
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): May 8, 2018

MARRIOTT INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

1-13881
(Commission
File Number)

52-2055918
(IRS Employer
Identification No.)

10400 Fernwood Road, Bethesda, Maryland
(Address of principal executive offices)

20817
(Zip Code)

Registrant's telephone number, including area code: (301) 380-3000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter)

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

Financial Results for the Quarter Ended March 31, 2018

Marriott International, Inc. (“Marriott”) today issued a press release reporting financial results for the quarter ended March 31, 2018.

A copy of Marriott’s press release and earnings conference call slides are attached as Exhibits 99.1 and 99.2, respectively, and incorporated by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits. The following exhibits are furnished with this report:

Exhibit 99.1 [Press release issued on May 8, 2018, reporting financial results for the quarter ended March 31, 2018.](#)

Exhibit 99.2 [Earnings conference call slides.](#)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MARRIOTT INTERNATIONAL, INC.

Date: May 8, 2018

By: /s/ Bao Giang Val Bauduin
Bao Giang Val Bauduin
Controller and Chief Accounting Officer

CONTACT: Felicia Farrar McLemore
(301) 380-2702
felicia.mclemore@marriott.com

MARRIOTT INTERNATIONAL REPORTS FIRST QUARTER 2018 RESULTS

HIGHLIGHTS

- *First quarter reported diluted EPS totaled \$1.09, a 15 percent increase from prior year results. First quarter adjusted diluted EPS totaled \$1.34, a 40 percent increase over first quarter 2017 adjusted results. Adjusted results exclude merger-related adjustments, cost reimbursement revenue and reimbursed expenses. Adjusted results for the first quarter of 2018 also exclude adjustments to the provision for income taxes and the Avendra gain;*
- *First quarter 2018 comparable systemwide constant dollar RevPAR rose 3.6 percent worldwide, 7.5 percent outside North America and 2.0 percent in North America;*
- *The company added nearly 15,000 rooms during the first quarter, including roughly 1,600 rooms converted from competitor brands and approximately 5,800 rooms in international markets;*
- *At quarter-end, Marriott's worldwide development pipeline increased to more than 2,700 hotels and nearly 465,000 rooms, including roughly 34,000 rooms approved, but not yet subject to signed contracts;*
- *First quarter reported net income totaled \$398 million, a 7 percent increase from prior year results. First quarter adjusted net income totaled \$487 million, a 30 percent increase over prior year adjusted results;*
- *Adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) totaled \$770 million in the quarter, an 8 percent increase over first quarter 2017 adjusted EBITDA;*
- *Marriott repurchased 5.6 million shares of the company's common stock for \$782 million during the first quarter. Year-to-date through May 8, the company has repurchased 7.9 million shares for \$1.1 billion.*

BETHESDA, MD - May 8, 2018 - Marriott International, Inc. (NASDAQ: MAR) today reported first quarter 2018 results.

Arne M. Sorenson, president and chief executive officer of Marriott International, said,

“Worldwide constant dollar RevPAR increased 3.6 percent, exceeding the high end of our expectations for the first quarter and reflecting solid economic growth around the world. Given improving demand fundamentals, we have increased our expectations for full year 2018 worldwide constant dollar RevPAR growth to 3 to 4 percent, a 1.5 percentage point increase over the mid-point of our prior guidance.

“Our development pipeline reached a new record of nearly 465,000 rooms and we remain on track to achieve worldwide room additions of 5.5 to 6 percent, net of deletions, for full year 2018. In the first quarter, we signed contracts for nearly 20,000 rooms, with nearly half of those rooms in the luxury and upper upscale tiers. In fact, according to STR, the number of luxury and upper-upscale rooms in our pipeline at the end of the first quarter exceeded that of our next three global competitors combined.

“The integration of Starwood is going well. Last month, we announced that our loyalty programs will be unified in August 2018, with all of our properties appearing on both Marriott and Starwood websites and apps at that time. Our members are excited about the enhanced benefits that will be offered under the unified loyalty programs.

“We remain focused on delivering outstanding profit growth, while maximizing shareholder returns. Year-to-date through May 8, we have already returned \$1.2 billion to shareholders through dividends and share repurchases and believe we could return at least \$3.0 billion in 2018.”

First Quarter 2018 Results

In the 2018 first quarter, the company adopted Accounting Standards Update 2014-09. Please see the “Accounting Standards Update” section of this release for more information.

Marriott reported net income totaled \$398 million in the 2018 first quarter, a 7 percent increase from 2017 first quarter net income of \$371 million. Reported diluted earnings per share (EPS) was \$1.09 in the quarter, a 15 percent increase from diluted EPS of \$0.95 in the year-ago quarter.

First quarter 2018 adjusted net income totaled \$487 million, a 30 percent increase over 2017 first quarter adjusted net income of \$375 million. Adjusted net income excludes merger-related adjustments, cost reimbursement revenue, and reimbursed expenses. Adjusted net income for the first quarter of 2018 also excludes a net tax charge resulting from the U.S. Tax Cuts and Jobs Act of 2017 (Tax Act), which the company first recorded in the fourth quarter of 2017, and an increase to the gain on the sale of Avendra,

which the company also recognized in the fourth quarter of 2017. Adjusted diluted EPS in the first quarter totaled \$1.34, a 40 percent increase from adjusted diluted EPS of \$0.96 in the year-ago quarter. See page A-2 for the calculation of adjusted results.

Base management and franchise fees totaled \$690 million in the 2018 first quarter, an 11 percent increase over base management and franchise fees of \$619 million in the year-ago quarter. The year-over-year increase in these fees is primarily attributable to higher RevPAR, unit growth, and higher credit card branding fees.

First quarter 2018 worldwide incentive management fees increased to \$155 million, an 11 percent increase compared to incentive management fees of \$140 million in the year-ago quarter. The year-over-year increase was largely due to unit growth, higher net house profit at properties in the Asia Pacific region and favorable foreign exchange impact.

Contract investment amortization totaled \$18 million in the 2018 first quarter, compared to \$11 million in the year-ago quarter. The year-over-year increase largely reflects contract write-offs related to two terminated contracts.

Owned, leased, and other revenue, net of direct expenses, totaled \$70 million in the 2018 first quarter, compared to \$72 million in the year-ago quarter. The year-over-year decrease largely reflects the negative impact from hotels sold during or after the first quarter of 2017, including in the first quarter of 2018, partially offset by higher termination fees.

General, administrative, and other expenses for the 2018 first quarter totaled \$247 million, compared to \$212 million in the year-ago quarter. The year-over-year \$35 million increase reflects the company's incremental retirement contribution of up to \$1,000 for each eligible participating associate in the U.S.

Gains and other income, net, totaled \$59 million in the 2018 first quarter, largely reflecting the \$53 million gain associated with the sale of two hotels in Buenos Aires.

Interest expense, net, totaled \$70 million in the first quarter compared to \$63 million in the year-ago quarter. The increase was largely due to higher interest rates and debt balances, partially offset by the maturity of Series I Senior Notes.

The provision for income taxes totaled \$104 million in the first quarter, a 20.7 percent effective tax rate, compared to \$123 million in the year-ago quarter, a 24.9 percent effective tax rate.

For the first quarter, adjusted EBITDA totaled \$770 million, an 8 percent increase over first quarter 2017 adjusted EBITDA of \$716 million. Compared to the prior year, adjusted EBITDA for the first quarter of 2018 reflects a \$20 million negative impact from sold hotels. See page A-8 for the adjusted EBITDA calculations.

Selected Performance Information

The company added 100 new properties (14,905 rooms) to its worldwide lodging portfolio during the 2018 first quarter, including the Marriott Hotel Mena House in Cairo, the Moxy Tbilisi, and the Renaissance Bali Uluwatu Resort & Spa. Twenty-nine properties (6,351 rooms) exited the system during the quarter. At quarter-end, Marriott's lodging system encompassed 6,591 properties and timeshare resorts with more than 1,266,000 rooms.

At quarter-end, the company's worldwide development pipeline totaled 2,722 properties with nearly 465,000 rooms, including 1,148 properties with approximately 209,000 rooms under construction and 174 properties with roughly 34,000 rooms approved for development, but not yet subject to signed contracts.

In the 2018 first quarter, worldwide comparable systemwide constant dollar RevPAR increased 3.6 percent (a 5.5 percent increase using actual dollars). North American comparable systemwide constant dollar RevPAR increased 2.0 percent (a 2.3 percent increase using actual dollars), and international comparable systemwide constant dollar RevPAR increased 7.5 percent (a 14.1 percent increase using actual dollars) for the same period.

Worldwide comparable company-operated house profit margins increased 70 basis points in the first quarter, largely due to higher RevPAR, solid cost controls and synergies from the Starwood acquisition. House profit margins for comparable company-operated properties outside North America rose 160 basis points, while North American comparable company-operated house profit margins declined 10 basis points in the first quarter.

Balance Sheet

At quarter-end, Marriott's total debt was \$8,846 million and cash balances totaled \$701 million, compared to \$8,238 million in debt and \$383 million of cash at year-end 2017.

In April 2018, the company issued \$450 million of Series X Senior Notes due in 2028 with a 4.0 percent interest rate coupon. The company expects to use the net proceeds for general corporate purposes.

Marriott Common Stock

Weighted average fully diluted shares outstanding used to calculate both reported and adjusted diluted EPS totaled 363.3 million in the 2018 first quarter, compared to 390.0 million shares in the year-ago quarter.

The company repurchased 5.6 million shares of common stock in the 2018 first quarter for \$782 million at an average price of \$139.20 per share. Year-to-date through May 8, the company has repurchased 7.9 million shares for \$1.1 billion at an average price of \$137.95 per share.

Accounting Standards Update

In the 2018 first quarter, the company adopted Accounting Standards Update 2014-09 (the new revenue standard), which changes the GAAP reporting for revenue and expense recognition for franchise application and relicensing fees, contract investment costs, the quarterly timing of incentive fee recognition, and centralized programs and services, among other items. While the new revenue standard results in changes to the reporting of certain revenue and expense items, Marriott's cash flow and business fundamentals will not be impacted. A discussion of revenue recognition changes can be found in the 2017 Form 10-K the company filed on February 15, 2018, which is available on Marriott's Investor Relations website at <http://www.marriott.com/investor>.

The company has elected to use the full retrospective method in the adoption of the new revenue standard. As such, the company's financial statements in SEC filings will show prior year quarterly and full year results as if the new revenue standard had been adopted on January 1, 2016. The company anticipates providing 2017 quarterly and full year retrospective consolidated statements of income on a Form 8-K, which the company expects to file with the SEC in the second quarter of 2018.

OUTLOOK

The following outlook for second quarter and full year 2018 does not include cost reimbursement revenue, reimbursed expenses, or merger-related costs and charges, which the company cannot precisely forecast. Full year 2018 outlook excludes the net tax charge and the increase in the Avendra gain, which were reported in the 2018 first quarter.

To assist investors in evaluating the revenue and adjusted EBITDA guidance for second quarter and full year 2018 in this section, the following table shows estimates for the components of, and total, gross fee revenues and adjusted EBITDA for second quarter and full year 2017 recast to reflect the full retrospective application of the new revenue standard, as if adopted as of January 1, 2016.

| | <u>Second Quarter 2017</u> | <u>Full Year 2017</u> |
|---------------------------|----------------------------|-----------------------|
| Base management fees | \$285 million | \$1,102 million |
| Franchise fees | \$408 million | \$1,586 million |
| Incentive management fees | \$155 million | \$607 million |
| Gross Fee Revenues | \$848 million | \$3,295 million |
| Adjusted EBITDA | \$820 million | \$3,131 million |

For the 2018 second quarter, Marriott expects comparable systemwide RevPAR on a constant dollar basis in North America will increase 3 to 4 percent. The company's guidance for second quarter RevPAR growth in North America reflects the favorable shift of the Easter holiday. The company expects second quarter comparable systemwide RevPAR on a constant dollar basis will increase 5 to 6 percent outside North America and 3 to 4 percent worldwide.

The company assumes second quarter 2018 gross fee revenues will total \$935 million to \$945 million, a 10 to 11 percent increase over second quarter 2017 gross fee revenues of \$848 million.

Marriott expects second quarter 2018 owned, leased, and other revenue, net of direct expenses, could total approximately \$80 million. Compared to the year-ago quarter, this estimate reflects the \$14 million negative impact from hotels sold during or after the first quarter of 2017, including in the first quarter of 2018, but does not reflect additional asset sales that may occur in the quarter.

The company assumes second quarter 2018 general, administrative, and other expenses could total approximately \$250 million. This estimate assumes a \$25 million expense for the company's incremental retirement contribution of up to \$1,000 for each eligible participating associate in the U.S.

Marriott expects second quarter 2018 adjusted EBITDA could total \$880 million to \$890 million, a 7 to 9 percent increase over second quarter 2017 adjusted EBITDA of \$820 million. This estimate reflects the roughly \$11 million negative impact of hotels sold in 2017 and to date in 2018, but does not reflect additional asset sales that may occur in the second quarter of 2018. See page A-9 for the adjusted EBITDA calculation.

For the full year 2018, Marriott expects comparable systemwide RevPAR on a constant dollar basis will increase 2 to 3 percent in North America, 5 to 6 percent outside North America, and 3 to 4 percent worldwide.

Marriott anticipates room additions, net of deletions, of 5.5 to 6 percent for full year 2018.

The company assumes full year 2018 gross fee revenues will total \$3,650 million to \$3,690 million, an 11 to 12 percent increase over 2017 gross fee revenues of \$3,295 million. Full year 2018 estimated gross fee revenues include \$360 million to \$380 million of credit card branding fees, compared to \$242 million for full year 2017. Compared to the estimate the company provided on February 14, this estimate of gross fee revenues reflects stronger expected RevPAR growth, particularly in the Asia Pacific region, as well as additional favorable foreign exchange impact. The company anticipates full year 2018 incentive management fees will increase roughly 10 percent over 2017 full year incentive fees of \$607 million.

Marriott expects full year 2018 owned, leased, and other revenue, net of direct expenses, could total approximately \$300 million. Compared to 2017 results previously reported, this estimate reflects the \$55 million negative impact from hotels sold in 2017 and to date in 2018, but does not reflect additional asset sales that may occur in 2018. Compared to the owned, leased, and other revenue, net of direct expenses, estimate the company provided on February 14, this estimate reflects the higher than expected termination fees in the first quarter.

The company assumes full year 2018 general, administrative, and other expenses could total \$940 million to \$950 million. This estimate assumes a \$70 million expense for the company's incremental retirement contribution of up to \$1,000 for each eligible participating associate in the U.S. This expense will not recur in 2019. Compared to the estimate the company provided on February 14, this general, administrative, and other expenses estimate reflects additional unfavorable foreign exchange impact.

Marriott expects full year 2018 gains and other income could total \$65 million to \$70 million. Compared to the estimate the company provided on February 14, this estimate largely reflects a higher than expected gain on the sale of the two hotels in Buenos Aires and a gain from the sale of an interest in a joint venture.

Marriott expects full year 2018 adjusted EBITDA could total \$3,445 million to \$3,500 million, a 10 to 12 percent increase over 2017 adjusted EBITDA of \$3,131 million. This estimate reflects the roughly \$45

million negative impact of hotels sold in 2017 and to date in 2018, but does not reflect additional asset sales that may occur in 2018. See page A-10 for the adjusted EBITDA calculation.

| | Second Quarter 2018 ¹ | Full Year 2018 ¹ |
|--|---|------------------------------------|
| Gross fee revenues | \$935 million to \$945 million | \$3,650 million to \$3,690 million |
| Contract investment amortization | Approx. \$15 million | Approx. \$60 million |
| Owned, leased, and other revenue, net of direct expenses | Approx. \$80 million | Approx. \$300 million |
| Depreciation, amortization, and other expenses | Approx. \$55 million | Approx. \$225 million |
| General, administrative, and other expenses | Approx. \$250 million | \$940 million to \$950 million |
| Operating income | \$695 million to \$705 million | \$2,715 million to \$2,765 million |
| Gains and other income | Approx. \$10 million | \$65 million to \$70 million |
| Net interest expense | Approx. \$80 million | Approx. \$305 million |
| Equity in earnings (losses) | Approx. \$10 million | Approx. \$40 million |
| Earnings per share ² | \$1.34 to \$1.36 | \$5.43 to \$5.55 |
| Tax rate ² | | 23 percent |

¹ The outlook provided in this table does not include merger-related costs and charges, cost reimbursement revenue or reimbursed expenses. Full year 2018 outlook excludes the net tax charge resulting from the Tax Act and the increase in the Avendra gain, which were reported in the 2018 first quarter.

² Guidance for Full Year 2018 reflects the impact of employee stock-based compensation excess tax benefits. 2018 estimated EPS assumes a \$0.12 favorable impact and the company's tax rate assumes a \$41 million favorable impact from these benefits.

The company expects investment spending in 2018 will total approximately \$600 million to \$700 million, including approximately \$225 million for maintenance capital. Investment spending also includes other capital expenditures (including property acquisitions), new mezzanine financing and mortgage notes, contract acquisition costs, and equity and other investments. Assuming this level of investment spending and no additional asset sales, at least \$3.0 billion could be returned to shareholders through share repurchases and dividends in 2018.

Marriott International, Inc. (NASDAQ: MAR) will conduct its quarterly earnings review for the investment community and news media on Wednesday, May 9, 2018 at 10:00 a.m. Eastern Time (ET). The conference call will be webcast simultaneously via Marriott's investor relations website at <http://www.marriott.com/investor>, click on "Events & Presentations" and click on the quarterly conference call link. Slides that will be discussed on the call will be available in pdf format on the Events & Presentations page. A replay will be available at that same website until May 9, 2019.

The telephone dial-in number for the conference call is 706-679-3455 and the conference ID is 1786718. A telephone replay of the conference call will be available from 1:00 p.m. ET, Wednesday, May 9, 2018 until 8:00 p.m. ET, Wednesday, May 16, 2018. To access the replay, call 404-537-3406. The conference ID for the recording is 1786718.

Note on forward-looking statements: This press release and accompanying schedules contain “forward-looking statements” within the meaning of federal securities laws, including our RevPAR, profit margin and earnings outlook and assumptions; the number of lodging properties we expect to add to or remove from our system in the future; the timeline for the unification and combination of our loyalty programs; our expectations regarding the estimates of the impact of new accounting standards and the new tax law; our expectations about investment spending and tax rate; and similar statements concerning anticipated future events and expectations that are not historical facts. We caution you that these statements are not guarantees of future performance and are subject to numerous risks and uncertainties, including those we identify below and other risk factors that we identify in our most recent quarterly report on Form 10-Q or annual report on Form 10-K. Risks that could affect forward-looking statements in this press release include changes in market conditions; changes in global and regional economies; supply and demand changes for hotel rooms; competitive conditions in the lodging industry; relationships with clients and property owners; the availability of capital to finance hotel growth and refurbishment; the extent to which we can continue to successfully integrate Starwood and realize the anticipated benefits of combining Starwood and Marriott; changes to our provisional estimates of the impact of the U.S. Tax Cuts and Jobs Acts of 2017; and changes to our estimates of the impact of the new revenue recognition accounting standard. Any of these factors could cause actual results to differ materially from the expectations we express or imply in this press release. We make these forward-looking statements as of May 8, 2018. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Marriott International, Inc. (NASDAQ: MAR) is the world’s largest hotel company based in Bethesda, Maryland, USA, with more than 6,500 properties in 127 countries and territories. Marriott operates and franchises hotels and licenses vacation ownership resorts. The company’s 30 leading brands include: *Bulgari®*, *The Ritz-Carlton®* and *The Ritz-Carlton Reserve®*, *St. Regis®*, *W®*, *EDITION®*, *JW Marriott®*, *The Luxury Collection®*, *Marriott Hotels®*, *Westin®*, *Le Méridien®*, *Renaissance® Hotels*, *Sheraton®*, *Delta Hotels by MarriottSM*, *Marriott Executive Apartments®*, *Marriott Vacation Club®*, *Autograph Collection® Hotels*, *Tribute PortfolioTM*, *Design HotelsTM*, *Gaylord Hotels®*, *Courtyard®*, *Four Points® by Sheraton*, *SpringHill Suites®*, *Fairfield Inn & Suites®*, *Residence Inn®*, *TownePlace Suites®*, *AC Hotels by Marriott®*, *Aloft®*, *Element®*, *Moxy® Hotels*, and *Protea Hotels by Marriott®*. The company also operates award-winning loyalty programs: Marriott Rewards®, which includes The Ritz-Carlton Rewards®, and Starwood Preferred Guest®. For more information, please visit our website at www.marriott.com, and for the latest company news, visit www.marriottnewscenter.com and [@MarriottIntl](https://twitter.com/MarriottIntl).

IRPR#1

Tables follow

MARRIOTT INTERNATIONAL, INC.

PRESS RELEASE SCHEDULES

TABLE OF CONTENTS

QUARTER 1, 2018

| | |
|--|----------------------|
| Consolidated Statements of Income - As Reported | A-1 |
| Non-GAAP Financial Measures | A-2 |
| Total Lodging Products | A-3 |
| Key Lodging Statistics | A-6 |
| Adjusted EBITDA | A-8 |
| Adjusted EBITDA Forecast - Second Quarter 2018 | A-9 |
| Adjusted EBITDA Forecast - Full Year 2018 | A-10 |
| Explanation of Non-GAAP Financial and Performance Measures | A-11 |

MARRIOTT INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF INCOME - AS REPORTED
FIRST QUARTER 2018 AND 2017
(in millions except per share amounts, unaudited)

| | As Reported Three Months Ended March 31, 2018 | As Reported ¹⁰ Three Months Ended March 31, 2017 | Percent Better/(Worse) Reported 2018 vs. 2017 |
|--|---|---|---|
| REVENUES | | | |
| Base management fees | \$ 273 | \$ 264 | 3 |
| Franchise fees ¹ | 417 | 355 | 17 |
| Incentive management fees | 155 | 140 | 11 |
| Gross Fee Revenues | 845 | 759 | 11 |
| Contract investment amortization ² | (18) | (11) | (64) |
| Net Fee Revenues | 827 | 748 | 11 |
| Owned, leased, and other revenue ³ | 406 | 428 | (5) |
| Cost reimbursement revenue ⁴ | 3,773 | 3,736 | 1 |
| Total Revenues | 5,006 | 4,912 | 2 |
| OPERATING COSTS AND EXPENSES | | | |
| Owned, leased, and other - direct ⁵ | 336 | 356 | 6 |
| Reimbursed expenses ⁴ | 3,835 | 3,696 | (4) |
| Depreciation, amortization, and other ⁶ | 54 | 51 | (6) |
| Merger-related costs and charges | 34 | 51 | 33 |
| General, administrative, and other ⁷ | 247 | 212 | (17) |
| Total Expenses | 4,506 | 4,366 | (3) |
| OPERATING INCOME | 500 | 546 | (8) |
| Gains and other income, net ⁸ | 59 | — | * |
| Interest expense | (75) | (70) | (7) |
| Interest income | 5 | 7 | (29) |
| Equity in earnings ⁹ | 13 | 11 | 18 |
| INCOME BEFORE INCOME TAXES | 502 | 494 | 2 |
| Provision for income taxes | (104) | (123) | 15 |
| NET INCOME | \$ 398 | \$ 371 | 7 |
| EARNINGS PER SHARE | | | |
| Earnings per share - basic | \$ 1.11 | \$ 0.96 | 16 |
| Earnings per share - diluted | \$ 1.09 | \$ 0.95 | 15 |
| Basic Shares | 358.4 | 384.9 | |
| Diluted Shares | 363.3 | 390.0 | |

* Calculated percentage is not meaningful.

¹ Franchise fees include fees from our franchise agreements, application and relicensing fees, licensing fees from our timeshare, credit card programs, and residential branding fees.

² Contract investment amortization includes amortization of payments made to obtain contracts with our owner and franchisee customers, and any related impairments, accelerations, or write-offs.

³ Owned, leased, and other revenue includes revenue from the properties we own or lease, termination fees, and other revenue.

⁴ Cost reimbursement revenue includes reimbursements from properties for property-level and centralized programs and services that we operate for the benefit of our hotel owners. Reimbursed expenses include costs incurred by Marriott for certain property-level operating expenses and centralized programs and services.

⁵ Owned, leased, and other - direct expenses include operating expenses related to our owned or leased hotels, including lease payments and pre-opening expenses.

⁶ 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.

⁷ General, administrative, and other expenses include our corporate and business segments overhead costs and general expenses.

⁸ Gains and other income, net includes gains and losses on the sale of real estate, the sale or impairment of joint ventures and investments, and results from other equity investments.

⁹ Equity in earnings include our equity in earnings or losses of unconsolidated equity method investments.

¹⁰ On January 1, 2018, we adopted ASU 2014-09. This column reflects our recast 2017 results under the new accounting standard.

MARRIOTT INTERNATIONAL, INC.
NON-GAAP FINANCIAL MEASURES
(\$ in millions except per share amounts)

The following table presents our reconciliations of Adjusted operating income, Adjusted operating income margin, Adjusted net income, and Adjusted diluted EPS, to the most directly comparable GAAP measure. Adjusted total revenues is used in the determination of Adjusted operating income margin.

| | Three Months Ended | | |
|--|---------------------------|--|-----------------------------------|
| | March 31, 2018 | March 31, 2017 ¹ | Percent Better/(Worse) |
| Total revenues, as reported | \$ 5,006 | \$ 4,912 | |
| Less: Cost reimbursement revenue | (3,773) | (3,736) | |
| Adjusted total revenues** | 1,233 | 1,176 | |
| Operating income, as reported | 500 | 546 | |
| Less: Cost reimbursement revenue | (3,773) | (3,736) | |
| Add: Reimbursed expenses | 3,835 | 3,696 | |
| Add: Merger-related costs, charges, and other ² | 34 | 48 | |
| Adjusted operating income ** | 596 | 554 | 8% |
| Operating income margin | 10% | 11% | |
| Adjusted operating income margin ** | 48% | 47% | |
| Net income, as reported | 398 | 371 | |
| Less: Cost reimbursement revenue | (3,773) | (3,736) | |
| Add: Reimbursed expenses | 3,835 | 3,696 | |
| Add: Merger-related costs, charges, and other ² | 34 | 48 | |
| Less: Gain on sale of Avendra | (5) | — | |
| Income tax effect of above adjustments | (24) | (4) | |
| Add: U.S. Tax Cuts and Jobs Act of 2017 | 22 | — | |
| Adjusted net income ** | \$ 487 | \$ 375 | 30% |
| Diluted EPS, as reported | \$ 1.09 | \$ 0.95 | |
| Adjusted Diluted EPS** | \$ 1.34 | \$ 0.96 | 40% |

**Denotes non-GAAP financial measures. Please see pages A-11 and A-12 for information about our reasons for providing these alternative financial measures and the limitations on their use.

¹ On January 1, 2018, we adopted ASU 2014-09. This column reflects our recast 2017 results under the new accounting standard.

² Merger-related costs, charges, and other includes Starwood merger costs presented in the "Merger-related costs and charges" caption of our Income Statement and purchase accounting revisions.

MARRIOTT INTERNATIONAL, INC.
TOTAL LODGING PRODUCTS
As of March 31, 2018

| | North America | | Total International | | Total Worldwide | |
|--------------------------------------|---------------|----------------|---------------------|----------------|-----------------|----------------|
| | Units | Rooms | Units | Rooms | Units | Rooms |
| Managed | 820 | 249,049 | 1,076 | 286,868 | 1,896 | 535,917 |
| Marriott Hotels | 127 | 67,939 | 166 | 48,287 | 293 | 116,226 |
| Sheraton | 28 | 23,646 | 182 | 62,663 | 210 | 86,309 |
| Sheraton Residences | — | — | 2 | 262 | 2 | 262 |
| Courtyard | 240 | 38,354 | 89 | 19,044 | 329 | 57,398 |
| Westin | 46 | 25,127 | 67 | 21,508 | 113 | 46,635 |
| Westin Residences | 1 | 65 | 1 | 264 | 2 | 329 |
| The Ritz-Carlton | 38 | 10,958 | 56 | 15,166 | 94 | 26,124 |
| The Ritz-Carlton Residences | 35 | 4,554 | 10 | 925 | 45 | 5,479 |
| The Ritz-Carlton Serviced Apartments | — | — | 5 | 697 | 5 | 697 |
| JW Marriott | 16 | 10,059 | 48 | 19,125 | 64 | 29,184 |
| Renaissance | 27 | 11,773 | 52 | 16,653 | 79 | 28,426 |
| Le Méridien | 4 | 720 | 73 | 20,102 | 77 | 20,822 |
| Residence Inn | 108 | 16,519 | 6 | 643 | 114 | 17,162 |
| Four Points | 1 | 134 | 62 | 15,201 | 63 | 15,335 |
| W Hotels | 26 | 7,950 | 23 | 5,571 | 49 | 13,521 |
| W Residences | 9 | 1,078 | 4 | 471 | 13 | 1,549 |
| The Luxury Collection | 6 | 2,294 | 50 | 8,785 | 56 | 11,079 |
| St. Regis | 10 | 1,990 | 31 | 7,043 | 41 | 9,033 |
| St. Regis Residences | 7 | 585 | 6 | 516 | 13 | 1,101 |
| Aloft | 1 | 330 | 33 | 7,842 | 34 | 8,172 |
| Gaylord Hotels | 5 | 8,108 | — | — | 5 | 8,108 |
| Delta Hotels | 25 | 6,764 | — | — | 25 | 6,764 |
| SpringHill Suites | 30 | 4,854 | — | — | 30 | 4,854 |
| Protea Hotels | — | — | 37 | 4,356 | 37 | 4,356 |
| Marriott Executive Apartments | — | — | 29 | 4,270 | 29 | 4,270 |
| Fairfield Inn & Suites | 6 | 1,432 | 19 | 2,715 | 25 | 4,147 |
| Autograph Collection | 4 | 1,204 | 6 | 1,456 | 10 | 2,660 |
| TownePlace Suites | 16 | 1,840 | — | — | 16 | 1,840 |
| EDITION | 2 | 567 | 2 | 699 | 4 | 1,266 |
| EDITION Residences | 1 | 25 | — | — | 1 | 25 |
| Element | 1 | 180 | 5 | 1,085 | 6 | 1,265 |
| Moxy | — | — | 4 | 599 | 4 | 599 |
| Tribute Portfolio | — | — | 3 | 559 | 3 | 559 |
| Bulgari | — | — | 4 | 356 | 4 | 356 |
| Bulgari Residences | — | — | 1 | 5 | 1 | 5 |

MARRIOTT INTERNATIONAL, INC.
TOTAL LODGING PRODUCTS
As of March 31, 2018

| | North America | | Total International | | Total Worldwide | |
|--------------------------------------|---------------|----------------|---------------------|----------------|-----------------|------------------|
| | Units | Rooms | Units | Rooms | Units | Rooms |
| Franchised | 3,942 | 572,417 | 466 | 100,217 | 4,408 | 672,634 |
| Courtyard | 743 | 99,006 | 62 | 11,600 | 805 | 110,606 |
| Fairfield Inn & Suites | 904 | 82,628 | 6 | 1,157 | 910 | 83,785 |
| Marriott Hotels | 215 | 66,927 | 50 | 13,838 | 265 | 80,765 |
| Residence Inn | 647 | 76,728 | 4 | 347 | 651 | 77,075 |
| Sheraton | 163 | 48,313 | 62 | 17,768 | 225 | 66,081 |
| SpringHill Suites | 363 | 41,589 | — | — | 363 | 41,589 |
| Westin | 81 | 26,544 | 24 | 7,616 | 105 | 34,160 |
| Westin Residences | 2 | 201 | — | — | 2 | 201 |
| TownePlace Suites | 329 | 33,128 | — | — | 329 | 33,128 |
| Four Points | 143 | 21,877 | 47 | 7,320 | 190 | 29,197 |
| Autograph Collection | 80 | 17,358 | 45 | 10,837 | 125 | 28,195 |
| Renaissance | 58 | 16,594 | 25 | 6,963 | 83 | 23,557 |
| Aloft | 98 | 14,496 | 13 | 2,037 | 111 | 16,533 |
| The Luxury Collection | 11 | 2,683 | 37 | 6,953 | 48 | 9,636 |
| The Luxury Collection Residences | 1 | 91 | 1 | 64 | 2 | 155 |
| Le Méridien | 16 | 3,417 | 15 | 4,022 | 31 | 7,439 |
| Delta Hotels | 26 | 5,984 | 1 | 339 | 27 | 6,323 |
| JW Marriott | 10 | 4,425 | 6 | 1,624 | 16 | 6,049 |
| Tribute Portfolio | 16 | 4,654 | 9 | 975 | 25 | 5,629 |
| Moxy | 6 | 1,347 | 16 | 3,411 | 22 | 4,758 |
| Element | 28 | 3,943 | 2 | 293 | 30 | 4,236 |
| Protea Hotels | — | — | 40 | 2,968 | 40 | 2,968 |
| The Ritz-Carlton | 1 | 429 | — | — | 1 | 429 |
| The Ritz-Carlton Residences | 1 | 55 | — | — | 1 | 55 |
| Bulgari | — | — | 1 | 85 | 1 | 85 |
| Owned/Leased | 30 | 8,241 | 35 | 9,107 | 65 | 17,348 |
| Courtyard | 19 | 2,814 | 3 | 645 | 22 | 3,459 |
| Sheraton | 2 | 1,299 | 5 | 2,126 | 7 | 3,425 |
| Marriott Hotels | 3 | 1,664 | 5 | 1,625 | 8 | 3,289 |
| Protea Hotels | — | — | 9 | 1,415 | 9 | 1,415 |
| Westin | 1 | 1,073 | 1 | 246 | 2 | 1,319 |
| W Hotels | 1 | 509 | 2 | 665 | 3 | 1,174 |
| Renaissance | 1 | 317 | 3 | 749 | 4 | 1,066 |
| The Ritz-Carlton | — | — | 2 | 553 | 2 | 553 |
| JW Marriott | — | — | 1 | 496 | 1 | 496 |
| St. Regis | 1 | 238 | 1 | 160 | 2 | 398 |
| Residence Inn | 1 | 192 | 1 | 140 | 2 | 332 |
| The Luxury Collection | — | — | 2 | 287 | 2 | 287 |
| Tribute Portfolio | 1 | 135 | — | — | 1 | 135 |
| Unconsolidated Joint Ventures | 37 | 6,271 | 96 | 11,772 | 133 | 18,043 |
| AC Hotels by Marriott | 37 | 6,271 | 90 | 11,353 | 127 | 17,624 |
| Autograph Collection | — | — | 6 | 419 | 6 | 419 |
| Timeshare* | 70 | 18,313 | 19 | 3,873 | 89 | 22,186 |
| Marriott Vacations Worldwide | 51 | 11,249 | 15 | 2,406 | 66 | 13,655 |
| Vistana | 19 | 7,064 | 4 | 1,467 | 23 | 8,531 |
| Grand Total | 4,899 | 854,291 | 1,692 | 411,837 | 6,591 | 1,266,128 |

* Timeshare property and room counts are included on this table in their geographical locations. For external reporting purposes, these counts are captured in the Corporate segment.

MARRIOTT INTERNATIONAL, INC.
TOTAL LODGING PRODUCTS
As of March 31, 2018

| <i>Total Systemwide</i> | North America | | Total International | | Total Worldwide | |
|--------------------------------------|----------------------|----------------|----------------------------|----------------|------------------------|------------------|
| | <i>Units</i> | <i>Rooms</i> | <i>Units</i> | <i>Rooms</i> | <i>Units</i> | <i>Rooms</i> |
| Luxury | 176 | 48,490 | 293 | 70,246 | 469 | 118,736 |
| JW Marriott | 26 | 14,484 | 55 | 21,245 | 81 | 35,729 |
| The Ritz-Carlton | 39 | 11,387 | 58 | 15,719 | 97 | 27,106 |
| The Ritz-Carlton Residences | 36 | 4,609 | 10 | 925 | 46 | 5,534 |
| The Ritz-Carlton Serviced Apartments | — | — | 5 | 697 | 5 | 697 |
| The Luxury Collection | 17 | 4,977 | 89 | 16,025 | 106 | 21,002 |
| The Luxury Collection Residences | 1 | 91 | 1 | 64 | 2 | 155 |
| W Hotels | 27 | 8,459 | 25 | 6,236 | 52 | 14,695 |
| W Residences | 9 | 1,078 | 4 | 471 | 13 | 1,549 |
| St. Regis | 11 | 2,228 | 32 | 7,203 | 43 | 9,431 |
| St. Regis Residences | 7 | 585 | 6 | 516 | 13 | 1,101 |
| EDITION | 2 | 567 | 2 | 699 | 4 | 1,266 |
| EDITION Residences | 1 | 25 | — | — | 1 | 25 |
| Bulgari | — | — | 5 | 441 | 5 | 441 |
| Bulgari Residences | — | — | 1 | 5 | 1 | 5 |
| Full Service | 932 | 339,826 | 832 | 243,547 | 1,764 | 583,373 |
| Marriott Hotels | 345 | 136,530 | 221 | 63,750 | 566 | 200,280 |
| Sheraton | 193 | 73,258 | 249 | 82,557 | 442 | 155,815 |
| Sheraton Residences | — | — | 2 | 262 | 2 | 262 |
| Westin | 128 | 52,744 | 92 | 29,370 | 220 | 82,114 |
| Westin Residences | 3 | 266 | 1 | 264 | 4 | 530 |
| Renaissance | 86 | 28,684 | 80 | 24,365 | 166 | 53,049 |
| Autograph Collection | 84 | 18,562 | 57 | 12,712 | 141 | 31,274 |
| Le Méridien | 20 | 4,137 | 88 | 24,124 | 108 | 28,261 |
| Delta Hotels | 51 | 12,748 | 1 | 339 | 52 | 13,087 |
| Gaylord Hotels | 5 | 8,108 | — | — | 5 | 8,108 |
| Marriott Executive Apartments | — | — | 29 | 4,270 | 29 | 4,270 |
| Tribute Portfolio | 17 | 4,789 | 12 | 1,534 | 29 | 6,323 |
| Limited Service | 3,721 | 447,662 | 548 | 94,171 | 4,269 | 541,833 |
| Courtyard | 1,002 | 140,174 | 154 | 31,289 | 1,156 | 171,463 |
| Residence Inn | 756 | 93,439 | 11 | 1,130 | 767 | 94,569 |
| Fairfield Inn & Suites | 910 | 84,060 | 25 | 3,872 | 935 | 87,932 |
| SpringHill Suites | 393 | 46,443 | — | — | 393 | 46,443 |
| Four Points | 144 | 22,011 | 109 | 22,521 | 253 | 44,532 |
| TownePlace Suites | 345 | 34,968 | — | — | 345 | 34,968 |
| Aloft | 99 | 14,826 | 46 | 9,879 | 145 | 24,705 |
| AC Hotels by Marriott | 37 | 6,271 | 90 | 11,353 | 127 | 17,624 |
| Protea Hotels | — | — | 86 | 8,739 | 86 | 8,739 |
| Element | 29 | 4,123 | 7 | 1,378 | 36 | 5,501 |
| Moxy | 6 | 1,347 | 20 | 4,010 | 26 | 5,357 |
| Timeshare* | 70 | 18,313 | 19 | 3,873 | 89 | 22,186 |
| Marriott Vacations Worldwide | 51 | 11,249 | 15 | 2,406 | 66 | 13,655 |
| Vistana | 19 | 7,064 | 4 | 1,467 | 23 | 8,531 |
| Grand Total | 4,899 | 854,291 | 1,692 | 411,837 | 6,591 | 1,266,128 |

* Timeshare property and room counts are included on this table in their geographical locations. For external reporting purposes, these counts are captured in the Corporate segment.

MARRIOTT INTERNATIONAL, INC.
KEY LODGING STATISTICS
In Constant \$

Comparable Company-Operated North American Properties

| Brand | Three Months Ended March 31, 2018 and March 31, 2017 | | | | | | |
|--|--|--------------|--------------|---------------|-------------|--------------------|--------------|
| | REVPAR | | Occupancy | | | Average Daily Rate | |
| | 2018 | vs. 2017 | 2018 | vs. 2017 | | 2018 | vs. 2017 |
| JW Marriott | \$ 191.86 | 0.3 % | 77.7% | 0.8 % | pts. | \$ 246.91 | -0.7 % |
| The Ritz-Carlton | \$ 304.39 | 4.8 % | 75.7% | 1.3 % | pts. | \$ 402.34 | 3.0 % |
| W Hotels | \$ 236.66 | 5.3 % | 80.1% | 1.0 % | pts. | \$ 295.61 | 3.9 % |
| Composite North American Luxury ¹ | \$ 276.65 | 4.5 % | 78.3% | 1.0 % | pts. | \$ 353.27 | 3.2 % |
| Marriott Hotels | \$ 146.99 | 0.8 % | 73.6% | 0.3 % | pts. | \$ 199.85 | 0.5 % |
| Sheraton | \$ 128.97 | 0.3 % | 72.6% | -1.7 % | pts. | \$ 177.59 | 2.7 % |
| Westin | \$ 147.42 | 0.8 % | 71.4% | -0.1 % | pts. | \$ 206.52 | 1.0 % |
| Composite North American Upper Upscale ² | \$ 141.21 | 0.6 % | 72.7% | -0.2 % | pts. | \$ 194.29 | 0.9 % |
| North American Full-Service ³ | \$ 164.01 | 1.7 % | 73.6% | 0.0 % | pts. | \$ 222.76 | 1.7 % |
| Courtyard | \$ 97.29 | -0.1 % | 69.1% | 0.0 % | pts. | \$ 140.90 | 0.0 % |
| Residence Inn | \$ 121.02 | -0.4 % | 76.4% | -0.4 % | pts. | \$ 158.45 | 0.1 % |
| Composite North American Limited-Service ⁴ | \$ 103.68 | 0.5 % | 71.5% | 0.2 % | pts. | \$ 144.91 | 0.2 % |
| North American - All ⁵ | \$ 145.00 | 1.4 % | 73.0% | 0.1 % | pts. | \$ 198.70 | 1.3 % |

Comparable Systemwide North American Properties

| Brand | Three Months Ended March 31, 2018 and March 31, 2017 | | | | | | |
|--|--|-------------|--------------|---------------|-------------|--------------------|--------------|
| | REVPAR | | Occupancy | | | Average Daily Rate | |
| | 2018 | vs. 2017 | 2018 | vs. 2017 | | 2018 | vs. 2017 |
| JW Marriott | \$ 190.01 | 0.6% | 77.4% | 0.0 % | pts. | \$ 245.60 | 0.6 % |
| The Ritz-Carlton | \$ 304.39 | 4.8% | 75.7% | 1.3 % | pts. | \$ 402.34 | 3.0 % |
| W Hotels | \$ 236.66 | 5.3% | 80.1% | 1.0 % | pts. | \$ 295.61 | 3.9 % |
| Composite North American Luxury ¹ | \$ 257.96 | 4.3% | 77.7% | 1.0 % | pts. | \$ 331.95 | 3.0 % |
| Marriott Hotels | \$ 125.14 | 0.6% | 69.6% | -0.2 % | pts. | \$ 179.69 | 0.9 % |
| Sheraton | \$ 102.37 | 1.5% | 67.8% | -0.3 % | pts. | \$ 150.91 | 1.9 % |
| Westin | \$ 146.22 | 0.6% | 72.0% | -0.5 % | pts. | \$ 203.06 | 1.4 % |
| Composite North American Upper Upscale ² | \$ 125.37 | 1.0% | 70.0% | -0.3 % | pts. | \$ 179.11 | 1.4 % |
| North American Full-Service ³ | \$ 138.35 | 1.6% | 70.8% | -0.1 % | pts. | \$ 195.55 | 1.8 % |
| Courtyard | \$ 94.12 | 0.9% | 68.9% | 0.7 % | pts. | \$ 136.68 | -0.1 % |
| Residence Inn | \$ 109.92 | 2.0% | 76.0% | 1.1 % | pts. | \$ 144.72 | 0.5 % |
| Fairfield Inn & Suites | \$ 73.10 | 4.2% | 66.3% | 2.1 % | pts. | \$ 110.19 | 0.9 % |
| Composite North American Limited-Service ⁴ | \$ 91.42 | 2.5% | 70.4% | 1.3 % | pts. | \$ 129.90 | 0.6 % |
| North American - All ⁵ | \$ 111.82 | 2.0% | 70.5% | 0.7 % | pts. | \$ 158.52 | 1.1 % |

¹ Includes JW Marriott, The Ritz-Carlton, W Hotels, The Luxury Collection, St. Regis, and EDITION.

² Includes Marriott Hotels, Sheraton, Westin, Renaissance, Autograph Collection, Delta Hotels, Gaylord Hotels, and Le Méridien. Systemwide also includes Tribute Portfolio.

³ Includes Composite North American Luxury and Composite North American Upper Upscale.

⁴ Includes Courtyard, Residence Inn, Fairfield Inn & Suites, SpringHill Suites, Four Points, TownePlace Suites, Aloft, Element and AC Hotels by Marriott. Systemwide also includes Moxy.

⁵ Includes North American Full-Service and Composite North American Limited-Service.

MARRIOTT INTERNATIONAL, INC.
KEY LODGING STATISTICS
In Constant \$

Comparable Company-Operated International Properties

| Region | Three Months Ended March 31, 2018 and March 31, 2017 | | | | | |
|---|--|--------------|--------------|------------------|--------------------|--------------|
| | REVPAR | | Occupancy | | Average Daily Rate | |
| | 2018 | vs. 2017 | 2018 | vs. 2017 | 2018 | vs. 2017 |
| Greater China | \$ 92.66 | 11.9% | 68.7% | 5.2% pts. | \$ 134.82 | 3.4 % |
| Rest of Asia Pacific | \$ 137.07 | 7.8% | 76.5% | 1.8% pts. | \$ 179.25 | 5.4 % |
| Asia Pacific | \$ 109.20 | 10.0% | 71.6% | 3.9% pts. | \$ 152.49 | 3.9 % |
| Caribbean & Latin America | \$ 160.09 | 10.6% | 68.4% | 2.9% pts. | \$ 233.91 | 6.0 % |
| Europe | \$ 121.72 | 4.1% | 65.8% | 1.2% pts. | \$ 185.03 | 2.3 % |
| Middle East & Africa | \$ 119.38 | 3.4% | 69.8% | 4.5% pts. | \$ 170.91 | -3.3 % |
| International - All ¹ | \$ 118.21 | 7.3% | 69.7% | 3.3% pts. | \$ 169.69 | 2.2 % |
| Worldwide ² | \$ 131.37 | 4.0% | 71.3% | 1.7% pts. | \$ 184.28 | 1.5 % |

Comparable Systemwide International Properties

| Region | Three Months Ended March 31, 2018 and March 31, 2017 | | | | | |
|---|--|--------------|--------------|------------------|--------------------|--------------|
| | REVPAR | | Occupancy | | Average Daily Rate | |
| | 2018 | vs. 2017 | 2018 | vs. 2017 | 2018 | vs. 2017 |
| Greater China | \$ 92.17 | 11.5% | 68.1% | 5.2% pts. | \$ 135.40 | 3.1 % |
| Rest of Asia Pacific | \$ 133.07 | 8.8% | 75.6% | 1.7% pts. | \$ 175.99 | 6.3 % |
| Asia Pacific | \$ 110.34 | 10.0% | 71.4% | 3.6% pts. | \$ 154.49 | 4.4 % |
| Caribbean & Latin America | \$ 123.80 | 8.9% | 65.8% | 2.5% pts. | \$ 188.15 | 4.8 % |
| Europe | \$ 104.94 | 5.9% | 63.0% | 2.4% pts. | \$ 166.60 | 1.8 % |
| Middle East & Africa | \$ 114.24 | 3.2% | 69.0% | 3.8% pts. | \$ 165.57 | -2.4 % |
| International - All ¹ | \$ 110.90 | 7.5% | 67.9% | 3.2% pts. | \$ 163.39 | 2.5 % |
| Worldwide ² | \$ 111.55 | 3.6% | 69.8% | 1.4% pts. | \$ 159.92 | 1.5 % |

¹ Includes Asia Pacific, Caribbean & Latin America, Europe, and Middle East & Africa.

² Includes North American - All and International - All.

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

| | Fiscal Year 2018 | Fiscal Year 2017 |
|--|-------------------------|-------------------------|
| | First Quarter | First Quarter |
| Net income, as reported | \$ 398 | \$ 371 |
| Cost reimbursement revenue | (3,773) | (3,736) |
| Reimbursed expenses | 3,835 | 3,696 |
| Interest expense | 75 | 70 |
| Interest expense from unconsolidated joint ventures | 2 | 1 |
| Tax provision | 104 | 123 |
| Depreciation and amortization | 54 | 51 |
| Contract investment amortization | 18 | 11 |
| Depreciation classified in reimbursed expenses | 33 | 32 |
| Depreciation and amortization from unconsolidated joint ventures | 10 | 11 |
| Share-based compensation | 38 | 35 |
| Gain on asset dispositions | (58) | — |
| Merger-related costs and charges | 34 | 51 |
| Adjusted EBITDA ** | \$ 770 | \$ 716 |

Increase over 2017 Adjusted EBITDA **

8%

** Denotes non-GAAP financial measures. Please see pages A-11 and A-12 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 EBITDA FORECAST
SECOND QUARTER 2018
(\$ in millions)

| | Range | | Second Quarter 2017 ^{2**} |
|--|----------------------------------|---------------|------------------------------------|
| | Estimated Second Quarter 2018 | | |
| Net income, excluding certain items ¹ | \$ 480 | \$ 487 | |
| Interest expense | 85 | 85 | |
| Interest expense from unconsolidated joint ventures | — | — | |
| Tax provision | 155 | 158 | |
| Depreciation and amortization | 55 | 55 | |
| Contract investment amortization | 15 | 15 | |
| Depreciation classified in reimbursed expenses | 35 | 35 | |
| Depreciation and amortization from unconsolidated joint ventures | 10 | 10 | |
| Share-based compensation | 45 | 45 | |
| Adjusted EBITDA ^{**} | \$ 880 | \$ 890 | \$ 820 |
| | | | |
| Increase over 2017 Adjusted EBITDA^{**} | 7% | 9% | |

^{**} Denotes non-GAAP financial measures. See pages A-11 and A-12 for information about our reasons for providing these alternative financial measures and the limitations on their use.

¹ Guidance excludes cost reimbursement revenue, reimbursed expenses, and merger-related costs and charges, which the company cannot accurately forecast and which may be significant, except for depreciation classified in reimbursed expenses, which is included in the caption "Depreciation classified in reimbursed expenses" above.

² We have not completed our recast of 2017 second quarter results under ASU 2014-09, but we estimate that the application of ASU 2014-09 will lower previously reported 2017 second quarter Adjusted EBITDA of \$834 million by \$14 million, resulting in estimated 2017 second quarter Adjusted EBITDA of \$820 million.

MARRIOTT INTERNATIONAL, INC.
NON-GAAP FINANCIAL MEASURES
ADJUSTED EBITDA FORECAST
FULL YEAR 2018
(\$ in millions)

| | Range | | Full Year 2017 ^{2**} |
|--|--------------------------|-----------------|-------------------------------|
| | Estimated Full Year 2018 | | |
| Net income, excluding certain items ¹ | \$ 1,923 | \$ 1,965 | |
| Interest expense | 335 | 335 | |
| Interest expense from unconsolidated joint ventures | 10 | 10 | |
| Tax provision | 595 | 608 | |
| Depreciation and amortization | 225 | 225 | |
| Contract investment amortization | 60 | 60 | |
| Depreciation classified in reimbursed expenses | 145 | 145 | |
| Depreciation and amortization from unconsolidated joint ventures | 40 | 40 | |
| Share-based compensation | 170 | 170 | |
| Gain on asset dispositions | (58) | (58) | |
| Adjusted EBITDA ^{**} | \$ 3,445 | \$ 3,500 | \$ 3,131 |
| | | | |
| Increase over 2017 Adjusted EBITDA^{**} | 10% | 12% | |

^{**} Denotes non-GAAP financial measures. See pages A-11 and A-12 for information about our reasons for providing these alternative financial measures and the limitations on their use.

¹ Guidance excludes cost reimbursement revenue, reimbursed expenses, and merger-related costs and charges, which the company cannot accurately forecast and which may be significant, except for depreciation classified in reimbursed expenses, which is included in the caption "Depreciation classified in reimbursed expenses" above.

² We have not completed our recast of 2017 full year results under ASU 2014-09, but we estimate that the application of ASU 2014-09 will lower previously reported 2017 full year Adjusted EBITDA of \$3,223 million by \$92 million, resulting in estimated 2017 full year Adjusted EBITDA of \$3,131 million.

MARRIOTT INTERNATIONAL, INC.
EXPLANATION OF NON-GAAP FINANCIAL AND PERFORMANCE 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. 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 Operating Income and Adjusted Operating Income Margin. Adjusted operating income reflects revenues, excluding cost reimbursement revenue, and operating expenses, excluding reimbursed expenses and merger-related costs, charges, and other merger-related adjustments due to purchase accounting. Adjusted operating income margin reflects adjusted operating income divided by adjusted total revenues. We believe that these are meaningful metrics because they allow for period-over-period comparisons of our ongoing operations before these items and for the reasons further described below.

Adjusted Net Income and Adjusted Diluted EPS. Adjusted net income and Adjusted diluted EPS reflect our net income and diluted earnings per share excluding the impact of cost reimbursement revenue, reimbursed expenses, merger-related costs, charges, and other merger-related adjustments due to purchase accounting, the gain on the sale of our ownership interest in Avendra, and the income tax effect of these adjustments, as well as a state tax expense relating to our plan to remit a portion of the accumulated earnings of non-U.S. subsidiaries in the future and an adjustment to our provisional estimated federal and state Deemed Repatriation Transition Tax under the U.S. Tax Cuts and Jobs Act of 2017. We calculate the income tax effect of the adjustments using an estimated tax rate applicable to each adjustment. We believe that these measures are meaningful indicators of our performance because they allow for period-over-period comparisons of our ongoing operations before these items and for the reasons further described below.

Adjusted Earnings Before Interest Expense, Taxes, Depreciation and Amortization (“Adjusted EBITDA”). Adjusted EBITDA reflects net income excluding the impact of the following items: cost reimbursement revenue and reimbursed expenses, interest expense, depreciation (including depreciation classified in “Reimbursed expenses,” as discussed below), amortization, and provision for income taxes, pre-tax transaction and transition costs associated with the Starwood merger, gains and losses on asset dispositions, and share-based compensation expense for all periods presented.

In our presentations of Adjusted operating income and operating income margin, Adjusted net income, and Adjusted diluted EPS, we exclude transaction and transition costs associated with the Starwood merger, which we record in the “Merger-related costs and charges” caption of our Income Statements, and other merger-related adjustments due to purchase accounting, to allow for period-over period comparisons of our ongoing operations before the impact of these items. We exclude cost reimbursement revenue and reimbursed expenses, which relate to property-level and centralized programs and services that we operate for the benefit of our hotel owners. We do not operate these programs and services to generate a profit over the contract term, and accordingly, when we recover the costs that we incur for these programs and services from our hotel owners, we do not seek a mark-up. For property-level services, our owners typically reimburse us at the same time that we incur expenses. However, for centralized programs and services, our owners may reimburse us before or after we incur expenses, causing temporary timing differences between the costs we incur and the related reimbursement from hotel owners in our operating and net income. Over the long term, these programs and services are not designed to impact our economics, either positively or negatively. Because we do not retain any such profits or losses over time, we exclude the net impact when evaluating period-over-period changes in our operating results.

We believe that Adjusted EBITDA is a meaningful indicator of our operating performance because it permits period-over-period comparisons of our ongoing operations before these items and facilitates our comparison of results before these items with results from other lodging companies. We use Adjusted EBITDA 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 provisions for income taxes can vary considerably among companies. Our Adjusted EBITDA also excludes depreciation and amortization expense which we report under “Depreciation, amortization, and other” as well as depreciation classified in “Reimbursed expenses” and “Contract investment amortization” in our Consolidated Statements of Income (our “Income Statements”), because companies utilize productive assets of different ages and use different methods of both acquiring and depreciating productive assets. Depreciation

MARRIOTT INTERNATIONAL, INC.
EXPLANATION OF NON-GAAP FINANCIAL AND PERFORMANCE MEASURES

classified in “Reimbursed expenses” reflects depreciation of Marriott-owned assets, for which we receive cash from owners to reimburse the company for its investments made for the benefit of the system. These differences can result in considerable variability in the relative costs of productive assets and the depreciation and amortization expense among companies. We exclude share-based compensation expense in all periods presented to address the considerable variability among companies in recording compensation expense because companies use share-based payment awards differently, both in the type and quantity of awards granted.

RevPAR. In addition to the foregoing non-GAAP financial measures, we present Revenue per Available Room (“RevPAR”) as a performance measure. We believe RevPAR is a meaningful indicator of our performance because it measures the period-over-period change in room revenues for comparable properties. RevPAR may not be comparable to similarly titled measures, such as revenues. We calculate RevPAR by dividing room sales (recorded in local currency) for comparable properties by room nights available for the period. We present growth in comparative pro forma combined company RevPAR on a constant dollar basis, which we calculate by applying exchange rates for the current period to each period presented. We believe constant dollar analysis provides valuable information regarding our properties’ performance as it removes currency fluctuations from the presentation of such results.



MARRIOTT INTERNATIONAL FIRST QUARTER 2018 EARNINGS CONFERENCE CALL



FORWARD-LOOKING STATEMENTS

NOTE ON FORWARD-LOOKING STATEMENTS: This document contains “forward-looking statements” within the meaning of federal securities laws, including our RevPAR, profit margin and earnings outlook and assumptions; the number of lodging properties we expect to add to or remove from our system in the future; the timeline for the unification and combination of our loyalty programs; our expectations regarding the estimates of the impact of new accounting standards and the new tax law; our expectations about investment spending and tax rate; and similar statements concerning anticipated future events and expectations that are not historical facts. We caution you that these statements are not guarantees of future performance and are subject to numerous risks and uncertainties, including those we identify below and other risk factors that we identify in our most recent quarterly report on Form 10-Q or annual report on Form 10-K. Risks that could affect forward-looking statements in this document include changes in market conditions; changes in global and regional economies; supply and demand changes for hotel rooms; competitive conditions in the lodging industry; relationships with clients and property owners; the availability of capital to finance hotel growth and refurbishment; the extent to which we can continue to successfully integrate Starwood and realize the anticipated benefits of combining Starwood and Marriott; changes to our provisional estimates of the impact of the U.S. Tax Cuts and Jobs Acts of 2017; and changes to our estimates of the impact of the new revenue recognition accounting standard. Any of these factors could cause actual results to differ materially from the expectations we express or imply in this press release. We make these forward-looking statements as of May 8, 2018. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

REVPAR RESULTS

COMPARABLE SYSTEMWIDE PROPERTIES

| | 2018 First Quarter Results | First Quarter Outlook as of February 14, 2018 |
|---------------------------|-------------------------------|--|
| Greater China | 11.5% | |
| Rest of Asia Pacific | 8.8% | |
| Asia Pacific | 10.0% | Mid-single digit rate |
| Caribbean & Latin America | 8.9% | Mid-single digit rate |
| Europe | 5.9% | Mid-single digit rate |
| Middle East & Africa | 3.2% | Flat |
| International | 7.5% | 3% to 5% |
| North America | 2.0% | Flat to up 2% |
| Worldwide | 3.6% | 1% to 3% |

NORTH AMERICA REVPAR RESULTS

COMPARABLE SYSTEMWIDE PROPERTIES

NORTH AMERICA

2018 First Quarter

| | |
|----------------------------------|-------------|
| Luxury | 4.3% |
| Upper Upscale | 1.0% |
| Limited-Service | 2.5% |
| Total North America | 2.0% |
| Segmentation¹: | |
| Group | ~ flat |
| Transient | ~ 2.5% |

North America up 2.7% after adjusting for Easter timing, 2017 Inauguration, and hurricane impact.

Group constrained by Easter timing and 2017 Inauguration. Q1 exceeded expectations due to stronger group attendance and stronger limited-service hotel demand. Upper upscale and luxury group revenue pace up roughly 4% for second quarter and 1 to 2% for second half of 2018.

Transient growth reflects improved special corporate pricing, reduced Legacy-Starwood discounting, higher international arrivals, and improved corporate and leisure demand.

¹Based on reservations data

INTEGRATION

2018 Integration To Date

- Combined financial reporting systems
- Integrated North American sales organization
- Recycled \$170 million of capital

Integration Coming Soon

- All inventory available through Marriott and Starwood websites and apps
- Unified loyalty programs
- Co-branded credit cards launching
- Phased roll-out of all properties to one reservation system
- Continued integration cost savings

INNOVATING WHILE INTEGRATING



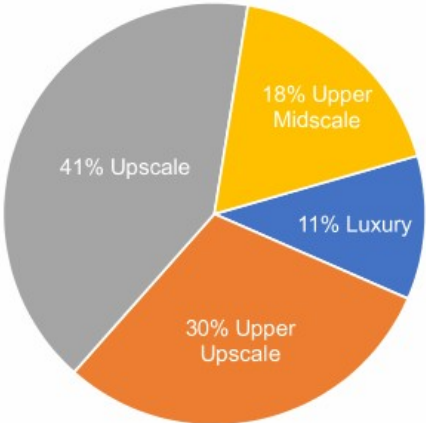
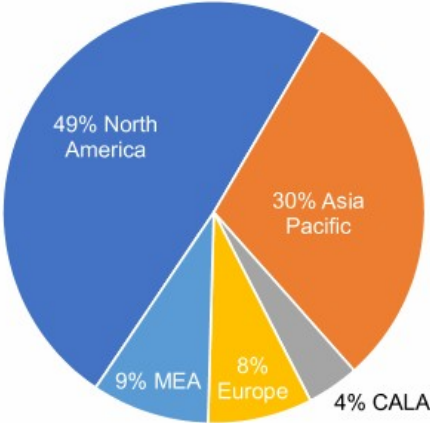
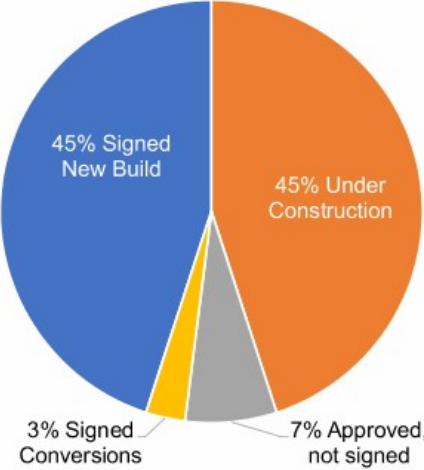
- Expanding Marriott Moments
- Launched new Alibaba storefront
- Management agreement for Ritz-Carlton luxury yacht
- Piloting Tribute Portfolio Homes
- Launched new Customer Recognition Platform
- Reduced group intermediary commission rates

SUBSTANTIAL ROOMS GROWTH



DEVELOPMENT PIPELINE

NEARLY 465,000 ROOMS



FIRST QUARTER 2018

(\$ millions, except EPS)

| | Q1 2018 | Q1 2017 | B/(W) | |
|---------------------------------------|---------|---------|-------|--|
| Gross fee revenues | \$845 | \$759 | 11% | Unit, RevPAR and IMF growth, higher credit card fees, and favorable FX |
| Contract investment amortization | (18) | (11) | (64)% | |
| Owned, leased, and other, net | 70 | 72 | (3)% | Impact of sale of four properties offset by higher termination fees |
| Depreciation, amortization, and other | (54) | (51) | (6)% | |
| General, administrative, and other | (247) | (212) | (17)% | |
| Gains and other income, net | 59 | -- | NM | \$35M additional profit-sharing match |
| Reported Operating Income | \$500 | \$546 | (8)% | |
| Adjusted Operating Income | \$596 | \$554 | 8% | \$53M gain on sale of two Buenos Aires hotels |
| Reported Net Income | \$398 | \$371 | 7% | |
| Adjusted Net Income | \$487 | \$375 | 30% | |
| Reported Fully Diluted EPS | \$1.09 | \$0.95 | 15% | |
| Adjusted Fully Diluted EPS | \$1.34 | \$0.96 | 40% | |

Adjusted results exclude merger-related costs and charges, cost reimbursement revenue and reimbursed expenses. Q1 2018 adjusted results also exclude a net adjustment to the tax charge related to the U.S. Tax Cuts and Jobs Act of 2017, and Avendra gain.

REVPAR RESULTS & OUTLOOK

| Systemwide Comparable | 2018 First Quarter | 2018E Second Quarter | 2018E Full Year |
|---------------------------|-----------------------|----------------------------|------------------------|
| Asia Pacific | 10.0% | High-single digit rate | High-single digit rate |
| Caribbean & Latin America | 8.9% | Mid-single digit rate | Mid-single digit rate |
| Europe | 5.9% | Mid-single digit rate | Mid-single digit rate |
| Middle East & Africa | 3.2% | Down Mid-single digit rate | Flat |
| International | 7.5% | 5% to 6% | 5% to 6% |
| North America | 2.0% | 3% to 4% | 2% to 3% |
| Worldwide | 3.6% | 3% to 4% | 3% to 4% |

SECOND QUARTER 2018 OUTLOOK

(\$ millions, except EPS)

| | Second Quarter 2018 Outlook | Second Quarter Estimated 2017 |
|---------------------------------------|--------------------------------|----------------------------------|
| Gross fee revenues | \$935 to \$945 | \$848 |
| Contract investment amortization | Approx. \$15 | |
| Owned, leased and other revenue, net | Approx. \$80 | |
| Depreciation, amortization, and other | Approx. \$55 | |
| General, administrative, and other | Approx. \$250 | |
| Operating income | \$695 to \$705 | |
| Gains and other income | Approx. \$10 | |
| Net interest expense | Approx. \$80 | |
| Equity in earnings (losses) | Approx. \$10 | |
| Earnings per share | \$1.34 to \$1.36 | |
| Adjusted EBITDA | \$880 to \$890 | \$820 |

Second Quarter Estimated 2017 has been recast to reflect the full retrospective application of the new revenue standard, as if adopted on January 1, 2016. Second Quarter 2018 Outlook does not include the impact of merger-related costs and charges, cost reimbursement revenue or reimbursed expenses.

2018 FULL YEAR OUTLOOK

(\$ millions, except EPS)

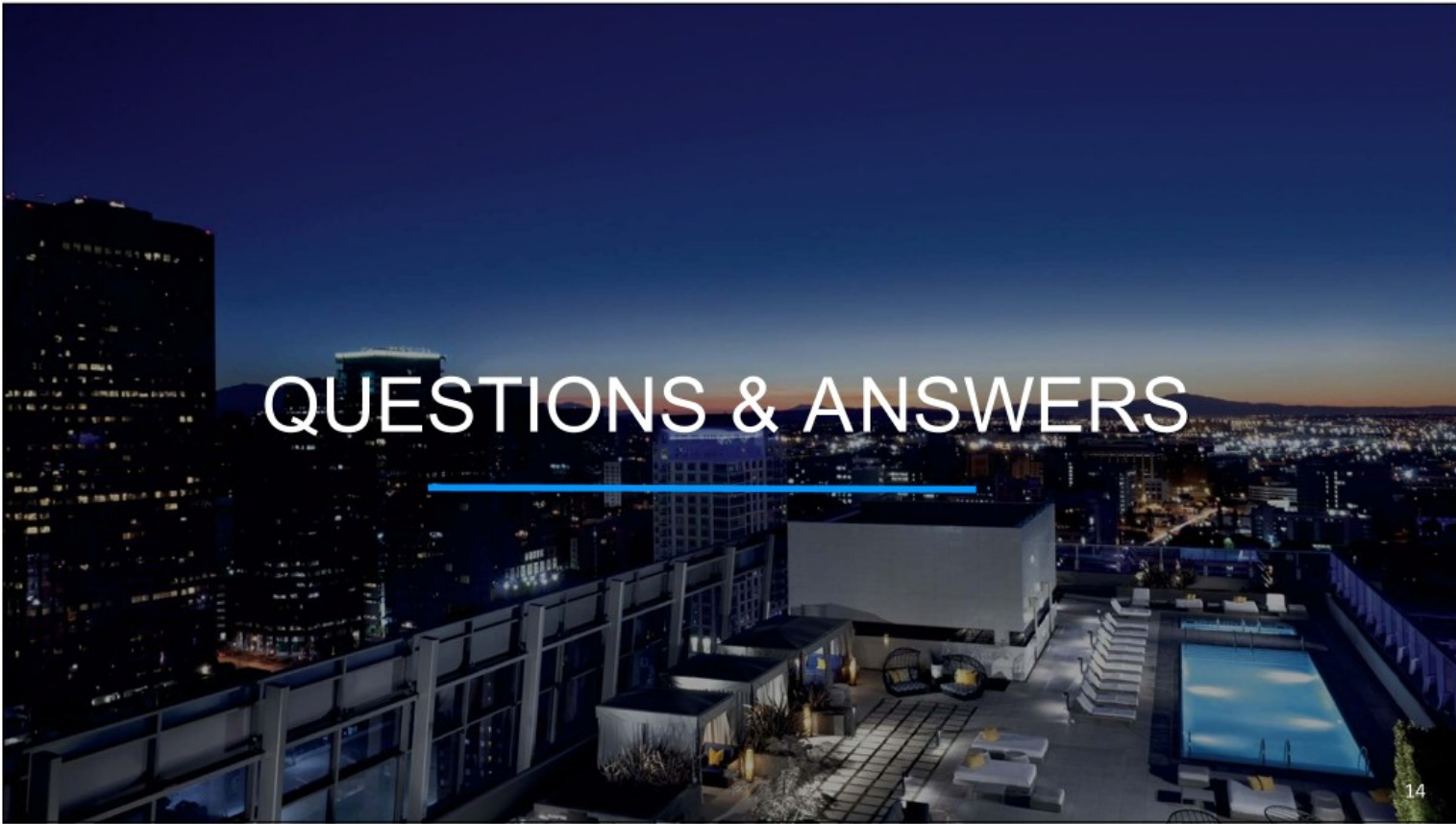
| | Full Year 2018 Outlook | Full Year Estimated 2017 | Feb 14, 2018 Full Year 2018 Outlook |
|---------------------------------------|---------------------------|-----------------------------|---|
| Gross fee revenues | \$3,650 to \$3,690 | \$3,295 | \$3,535 to \$3,620 |
| Contract investment amortization | Approx. \$60 | | Approx. \$55 |
| Owned, leased and other revenue, net | Approx. \$300 | | \$285 to \$295 |
| Depreciation, amortization, and other | Approx. \$225 | | Approx. \$230 |
| General, administrative, and other | \$940 to \$950 | | \$935 to \$945 |
| Operating income | \$2,715 to \$2,765 | | \$2,590 to \$2,695 |
| Gains and other income | \$65 to \$70 | | Approx. \$45 |
| Net interest expense | Approx. \$305 | | Approx. \$305 |
| Equity in earnings (losses) | Approx. \$40 | | Approx. \$40 |
| Earnings per share | \$5.43 to \$5.55 | | \$5.11 to \$5.34 |
| Tax rate | 23% | | 22% |
| Adjusted EBITDA | \$3,445 to \$3,500 | \$3,131 | \$3,315 to \$3,420 |

Full Year Estimated 2017 has been recast to reflect the full retrospective application of the new revenue standard, as if adopted on January 1, 2016. Full Year 2018 Outlook does not include the impact of merger-related costs and charges, cost reimbursement revenue, reimbursed expenses, the net tax charge and the increase in the Avendra gain.

2018 OUTLOOK

- Does not include merger-related costs and charges, cost reimbursement revenue or reimbursed expenses
- Excludes the net tax charge and the increase in the Avendra gain, which were reported in the 2018 first quarter
- \$600 million to \$700 million investment spending, including \$225 million for maintenance capital
- Assumes no further asset sales
- At least \$3 billion return to shareholders

QUESTIONS & ANSWERS



Non-GAAP Reconciliations

MARRIOTT INTERNATIONAL, INC.
PRESS RELEASE SCHEDULES
TABLE OF CONTENTS
QUARTER 1, 2018

| | |
|--|------|
| Consolidated Statements of Income - As Reported | A-1 |
| Non-GAAP Financial Measures | A-2 |
| Total Lodging Products | A-3 |
| Key Lodging Statistics | A-6 |
| Adjusted EBITDA | A-8 |
| Adjusted EBITDA Forecast - Second Quarter 2018 | A-9 |
| Adjusted EBITDA Forecast - Full Year 2018 | A-10 |
| Explanation of Non-GAAP Financial and Performance Measures | A-11 |

MARRIOTT INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF INCOME - AS REPORTED
FIRST QUARTER 2018 AND 2017

(in millions except per share amounts, unaudited)

| | As Reported Three Months Ended March 31, 2018 | As Reported ¹⁰ Three Months Ended March 31, 2017 | Percent Better/(Worse) Reported 2018 vs. 2017 |
|--|---|---|---|
| REVENUES | | | |
| Base management fees | \$ 273 | \$ 264 | 3 |
| Franchise fees ¹ | 417 | 355 | 17 |
| Incentive management fees | 155 | 140 | 11 |
| Gross Fee Revenues | 845 | 759 | 11 |
| Contract investment amortization ² | (18) | (11) | (64) |
| Net Fee Revenues | 827 | 748 | 11 |
| Owned, leased, and other revenue ³ | 406 | 428 | (5) |
| Cost reimbursement revenue ⁴ | 3,773 | 3,736 | 1 |
| Total Revenues | 5,006 | 4,912 | 2 |
| OPERATING COSTS AND EXPENSES | | | |
| Owned, leased, and other - direct ⁵ | 336 | 356 | 6 |
| Reimbursed expenses ⁴ | 3,835 | 3,696 | (4) |
| Depreciation, amortization, and other ⁶ | 54 | 51 | (6) |
| Merger-related costs and charges | 34 | 51 | 33 |
| General, administrative, and other ⁷ | 247 | 212 | (17) |
| Total Expenses | 4,506 | 4,366 | (3) |
| OPERATING INCOME | 500 | 546 | (8) |
| Gains and other income, net ⁸ | 59 | - | - |
| Interest expense | (75) | (70) | (7) |
| Interest income | 5 | 7 | (29) |
| Equity in earnings ⁹ | 13 | 11 | 18 |
| INCOME BEFORE INCOME TAXES | 502 | 494 | 2 |
| Provision for income taxes | (104) | (123) | 15 |
| NET INCOME | \$ 398 | \$ 371 | 7 |
| EARNINGS PER SHARE | | | |
| Earnings per share - basic | \$ 1.11 | \$ 0.96 | 16 |
| Earnings per share - diluted | \$ 1.09 | \$ 0.95 | 15 |
| Basic Shares | 358.4 | 384.9 | |
| Diluted Shares | 363.3 | 390.0 | |

* Calculated percentage is not meaningful.

¹ Franchise fees include fees from our franchise agreements, application and relicensing fees, licensing fees from our timeshare, credit card programs, and residential branding fees.

² Contract investment amortization includes amortization of payments made to obtain contracts with our owner and franchisee customers, and any related impairments, accelerations, or write-offs.

³ Owned, leased, and other revenue includes revenue from the properties we own or lease, termination fees, and other revenue.

⁴ Cost reimbursement revenue includes reimbursements from properties for property-level and centralized programs and services that we operate for the benefit of our hotel owners. Reimbursed expenses include costs incurred by Marriott for certain property-level operating expenses and centralized programs and services.

⁵ Owned, leased, and other - direct expenses include operating expenses related to our owned or leased hotels, including lease payments and pre-opening expenses.

⁶ 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.

⁷ General, administrative, and other expenses include our corporate and business segments overhead costs and general expenses.

⁸ Gains and other income, net includes gains and losses on the sale of real estate, the sale or impairment of joint ventures and investments, and results from other equity investments.

⁹ Equity in earnings include our equity in earnings or losses of unconsolidated equity method investments.

¹⁰ On January 1, 2018, we adopted ASU 2014-09. This column reflects our recast 2017 results under the new accounting standard.

MARRIOTT INTERNATIONAL, INC.
NON-GAAP FINANCIAL MEASURES
(\$ in millions except per share amounts)

The following table presents our reconciliations of Adjusted operating income, Adjusted operating income margin, Adjusted net income, and Adjusted diluted EPS, to the most directly comparable GAAP measure. Adjusted total revenues is used in the determination of Adjusted operating income margin.

| | Three Months Ended | | Percent Better/ (Worse) |
|--|--------------------|--------------------------------|-------------------------------|
| | March 31, 2018 | March 31, 2017 ¹ | |
| Total revenues, as reported | \$ 5,006 | \$ 4,912 | |
| Less: Cost reimbursement revenue | (3,773) | (3,736) | |
| Adjusted total revenues** | 1,233 | 1,176 | |
| Operating income, as reported | 500 | 546 | |
| Less: Cost reimbursement revenue | (3,773) | (3,736) | |
| Add: Reimbursed expenses | 3,835 | 3,696 | |
| Add: Merger-related costs, charges, and other ² | 34 | 48 | |
| Adjusted operating income ** | 596 | 554 | 8% |
| Operating income margin | 10% | 11% | |
| Adjusted operating income margin ** | 48% | 47% | |
| Net income, as reported | 398 | 371 | |
| Less: Cost reimbursement revenue | (3,773) | (3,736) | |
| Add: Reimbursed expenses | 3,835 | 3,696 | |
| Add: Merger-related costs, charges, and other ² | 34 | 48 | |
| Less: Gain on sale of Avendra | (5) | - | |
| Income tax effect of above adjustments | (24) | (4) | |
| Add: U.S. Tax Cuts and Jobs Act of 2017 | 22 | - | |
| Adjusted net income ** | \$ 487 | \$ 375 | 30% |
| Diluted EPS, as reported | \$ 1.09 | \$ 0.95 | |
| Adjusted Diluted EPS** | \$ 1.34 | \$ 0.96 | 40% |

** Denotes non-GAAP financial measures. Please see pages A-11 and A-12 for information about our reasons for providing these alternative financial measures and the limitations on their use.

¹ On January 1, 2018, we adopted ASU 2014-09. This column reflects our recast 2017 results under the new accounting standard.

² Merger-related costs, charges, and other includes Starwood merger costs presented in the "Merger-related costs and charges" caption of our Income Statement and purchase accounting revisions.

MARRIOTT INTERNATIONAL, INC.
TOTAL LODGING PRODUCTS
As of March 31, 2018

| | North America | | Total International | | Total Worldwide | |
|--------------------------------------|---------------|----------------|---------------------|----------------|-----------------|----------------|
| | Units | Rooms | Units | Rooms | Units | Rooms |
| Managed | 820 | 249,049 | 1,076 | 286,868 | 1,896 | 535,917 |
| Marriott Hotels | 127 | 67,939 | 166 | 48,287 | 293 | 116,226 |
| Sheraton | 28 | 23,646 | 182 | 62,663 | 210 | 86,309 |
| Sheraton Residences | - | - | 2 | 262 | 2 | 262 |
| Courtyard | 240 | 38,354 | 89 | 19,044 | 329 | 57,398 |
| Westin | 46 | 25,127 | 67 | 21,508 | 113 | 46,635 |
| Westin Residences | 1 | 65 | 1 | 264 | 2 | 329 |
| The Ritz-Carlton | 38 | 10,958 | 56 | 15,166 | 94 | 26,124 |
| The Ritz-Carlton Residences | 35 | 4,554 | 10 | 925 | 45 | 5,479 |
| The Ritz-Carlton Serviced Apartments | - | - | 5 | 697 | 5 | 697 |
| JW Marriott | 16 | 10,059 | 48 | 19,125 | 64 | 29,184 |
| Renaissance | 27 | 11,773 | 52 | 16,653 | 79 | 28,426 |
| Le Méridien | 4 | 720 | 73 | 20,102 | 77 | 20,822 |
| Residence Inn | 108 | 16,519 | 6 | 643 | 114 | 17,162 |
| Four Points | 1 | 134 | 62 | 15,201 | 63 | 15,335 |
| W Hotels | 26 | 7,950 | 23 | 5,571 | 49 | 13,521 |
| W Residences | 9 | 1,078 | 4 | 471 | 13 | 1,549 |
| The Luxury Collection | 6 | 2,294 | 50 | 8,785 | 56 | 11,079 |
| St. Regis | 10 | 1,990 | 31 | 7,043 | 41 | 9,033 |
| St. Regis Residences | 7 | 585 | 6 | 516 | 13 | 1,101 |
| Aloft | 1 | 330 | 33 | 7,842 | 34 | 8,172 |
| Gaylord Hotels | 5 | 8,108 | - | - | 5 | 8,108 |
| Delta Hotels | 25 | 6,764 | - | - | 25 | 6,764 |
| SpringHill Suites | 30 | 4,854 | - | - | 30 | 4,854 |
| Protea Hotels | - | - | 37 | 4,356 | 37 | 4,356 |
| Marriott Executive Apartments | - | - | 29 | 4,270 | 29 | 4,270 |
| Fairfield Inn & Suites | 6 | 1,432 | 19 | 2,715 | 25 | 4,147 |
| Autograph Collection | 4 | 1,204 | 6 | 1,456 | 10 | 2,660 |
| TownePlace Suites | 16 | 1,840 | - | - | 16 | 1,840 |
| EDITION | 2 | 567 | 2 | 699 | 4 | 1,266 |
| EDITION Residences | 1 | 25 | - | - | 1 | 25 |
| Element | 1 | 180 | 5 | 1,085 | 6 | 1,265 |
| Moxy | - | - | 4 | 599 | 4 | 599 |
| Tribute Portfolio | - | - | 3 | 559 | 3 | 559 |
| Bulgari | - | - | 4 | 356 | 4 | 356 |
| Bulgari Residences | - | - | 1 | 5 | 1 | 5 |

MARRIOTT INTERNATIONAL, INC.
TOTAL LODGING PRODUCTS
As of March 31, 2018

| | North America | | Total International | | Total Worldwide | |
|--------------------------------------|---------------|----------------|---------------------|----------------|-----------------|------------------|
| | Units | Rooms | Units | Rooms | Units | Rooms |
| Franchised | 3,942 | 572,417 | 466 | 100,217 | 4,408 | 672,634 |
| Courtyard | 743 | 99,006 | 62 | 11,600 | 805 | 110,606 |
| Fairfield Inn & Suites | 904 | 82,628 | 6 | 1,157 | 910 | 83,785 |
| Marriott Hotels | 215 | 66,927 | 50 | 13,838 | 265 | 80,765 |
| Residence Inn | 647 | 76,728 | 4 | 347 | 651 | 77,075 |
| Sheraton | 163 | 48,313 | 62 | 17,768 | 225 | 66,081 |
| SpringHill Suites | 363 | 41,589 | - | - | 363 | 41,589 |
| Westin | 81 | 26,544 | 24 | 7,616 | 105 | 34,160 |
| Westin Residences | 2 | 201 | - | - | 2 | 201 |
| TownePlace Suites | 329 | 33,128 | - | - | 329 | 33,128 |
| Four Points | 143 | 21,877 | 47 | 7,320 | 190 | 29,197 |
| Autograph Collection | 80 | 17,358 | 45 | 10,837 | 125 | 28,195 |
| Renaissance | 58 | 16,594 | 25 | 6,963 | 83 | 23,557 |
| Aloft | 98 | 14,496 | 13 | 2,037 | 111 | 16,533 |
| The Luxury Collection | 11 | 2,683 | 37 | 6,953 | 48 | 9,636 |
| The Luxury Collection Residences | 1 | 91 | 1 | 64 | 2 | 155 |
| Le Méridien | 16 | 3,417 | 15 | 4,022 | 31 | 7,439 |
| Delta Hotels | 26 | 5,984 | 1 | 339 | 27 | 6,323 |
| JW Marriott | 10 | 4,425 | 6 | 1,624 | 16 | 6,049 |
| Tribute Portfolio | 16 | 4,654 | 9 | 975 | 25 | 5,629 |
| Moxy | 6 | 1,347 | 16 | 3,411 | 22 | 4,758 |
| Element | 28 | 3,943 | 2 | 293 | 30 | 4,236 |
| Protea Hotels | - | - | 40 | 2,968 | 40 | 2,968 |
| The Ritz-Carlton | 1 | 429 | - | - | 1 | 429 |
| The Ritz-Carlton Residences | 1 | 55 | - | - | 1 | 55 |
| Bulgari | - | - | 1 | 85 | 1 | 85 |
| Owned/Leased | 30 | 8,241 | 35 | 9,107 | 65 | 17,348 |
| Courtyard | 19 | 2,814 | 3 | 645 | 22 | 3,459 |
| Sheraton | 2 | 1,299 | 5 | 2,126 | 7 | 3,425 |
| Marriott Hotels | 3 | 1,664 | 5 | 1,625 | 8 | 3,289 |
| Protea Hotels | - | - | 9 | 1,415 | 9 | 1,415 |
| Westin | 1 | 1,073 | 1 | 246 | 2 | 1,319 |
| W Hotels | 1 | 509 | 2 | 665 | 3 | 1,174 |
| Renaissance | 1 | 317 | 3 | 749 | 4 | 1,066 |
| The Ritz-Carlton | - | - | 2 | 553 | 2 | 553 |
| JW Marriott | - | - | 1 | 496 | 1 | 496 |
| St. Regis | 1 | 238 | 1 | 160 | 2 | 398 |
| Residence Inn | 1 | 192 | 1 | 140 | 2 | 332 |
| The Luxury Collection | - | - | 2 | 287 | 2 | 287 |
| Tribute Portfolio | 1 | 135 | - | - | 1 | 135 |
| Unconsolidated Joint Ventures | 37 | 6,271 | 96 | 11,772 | 133 | 18,043 |
| AC Hotels by Marriott | 37 | 6,271 | 90 | 11,353 | 127 | 17,624 |
| Autograph Collection | - | - | 6 | 419 | 6 | 419 |
| Timeshare* | 70 | 18,313 | 19 | 3,873 | 89 | 22,186 |
| Marriott Vacations Worldwide | 51 | 11,249 | 15 | 2,406 | 66 | 13,655 |
| Vistana | 19 | 7,064 | 4 | 1,467 | 23 | 8,531 |
| Grand Total | 4,899 | 854,291 | 1,692 | 411,837 | 6,591 | 1,266,128 |

*Timeshare property and room counts are included on this table in their geographical locations. For external reporting purposes, these counts are captured in the Corporate segment.

MARRIOTT INTERNATIONAL, INC.
TOTAL LODGING PRODUCTS
As of March 31, 2018

| Total Systemwide | North America | | Total International | | Total Worldwide | |
|--------------------------------------|---------------|----------------|---------------------|----------------|-----------------|------------------|
| | Units | Rooms | Units | Rooms | Units | Rooms |
| Luxury | 176 | 48,490 | 293 | 70,246 | 469 | 118,736 |
| JW Marriott | 26 | 14,484 | 55 | 21,245 | 81 | 35,729 |
| The Ritz-Carlton | 39 | 11,387 | 58 | 15,719 | 97 | 27,106 |
| The Ritz-Carlton Residences | 36 | 4,609 | 10 | 925 | 46 | 5,534 |
| The Ritz-Carlton Serviced Apartments | - | - | 5 | 697 | 5 | 697 |
| The Luxury Collection | 17 | 4,977 | 89 | 16,025 | 106 | 21,002 |
| The Luxury Collection Residences | 1 | 91 | 1 | 64 | 2 | 155 |
| W Hotels | 27 | 8,459 | 25 | 6,236 | 52 | 14,695 |
| W Residences | 9 | 1,078 | 4 | 471 | 13 | 1,549 |
| St. Regis | 11 | 2,228 | 32 | 7,203 | 43 | 9,431 |
| St. Regis Residences | 7 | 585 | 6 | 516 | 13 | 1,101 |
| EDITION | 2 | 567 | 2 | 699 | 4 | 1,266 |
| EDITION Residences | 1 | 25 | - | - | 1 | 25 |
| Bulgari | - | - | 5 | 441 | 5 | 441 |
| Bulgari Residences | - | - | 1 | 5 | 1 | 5 |
| Full Service | 932 | 339,826 | 832 | 243,547 | 1,764 | 583,373 |
| Marriott Hotels | 345 | 136,530 | 221 | 63,750 | 566 | 200,280 |
| Sheraton | 193 | 73,258 | 249 | 82,557 | 442 | 155,815 |
| Sheraton Residences | - | - | 2 | 262 | 2 | 262 |
| Westin | 128 | 52,744 | 92 | 29,370 | 220 | 82,114 |
| Westin Residences | 3 | 266 | 1 | 264 | 4 | 530 |
| Renaissance | 86 | 28,684 | 80 | 24,365 | 166 | 53,049 |
| Autograph Collection | 84 | 18,562 | 57 | 12,712 | 141 | 31,274 |
| Le Méridien | 20 | 4,137 | 88 | 24,124 | 108 | 28,261 |
| Delta Hotels | 51 | 12,748 | 1 | 339 | 52 | 13,087 |
| Gaylord Hotels | 5 | 8,108 | - | - | 5 | 8,108 |
| Marriott Executive Apartments | - | - | 29 | 4,270 | 29 | 4,270 |
| Tribute Portfolio | 17 | 4,789 | 12 | 1,534 | 29 | 6,323 |
| Limited Service | 3,721 | 447,662 | 548 | 94,171 | 4,269 | 541,833 |
| Courtyard | 1,002 | 140,174 | 154 | 31,289 | 1,156 | 171,463 |
| Residence Inn | 756 | 93,439 | 11 | 1,130 | 767 | 94,569 |
| Fairfield Inn & Suites | 910 | 84,060 | 25 | 3,872 | 935 | 87,932 |
| SpringHill Suites | 393 | 46,443 | - | - | 393 | 46,443 |
| Four Points | 144 | 22,011 | 109 | 22,521 | 253 | 44,532 |
| TownePlace Suites | 345 | 34,968 | - | - | 345 | 34,968 |
| Aloft | 99 | 14,826 | 46 | 9,879 | 145 | 24,705 |
| AC Hotels by Marriott | 37 | 6,271 | 90 | 11,353 | 127 | 17,624 |
| Protea Hotels | - | - | 86 | 8,739 | 86 | 8,739 |
| Element | 29 | 4,123 | 7 | 1,378 | 36 | 5,501 |
| Moxy | 6 | 1,347 | 20 | 4,010 | 26 | 5,357 |
| Timeshare* | 70 | 18,313 | 19 | 3,873 | 89 | 22,186 |
| Marriott Vacations Worldwide | 51 | 11,249 | 15 | 2,406 | 66 | 13,655 |
| Vistana | 19 | 7,064 | 4 | 1,467 | 23 | 8,531 |
| Grand Total | 4,899 | 854,291 | 1,692 | 411,837 | 6,591 | 1,266,128 |

*Timeshare property and room counts are included on this table in their geographical locations. For external reporting purposes, these counts are captured in the Corporate segment.

MARRIOTT INTERNATIONAL, INC.
KEY LODGING STATISTICS
In Constant \$

Comparable Company-Operated North American Properties

| Brand | Three Months Ended March 31, 2018 and March 31, 2017 | | | | | |
|---|--|-------------|--------------|-------------------|--------------------|-------------|
| | REVPAR | | Occupancy | | Average Daily Rate | |
| | 2018 | vs. 2017 | 2018 | vs. 2017 | 2018 | vs. 2017 |
| JW Marriott | \$191.86 | 0.3% | 77.7% | 0.8% pts. | \$246.91 | -0.7% |
| The Ritz-Carlton | \$304.39 | 4.8% | 75.7% | 1.3% pts. | \$402.34 | 3.0% |
| W Hotels | \$236.66 | 5.3% | 80.1% | 1.0% pts. | \$295.61 | 3.9% |
| Composite North American Luxury¹ | \$276.65 | 4.5% | 78.3% | 1.0% pts. | \$353.27 | 3.2% |
| Marriott Hotels | \$146.99 | 0.8% | 73.6% | 0.3% pts. | \$199.85 | 0.5% |
| Sheraton | \$126.97 | 0.3% | 72.6% | -1.7% pts. | \$177.59 | 2.7% |
| Westin | \$147.42 | 0.8% | 71.4% | -0.1% pts. | \$206.52 | 1.0% |
| Composite North American Upper Upscale² | \$141.21 | 0.6% | 72.7% | -0.2% pts. | \$194.29 | 0.9% |
| North American Full-Service³ | \$164.01 | 1.7% | 73.6% | 0.0% pts. | \$222.76 | 1.7% |
| Courtyard | \$97.29 | -0.1% | 69.1% | 0.0% pts. | \$140.90 | 0.0% |
| Residence Inn | \$121.02 | -0.4% | 76.4% | -0.4% pts. | \$158.45 | 0.1% |
| Composite North American Limited-Service⁴ | \$103.68 | 0.5% | 71.5% | 0.2% pts. | \$144.91 | 0.2% |
| North American - All⁵ | \$145.00 | 1.4% | 73.0% | 0.1% pts. | \$198.70 | 1.3% |

Comparable Systemwide North American Properties

| Brand | Three Months Ended March 31, 2018 and March 31, 2017 | | | | | |
|---|--|-------------|--------------|-------------------|--------------------|-------------|
| | REVPAR | | Occupancy | | Average Daily Rate | |
| | 2018 | vs. 2017 | 2018 | vs. 2017 | 2018 | vs. 2017 |
| JW Marriott | \$190.01 | 0.6% | 77.4% | 0.0% pts. | \$245.60 | 0.6% |
| The Ritz-Carlton | \$304.39 | 4.8% | 75.7% | 1.3% pts. | \$402.34 | 3.0% |
| W Hotels | \$236.66 | 5.3% | 80.1% | 1.0% pts. | \$295.61 | 3.9% |
| Composite North American Luxury¹ | \$257.96 | 4.3% | 77.7% | 1.0% pts. | \$331.95 | 3.0% |
| Marriott Hotels | \$125.14 | 0.6% | 69.6% | -0.2% pts. | \$179.69 | 0.9% |
| Sheraton | \$102.37 | 1.5% | 67.8% | -0.3% pts. | \$150.91 | 1.9% |
| Westin | \$146.22 | 0.6% | 72.0% | -0.5% pts. | \$203.06 | 1.4% |
| Composite North American Upper Upscale² | \$125.37 | 1.0% | 70.0% | -0.3% pts. | \$179.11 | 1.4% |
| North American Full-Service³ | \$138.35 | 1.6% | 70.8% | -0.1% pts. | \$195.55 | 1.8% |
| Courtyard | \$94.12 | 0.9% | 68.9% | 0.7% pts. | \$136.68 | -0.1% |
| Residence Inn | \$109.92 | 2.0% | 76.0% | 1.1% pts. | \$144.72 | 0.5% |
| Fairfield Inn & Suites | \$73.10 | 4.2% | 66.3% | 2.1% pts. | \$110.19 | 0.9% |
| Composite North American Limited-Service⁴ | \$91.42 | 2.5% | 70.4% | 1.3% pts. | \$129.90 | 0.6% |
| North American - All⁵ | \$111.82 | 2.0% | 70.5% | 0.7% pts. | \$158.52 | 1.1% |

¹ Includes JW Marriott, The Ritz-Carlton, W Hotels, The Luxury Collection, St. Regis, and EDITION.

² Includes Marriott Hotels, Sheraton, Westin, Renaissance, Autograph Collection, Delta Hotels, Gaylord Hotels, and Le Méridien. Systemwide also includes Tribute Portfolio.

³ Includes Composite North American Luxury and Composite North American Upper Upscale.

⁴ Includes Courtyard, Residence Inn, Fairfield Inn & Suites, SpringHill Suites, TownePlace Suites, Four Points, Aloft, Element, and AC Hotels by Marriott. Systemwide also includes Moxy.

⁵ Includes North American Full-Service and Composite North American Limited-Service.

MARRIOTT INTERNATIONAL, INC.
KEY LODGING STATISTICS
 In Constant \$

Comparable Company-Operated International Properties

| Region | Three Months Ended March 31, 2018 and March 31, 2017 | | | | | |
|--|--|--------------|--------------|------------------|--------------------|-------------|
| | REVPAR | | Occupancy | | Average Daily Rate | |
| | 2018 | vs. 2017 | 2018 | vs. 2017 | 2018 | vs. 2017 |
| Greater China | \$92.66 | 11.9% | 68.7% | 5.2% pts. | \$134.82 | 3.4% |
| Rest of Asia Pacific | \$137.07 | 7.8% | 76.5% | 1.8% pts. | \$179.25 | 5.4% |
| Asia Pacific | \$109.20 | 10.0% | 71.6% | 3.9% pts. | \$152.49 | 3.9% |
| Caribbean & Latin America | \$160.09 | 10.6% | 68.4% | 2.9% pts. | \$233.91 | 6.0% |
| Europe | \$121.72 | 4.1% | 65.8% | 1.2% pts. | \$185.03 | 2.3% |
| Middle East & Africa | \$119.38 | 3.4% | 69.8% | 4.5% pts. | \$170.91 | -3.3% |
| International - All¹ | \$118.21 | 7.3% | 69.7% | 3.3% pts. | \$169.69 | 2.2% |
| Worldwide² | \$131.37 | 4.0% | 71.3% | 1.7% pts. | \$184.28 | 1.5% |

Comparable Systemwide International Properties

| Region | Three Months Ended March 31, 2018 and March 31, 2017 | | | | | |
|--|--|--------------|--------------|------------------|--------------------|-------------|
| | REVPAR | | Occupancy | | Average Daily Rate | |
| | 2018 | vs. 2017 | 2018 | vs. 2017 | 2018 | vs. 2017 |
| Greater China | \$92.17 | 11.5% | 68.1% | 5.2% pts. | \$135.40 | 3.1% |
| Rest of Asia Pacific | \$133.07 | 8.8% | 75.6% | 1.7% pts. | \$175.99 | 6.3% |
| Asia Pacific | \$110.34 | 10.0% | 71.4% | 3.6% pts. | \$154.49 | 4.4% |
| Caribbean & Latin America | \$123.80 | 8.9% | 65.8% | 2.5% pts. | \$188.15 | 4.8% |
| Europe | \$104.94 | 5.9% | 63.0% | 2.4% pts. | \$166.60 | 1.8% |
| Middle East & Africa | \$114.24 | 3.2% | 69.0% | 3.8% pts. | \$165.57 | -2.4% |
| International - All¹ | \$110.90 | 7.5% | 67.9% | 3.2% pts. | \$163.39 | 2.5% |
| Worldwide² | \$111.55 | 3.6% | 69.8% | 1.4% pts. | \$159.92 | 1.5% |

¹ Includes Asia Pacific, Caribbean & Latin America, Europe, and Middle East & Africa.

² Includes North American - All and International - All.

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

| | Fiscal Year 2018 | Fiscal Year 2017 |
|--|---------------------|---------------------|
| | First Quarter | First Quarter |
| Net income, as reported | \$ 398 | \$ 371 |
| Cost reimbursement revenue | (3,773) | (3,736) |
| Reimbursed expenses | 3,835 | 3,696 |
| Interest expense | 75 | 70 |
| Interest expense from unconsolidated joint ventures | 2 | 1 |
| Tax provision | 104 | 123 |
| Depreciation and amortization | 54 | 51 |
| Contract investment amortization | 18 | 11 |
| Depreciation classified in reimbursed expenses | 33 | 32 |
| Depreciation and amortization from unconsolidated joint ventures | 10 | 11 |
| Share-based compensation | 38 | 35 |
| Gain on asset dispositions | (58) | - |
| Merger-related costs and charges | 34 | 51 |
| Adjusted EBITDA ** | \$ 770 | \$ 716 |
| Increase over 2017 Adjusted EBITDA ** | 8% | |

** Denotes non-GAAP financial measures. Please see pages A-11 and A-12 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 EBITDA FORECAST
SECOND QUARTER 2018

(\$ in millions)

| | <u>Range</u> | | <u>Second Quarter 2017^{2 **}</u> |
|--|----------------------------|---------------|---|
| | <u>Estimated</u> | | |
| | <u>Second Quarter 2018</u> | | |
| Net income, excluding certain items ¹ | \$ 480 | \$ 487 | |
| Interest expense | 85 | 85 | |
| Interest expense from unconsolidated joint ventures | - | - | |
| Tax provision | 155 | 158 | |
| Depreciation and amortization | 55 | 55 | |
| Contract investment amortization | 15 | 15 | |
| Depreciation classified in reimbursed expenses | 35 | 35 | |
| Depreciation and amortization from unconsolidated joint ventures | 10 | 10 | |
| Share-based compensation | 45 | 45 | |
| Adjusted EBITDA^{**} | \$ 880 | \$ 890 | \$ 820 |
| Increase over 2017 Adjusted EBITDA^{**} | 7% | 9% | |

^{**} Denotes non-GAAP financial measures. See pages A-11 and A-12 for information about our reasons for providing these alternative financial measures and the limitations on their use.

¹ Guidance excludes cost reimbursement revenue, reimbursed expenses, and merger-related costs and charges, which the company cannot accurately forecast and which may be significant, except for depreciation classified in reimbursed expenses, which is included in the caption "Depreciation classified in reimbursed expenses" above.

² We have not completed our recast of 2017 second quarter results under ASU 2014-09, but we estimate that the application of ASU 2014-09 will lower previously reported 2017 second quarter Adjusted EBITDA of \$834 million by \$14 million, resulting in estimated 2017 second quarter Adjusted EBITDA of \$820 million.

MARRIOTT INTERNATIONAL, INC.
NON-GAAP FINANCIAL MEASURES
ADJUSTED EBITDA FORECAST
FULL YEAR 2018

(\$ in millions)

| | <u>Range</u> | | <u>Full Year 2017 ^{2**}</u> |
|--|-----------------------|-----------------|--------------------------------------|
| | <u>Estimated</u> | | |
| | <u>Full Year 2018</u> | | |
| Net income, excluding certain items ¹ | \$ 1,923 | \$ 1,965 | |
| Interest expense | 335 | 335 | |
| Interest expense from unconsolidated joint ventures | 10 | 10 | |
| Tax provision | 595 | 608 | |
| Depreciation and amortization | 225 | 225 | |
| Contract investment amortization | 60 | 60 | |
| Depreciation classified in reimbursed expenses | 145 | 145 | |
| Depreciation and amortization from unconsolidated joint ventures | 40 | 40 | |
| Share-based compensation | 170 | 170 | |
| Gain on asset dispositions | (58) | (58) | |
| Adjusted EBITDA ^{**} | \$ 3,445 | \$ 3,500 | \$ 3,131 |
| Increase over 2017 Adjusted EBITDA ^{**} | 10% | 12% | |

^{**} Denotes non-GAAP financial measures. See pages A-11 and A-12 for information about our reasons for providing these alternative financial measures and the limitations on their use.

¹ Guidance excludes cost reimbursement revenue, reimbursed expenses, and merger-related costs and charges, which the company cannot accurately forecast and which may be significant, except for depreciation classified in reimbursed expenses, which is included in the caption "Depreciation classified in reimbursed expenses" above.

² We have not completed our recast of 2017 full year results under ASU 2014-09, but we estimate that the application of ASU 2014-09 will lower previously reported 2017 full year Adjusted EBITDA of \$3,223 million by \$92 million, resulting in estimated 2017 full year Adjusted EBITDA of \$3,131 million.

MARRIOTT INTERNATIONAL, INC.
EXPLANATION OF NON-GAAP FINANCIAL AND PERFORMANCE 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. 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 Operating Income and Adjusted Operating Income Margin. Adjusted operating income reflects revenues, excluding cost reimbursement revenue, and operating expenses, excluding reimbursed expenses and merger-related costs, charges, and other merger-related adjustments due to purchase accounting. Adjusted operating income margin reflects adjusted operating income divided by adjusted total revenues. We believe that these are meaningful metrics because they allow for period-over-period comparisons of our ongoing operations before these items and for the reasons further described below.

Adjusted Net Income and Adjusted Diluted EPS. Adjusted net income and Adjusted diluted EPS reflect our net income and diluted earnings per share excluding the impact of cost reimbursement revenue, reimbursed expenses, merger-related costs, charges, and other merger-related adjustments due to purchase accounting, the gain on the sale of our ownership interest in Avendra, and the income tax effect of these adjustments, as well as a state tax expense relating to our plan to remit a portion of the accumulated earnings of non-U.S. subsidiaries in the future and an adjustment to our provisional estimated federal and state Deemed Repatriation Transition Tax under the U.S. Tax Cuts and Jobs Act of 2017. We calculate the income tax effect of the adjustments using an estimated tax rate applicable to each adjustment. We believe that these measures are meaningful indicators of our performance because they allow for period-over-period comparisons of our ongoing operations before these items and for the reasons further described below.

Adjusted Earnings Before Interest Expense, Taxes, Depreciation and Amortization ("Adjusted EBITDA"). Adjusted EBITDA reflects net income excluding the impact of the following items: cost reimbursement revenue and reimbursed expenses, interest expense, depreciation (including depreciation classified in "Reimbursed expenses," as discussed below), amortization, and provision for income taxes, pre-tax transaction and transition costs associated with the Starwood merger, gains and losses on asset dispositions, and share-based compensation expense for all periods presented.

In our presentations of Adjusted operating income and operating income margin, Adjusted net income, and Adjusted diluted EPS, we exclude transaction and transition costs associated with the Starwood merger, which we record in the "Merger-related costs and charges" caption of our Income Statements, and other merger-related adjustments due to purchase accounting, to allow for period-over period comparisons of our ongoing operations before the impact of these items. We exclude cost reimbursement revenue and reimbursed expenses, which relate to property-level and centralized programs and services that we operate for the benefit of our hotel owners. We do not operate these programs and services to generate a profit over the contract term, and accordingly, when we recover the costs that we incur for these programs and services from our hotel owners, we do not seek a mark-up. For property-level services, our owners typically reimburse us at the same time that we incur expenses. However, for centralized programs and services, our owners may reimburse us before or after we incur expenses, causing temporary timing differences between the costs we incur and the related reimbursement from hotel owners in our operating and net income. Over the long term, these programs and services are not designed to impact our economics, either positively or negatively. Because we do not retain any such profits or losses over time, we exclude the net impact when evaluating period-over-period changes in our operating results.

MARRIOTT INTERNATIONAL, INC.
EXPLANATION OF NON-GAAP FINANCIAL AND PERFORMANCE MEASURES

We believe that Adjusted EBITDA is a meaningful indicator of our operating performance because it permits period-over-period comparisons of our ongoing operations before these items and facilitates our comparison of results before these items with results from other lodging companies. We use Adjusted EBITDA 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 provisions for income taxes can vary considerably among companies. Our Adjusted EBITDA also excludes depreciation and amortization expense which we report under "Depreciation, amortization, and other" as well as depreciation classified in "Reimbursed expenses" and "Contract investment amortization" in our Consolidated Statements of Income (our "Income Statements"), because companies utilize productive assets of different ages and use different methods of both acquiring and depreciating productive assets. Depreciation classified in "Reimbursed expenses" reflects depreciation of Marriott-owned assets, for which we receive cash from owners to reimburse the company for its investments made for the benefit of the system. These differences can result in considerable variability in the relative costs of productive assets and the depreciation and amortization expense among companies. We exclude share-based compensation expense in all periods presented to address the considerable variability among companies in recording compensation expense because companies use share-based payment awards differently, both in the type and quantity of awards granted.

RevPAR. In addition to the foregoing non-GAAP financial measures, we present Revenue per Available Room ("RevPAR") as a performance measure. We believe RevPAR is a meaningful indicator of our performance because it measures the period-over-period change in room revenues for comparable properties. RevPAR may not be comparable to similarly titled measures, such as revenues. We calculate RevPAR by dividing room sales (recorded in local currency) for comparable properties by room nights available for the period. We present growth in comparative pro forma combined company RevPAR on a constant dollar basis, which we calculate by applying exchange rates for the current period to each period presented. We believe constant dollar analysis provides valuable information regarding our properties' performance as it removes currency fluctuations from the presentation of such results.

