshare assets ⁹					(3,313)						
Adjusted invested capital †						<u>\$ 2,760</u>					
Adjusted average invested capital †						<u>\$ 2,663</u> ⁸					
Return on invested capital †	34%	38%		30% ¹⁰		14%	-5%	17%	26%		

† Denotes non-GAAP financial measures. Please see pages 1 through 4 for additional information about our reasons for providing these alternative financial measures and the limitations on their use.

- ¹ Timeshare interest represents (for periods prior to the date of our spin-off of our timeshare operations and timeshare development business) previously capitalized interest that is a component of product cost.
- ² Assets net of current liabilities associated with discontinued operations deducted because the return on invested capital metric we analyze is related to our core lodging business (continuing operations).
- ³ Deducted because they will be satisfied in the short term.
- ⁴ Deducted because the numerator of the calculation is a pre-tax number. At year-end 2011, 2010 and 2009, "Deferred tax assets, net" was also net of "current deferred income tax liabilities" of \$12 million, \$19 million, and \$19 million, respectively. Current deferred income tax liabilities were \$0 for each prior year presented.
- ⁵ Deducted because the numerator of the calculation is a pre-interest expense number.
- ⁶ Calculated as "Invested capital" for the current year and prior year, divided by two, with the exception of 2010 and 2011. See footnote 7 for more information on the average invested capital calculation for 2010 and footnote 8 for more information on the adjusted average invested capital calculation for 2011.
- ⁷ For comparability of beginning and ending 2010 balances, 2010 average invested capital is the average of: 1) the 2010 beginning balance (reflecting the impact of the adoption on the first day of fiscal year 2010 of Accounting Standards Update No. 2009-16 "Transfers and Servicing (Topic 860): Accounting for Transfers of Financial Assets" ("ASU No. 2009-16") and Accounting Standards Update No. 2009-17 "Consolidations (Topic 810): Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities") ("ASU No. 2009-17"); and 2) the Year-End 2010 balance.
- ⁸ For comparability of beginning and ending 2011 balances, 2011 adjusted average invested capital is the average of: 1) the 2011 adjusted beginning balance (reflecting the Timeshare spin-off as if it had occurred on the first day of fiscal year 2011); and 2) the Year-End 2011 balance. See footnote 10 also.
- ⁹ Invested capital for Beginning of Year 2011 was further adjusted to calculate adjusted invested capital as if the Timeshare spin-off had occurred on the first day of fiscal year 2011 by: 1) adding back Timeshare current liabilities, net of current portion of long-term debt that were included in the total current liabilities deducted for the company; 2) adding notes receivable from Marriott Vacations Worldwide ("MVW") calculated as of the beginning of year 2011 and established subsequent to the Timeshare spin-off; 3) adding back Timeshare capitalized interest; and 4) deducting Timeshare assets as of the beginning of year 2011 included in total company assets. See footnote 10 also.
- ¹⁰ ROIC for 2011 only was calculated as if the spin-off of our timeshare operations and development business had occurred on the first day of fiscal year 2011.