MARRIOTT INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF INCOME
(in millions, except per share amounts)

		Adjustments				Adjustments		
	As Reported 12 Weeks Ended June 19, 2009	Restructuring Costs & Other Charges[5]	Certain Tax Items	As Adjusted 12 Weeks Ended June 19, 2009**	As Reported 12 Weeks Ended June 13, 2008	Certain Tax Items	As Adjusted 12 Weeks Ended June 13, 2008**	Percent Better/(Worse) Adjusted 2009 vs. Adjusted 2008
REVENUES								
Base management fees	$ 126	$ -	$ -	$ 126	$ 161	$ -	$ 161	(22)
Franchise fees	93	-	-	93	110	-	110	(15)
Incentive management fees	35	-	-	35	103	-	103	(66)
Owned, leased, corporate housing and other revenue [1]	238	-	-	238	319	-	319	(25)
Timeshare sales and services [2]	283	12	-	295	388	-	388	(24)
Cost reimbursements [3]	1,787	-	-	1,787	2,104	-	2,104	(15)
Total Revenues	2,562	12	-	2,574	3,185	-	3,185	(19)
OPERATING COSTS AND EXPENSES								
Owned, leased and corporate housing - direct [4]	217	-	-	217	273	-	273	21
Timeshare - direct	279	-	-	279	311	-	311	10
Reimbursed costs	1,787	-	-	1,787	2,104	-	2,104	15
Restructuring costs	33	(33)	-	-	-	-	-	*
General, administrative and other [6]	146	(10)	-	136	184	-	184	26
Total Expenses	2,462	(43)	-	2,419	2,872	-	2,872	16
OPERATING INCOME	100	55	-	155	313	-	313	(50)
Gains and other income [7]	3	-	-	3	9	-	9	(67)
Interest expense	(28)	-	-	(28)	(38)	-	(38)	26
Interest income	9	-	-	9	9	-	9	-
(Provision for) reversal of loan losses	(1)	1	-	-	-	-	-	*
Equity in (losses) earnings [8]	(4)	1	-	(3)	(3)	-	(3)	-
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	79	57	-	136	290	-	290	(53)
Provision for income taxes	(44)	(27)	17	(54)	(139)	36	(103)	48
INCOME FROM CONTINUING OPERATIONS	35	30	17	82	151	36	187	(56)
Discontinued operations - Synthetic Fuel, net of tax [9]	-	-	-	-	4	-	4	(100)
NET INCOME	35	30	17	82	155	36	191	(57)
Add: Net losses attributable to noncontrolling interests, net of tax	2	-	-	2	2	-	2	-
NET INCOME ATTRIBUTABLE TO MARRIOTT	$ 37	$ 30	$ 17	$ 84	$ 157	$ 36	$ 193	(56)
EARNINGS PER SHARE - Basic								
Earnings from continuing operations attributable to Marriott shareholders [10]	$ 0.10	$ 0.08	$ 0.05	$ 0.24	$ 0.43	$ 0.10	$ 0.53	(55)
Earnings from discontinued operations [9]	-	-	-	-	0.01	-	0.01	(100)
Earnings per share attributable to Marriott shareholders [10]	$ 0.10	$ 0.08	$ 0.05	$ 0.24	$ 0.44	$ 0.10	$ 0.54	(56)
EARNINGS PER SHARE - Diluted								
Earnings from continuing operations attributable to Marriott shareholders [10]	$ 0.10	$ 0.08	$ 0.05	$ 0.23	$ 0.41	$ 0.10	$ 0.51	(55)
Earnings from discontinued operations [9]	-	-	-	-	0.01	-	0.01	(100)
Earnings per share attributable to Marriott shareholders [10]	$ 0.10	$ 0.08	$ 0.05	$ 0.23	$ 0.42	$ 0.10	$ 0.52	(56)
Basic Shares [11]	353.7	353.7	353.7	353.7	354.8	354.8	354.8	
Diluted Shares [11]	363.5	363.5	363.5	363.5	371.3	371.3	371.3	
<u>**Reconciliation of Income from Continuing Operations Attributable to Marriott**</u>:								
CONSOLIDATED INCOME FROM CONTINUING OPERATIONS	$ 35	$ 30	$ 17	$ 82	$ 151	$ 36	$ 187	(56)
Add: Losses attributable to noncontrolling interests, net of tax	2	-	-	2	2	-	2	-
INCOME FROM CONTINUING OPERATIONS ATTRIBUTABLE TO MARRIOTT	$ 37	$ 30	$ 17	$ 84	$ 153	$ 36	$ 189	(56)

* Percent can not be calculated.
** Denotes non-GAAP financial measures. Please see page A-17 for additional information about our reasons for providing these alternative financial measures and the limitations on their use.

[1] – *Owned, leased, corporate housing and other revenue* includes revenue from the properties we own or lease, revenue from our corporate housing business, termination fees and other revenue.
[2] – *Timeshare sales and services* includes total timeshare revenue except for base management fees, cost reimbursements, real estate gains and joint venture earnings. Timeshare sales and services also includes gains / (losses) on the sale of timeshare note receivable securitizations.
[3] – *Cost reimbursements* include reimbursements from lodging properties for Marriott-funded operating expenses.
[4] – *Owned, leased and corporate housing - direct* expenses include operating expenses related to our owned or leased hotels, including lease payments, pre-opening expenses and depreciation, plus expenses related to our corporate housing business.
[5] – See page A-13 for information regarding Restructuring Costs and Other Charges.
[6] – *General, administrative and other* expenses include the overhead costs allocated to our segments, and our corporate overhead costs and general expenses.
[7] – *Gains and other income* includes gains and losses on the sale of real estate, gains on note sales or repayments (except timeshare note securitizations gains), sale of joint ventures, gains on debt extinguishment and income from cost method joint ventures.
[8] – *Equity in (losses) earnings* includes our equity in (losses) / earnings of unconsolidated equity method joint ventures.
[9] – *Discontinued operations* relates to our Synthetic Fuel business which was shut down and substantially all the assets liquidated at December 28, 2007.
[10] – Earnings per share attributable to Marriott shareholders plus adjustment items may not equal earnings per share attributable to Marriott shareholders as adjusted due to rounding.
[11] – All share numbers and per share amounts have been retroactively adjusted to reflect the stock dividend that will be distributed on July 30, 2009.

MARRIOTT INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share amounts)

	As Reported 24 Weeks Ended June 19, 2009	Adjustments: Restructuring Costs & Other Charges[5]	Adjustments: Certain Tax Items	As Adjusted 24 Weeks Ended June 19, 2009**	As Reported 24 Weeks Ended June 13, 2008	Adjustments: Certain Tax Items	As Adjusted 24 Weeks Ended June 13, 2008**	Percent Better/(Worse) Adjusted 2009 vs. Adjusted 2008
REVENUES								
Base management fees	$ 251	$ -	$ -	$ 251	$ 309	$ -	$ 309	(19)
Franchise fees	181	-	-	181	206	-	206	(12)
Incentive management fees	78	-	-	78	177	-	177	(56)
Owned, leased, corporate housing and other revenue [1]	458	-	-	458	589	-	589	(22)
Timeshare sales and services [2]	492	29	-	521	714	-	714	(27)
Cost reimbursements [3]	3,597	-	-	3,597	4,137	-	4,137	(13)
Total Revenues	5,057	29	-	5,086	6,132	-	6,132	(17)
OPERATING COSTS AND EXPENSES								
Owned, leased and corporate housing - direct [4]	424	-	-	424	517	-	517	18
Timeshare - direct	499	1	-	500	624	-	624	20
Reimbursed costs	3,597	-	-	3,597	4,137	-	4,137	13
Restructuring costs	35	(35)	-	-	-	-	-	*
General, administrative and other [6]	320	(48)	-	272	346	-	346	21
Total Expenses	4,875	(82)	-	4,793	5,624	-	5,624	15
OPERATING INCOME	182	111	-	293	508	-	508	(42)
Gains and other income [7]	28	-	-	28	12	-	12	133
Interest expense	(57)	-	-	(57)	(80)	-	(80)	29
Interest income	15	-	-	15	20	-	20	(25)
(Provision for) reversal of loan losses	(43)	43	-	-	2	-	2	(100)
Equity in (losses) earnings [8]	(38)	32	-	(6)	24	-	24	(125)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	87	186	-	273	486	-	486	(44)
Provision for income taxes	(77)	(72)	43	(106)	(214)	36	(178)	40
INCOME FROM CONTINUING OPERATIONS	10	114	43	167	272	36	308	(46)
Discontinued operations - Synthetic Fuel, net of tax [9]	-	-	-	-	3	-	3	(100)
NET INCOME	10	114	43	167	275	36	311	(46)
Add: Net losses attributable to noncontrolling interests, net of tax	4	-	-	4	3	-	3	33
NET INCOME ATTRIBUTABLE TO MARRIOTT	$ 14	$ 114	$ 43	$ 171	$ 278	$ 36	$ 314	(46)
EARNINGS PER SHARE - Basic								
Earnings from continuing operations attributable to Marriott shareholders [10]	$ 0.04	$ 0.32	$ 0.12	$ 0.48	$ 0.77	$ 0.10	$ 0.87	(45)
Earnings from discontinued operations [9]	-	-	-	-	0.01	-	0.01	(100)
Earnings per share attributable to Marriott shareholders [10]	$ 0.04	$ 0.32	$ 0.12	$ 0.48	$ 0.78	$ 0.10	$ 0.88	(45)
EARNINGS PER SHARE - Diluted								
Earnings from continuing operations attributable to Marriott shareholders [10]	$ 0.04	$ 0.31	$ 0.12	$ 0.47	$ 0.74	$ 0.10	$ 0.83	(43)
Earnings from discontinued operations [9]	-	-	-	-	0.01	-	0.01	(100)
Earnings per share attributable to Marriott shareholders [10]	$ 0.04	$ 0.31	$ 0.12	$ 0.47	$ 0.75	$ 0.10	$ 0.84	(44)
Basic Shares [11]	352.7	352.7	352.7	352.7	355.2	355.2	355.2	
Diluted Shares [11]	361.6	361.6	361.6	361.6	372.5	372.5	372.5	

Reconciliation of Income from Continuing Operations Attributable to Marriott:

CONSOLIDATED INCOME FROM CONTINUING OPERATIONS	$ 10	$ 114	$ 43	$ 167	$ 272	$ 36	$ 308	(46)
Add: Losses attributable to noncontrolling interests, net of tax	4	-	-	4	3	-	3	33
INCOME FROM CONTINUING OPERATIONS ATTRIBUTABLE TO MARRIOTT	$ 14	$ 114	$ 43	$ 171	$ 275	$ 36	$ 311	(45)

* Percent can not be calculated.

** Denotes non-GAAP financial measures. Please see page A-17 for additional information about our reasons for providing these alternative financial measures and the limitations on their use.

[1] – *Owned, leased, corporate housing and other revenue* includes revenue from the properties we own or lease, revenue from our corporate housing business, termination fees and other revenue.

[2] – *Timeshare sales and services* includes total timeshare revenue except for base management fees, cost reimbursements, real estate gains and joint venture earnings. Timeshare sales and services also includes gains / (losses) on the sale of timeshare note receivable securitizations.

[3] – *Cost reimbursements* include reimbursements from lodging properties for Marriott-funded operating expenses.

[4] – *Owned, leased and corporate housing - direct* expenses include operating expenses related to our owned or leased hotels, including lease payments, pre-opening expenses and depreciation, plus expenses related to our corporate housing business.

[5] – See page A-13 for information regarding Restructuring Costs and Other Charges.

[6] – *General, administrative and other* expenses include the overhead costs allocated to our segments, and our corporate overhead costs and general expenses.

[7] – *Gains and other income* includes gains and losses on the sale of real estate, gains on note sales or repayments (except timeshare note securitizations gains), sale of joint ventures, gains on debt extinguishment and income from cost method joint ventures.

[8] – *Equity in (losses) earnings* includes our equity in (losses) / earnings of unconsolidated equity method joint ventures.

[9] – *Discontinued operations* relates to our Synthetic Fuel business which was shut down and substantially all the assets liquidated at December 28, 2007.

[10] – Earnings per share attributable to Marriott shareholders plus adjustment items may not equal earnings per share attributable to Marriott shareholders as adjusted due to rounding.

[11] – All share numbers and per share amounts have been retroactively adjusted to reflect the stock dividend that will be distributed on July 30, 2009.

MARRIOTT INTERNATIONAL, INC.
TIMESHARE SEGMENT
($ in millions)

	As Reported 12 Weeks Ended June 19, 2009	Adjustments: Restructuring Costs & Other Charges	As Adjusted 12 Weeks Ended June 19, 2009 **	As Reported 12 Weeks Ended June 13, 2008	Percent Better / (Worse) as Adjusted 2009 vs. 2008 As Reported
Segment Revenues					
Segment revenues	$ 355	$ 12	$ 367	$ 461	(20)
Segment Results					
Base fees revenue	$ 11	$ -	$ 11	$ 12	(8)
Timeshare sales and services, net	4	12	16	77	(79)
Restructuring costs	(30)	30	-	-	*
Joint venture equity earnings	(1)	1	-	2	(100)
Noncontrolling interest	4	-	4	4	-
General, administrative and other expense	(23)	7	(16)	(25)	36
Segment results	$ (35)	$ 50	$ 15	$ 70	(79)
Sales and Services Revenue					
Development	$ 182	$ -	$ 182	$ 252	(28)
Services	80	-	80	79	1
Financing	14	12	26	49	(47)
Other revenue	7	-	7	8	(13)
Sales and services revenue	$ 283	$ 12	$ 295	$ 388	(24)
Contract Sales					
Company:					
Timeshare	$ 200	$ -	$ 200	$ 291	(31)
Fractional	8	1	9	8	13
Residential	2	-	2	27	(93)
Total company	210	1	211	326	(35)
Joint ventures:					
Timeshare	-	-	-	-	*
Fractional	(18)	19	1	6	(83)
Residential	17	(17)	-	2	(100)
Total joint ventures	(1)	2	1	8	(88)
Total contract sales, including joint ventures	$ 209	$ 3	$ 212	$ 334	(37)
(Loss) / Gain on Notes Sold					
(Loss) / gain on notes sold	$ -	$ -	$ -	$ 29	(100)

* Percent can not be calculated.

** Denotes non-GAAP financial measures. Please see page A-17 for additional information about our reasons for providing these alternative financial measures and the limitations on their use.

MARRIOTT INTERNATIONAL, INC.
TIMESHARE SEGMENT
($ in millions)

	As Reported 24 Weeks Ended June 19, 2009	Adjustments: Restructuring Costs & Other Charges	As Adjusted 24 Weeks Ended June 19, 2009 **	As Reported 24 Weeks Ended June 13, 2008	Percent Better / (Worse) As Adjusted 2009 vs. 2008 As Reported
Segment Revenues					
Segment revenues	$ 632	$ 29	$ 661	$ 863	(23)
Segment Results					
Base fees revenue	$ 21	$ -	$ 21	$ 23	(9)
Timeshare sales and services, net	(7)	28	21	90	(77)
Restructuring costs	(31)	31	-	-	*
Joint venture equity earnings	(2)	2	-	7	(100)
Noncontrolling interest	7	-	7	6	17
General, administrative and other expense	(40)	7	(33)	(52)	37
Segment results	$ (52)	$ 68	$ 16	$ 74	(78)
Sales and Services Revenue					
Development	$ 303	$ 4	$ 307	$ 457	(33)
Services	150	-	150	163	(8)
Financing	27	25	52	76	(32)
Other revenue	12	-	12	18	(33)
Sales and services revenue	$ 492	$ 29	$ 521	$ 714	(27)
Contract Sales					
Company:					
Timeshare	$ 338	$ -	$ 338	$ 576	(41)
Fractional	18	1	19	16	19
Residential	(3)	4	1	39	(97)
Total company	353	5	358	631	(43)
Joint ventures:					
Timeshare	-	-	-	-	*
Fractional	(5)	16	11	11	-
Residential	(10)	10	-	25	(100)
Total joint ventures	(15)	26	11	36	(69)
Total contract sales, including joint ventures	$ 338	$ 31	$ 369	$ 667	(45)
(Loss) / Gain on Notes Sold					
(Loss) / gain on notes sold	$ (1)	$ -	$ (1)	$ 29	(103)

* Percent can not be calculated.

** Denotes non-GAAP financial measures. Please see page A-17 for additional information about our reasons for providing these alternative financial measures and the limitations on their use.

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

	Fiscal Year 2009 First Quarter	Fiscal Year 2009 Second Quarter	Fiscal Year 2009 Total Year to Date
Net (Loss) / Income attributable to Marriott	$ (23)	$ 37	$ 14
Interest expense	29	28	57
Tax provision, continuing operations	33	44	77
Tax provision, noncontrolling interest	1	2	3
Depreciation and amortization	39	42	81
Less: Depreciation reimbursed by third-party owners	(2)	(2)	(4)
Interest expense from unconsolidated joint ventures	3	6	9
Depreciation and amortization from unconsolidated joint ventures	6	6	12
EBITDA **	**$ 86**	**$ 163**	**$ 249**
Restructuring costs and other charges			
Severance	2	10	12
Facilities exit costs	-	22	22
Development cancellations	-	1	1
Total restructuring costs	2	33	35
Impairment of investments and other, net of prior year reserves	68	3	71
Reserves for loan losses	42	1	43
Contract cancellation allowances	4	1	5
Residual interests valuation	13	12	25
System development write-off	-	7	7
Total other charges	127	24	151
Total restructuring costs and other charges	129	57	186
Adjusted EBITDA **	**$ 215**	**$ 220**	**$ 435**
Decrease over 2008 Adjusted EBITDA	**-25%**	**-43%**	**-35%**

	Fiscal Year 2008 First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Net Income/ (Loss) attributable to Marriott	$ 121	$ 157	$ 94	$ (10)	$ 362
Interest expense	42	38	33	50	163
Tax provision, continuing operations	75	139	103	33	350
Tax provision, minority interest	1	1	5	2	9
Tax benefit, synthetic fuel	-	(6)	(1)	-	(7)
Depreciation and amortization	41	47	42	60	190
Less: Depreciation reimbursed by third-party owners	(3)	(3)	(2)	(2)	(10)
Interest expense from unconsolidated joint ventures	4	4	5	5	18
Depreciation and amortization from unconsolidated joint ventures	5	6	6	10	27
EBITDA **	**$ 286**	**$ 383**	**$ 285**	**$ 148**	**$ 1,102**
Discontinued operations adjustment (synthetic fuel)	1	2	1	-	4
Restructuring costs and other charges					
Severance	-	-	-	19	19
Facilities exit costs	-	-	-	5	5
Development cancellations	-	-	-	31	31
Total restructuring costs	-	-	-	55	55
Reserves for expected fundings	-	-	-	16	16
Inventory write-downs	-	-	-	9	9
Contract cancellation allowances	-	-	-	12	12
Accounts receivable-bad debts	-	-	-	4	4
Residual interests valuation	-	-	-	32	32
Hedge ineffectiveness	-	-	-	12	12
Impairment of investments and other	-	-	-	30	30
Reserves for loan losses	-	-	-	22	22
Total other charges	-	-	-	137	137
Total restructuring costs and other charges	-	-	-	192	192
Adjusted EBITDA **	**$ 287**	**$ 385**	**$ 286**	**$ 340**	**$ 1,298**
The following items make up the discontinued operations adjustment (synthetic fuel)					
Pre-tax Synthetic Fuel losses	$ 1	$ 2	$ 1	$ -	$ 4
EBITDA adjustment for discontinued operations (synthetic fuel)	**$ 1**	**$ 2**	**$ 1**	**$ -**	**$ 4**

** Denotes non-GAAP financial measures. Please see page A-17 for additional information about our reasons for providing these alternative financial measures and the limitations on their use.

Marriott International, Inc.
Summary of Restructuring Costs and Other Charges
Second Quarter and Second Quarter Year-to-Date 2009
($ in millions)

External Line	Description	Q2 Amount	Q2 YTD Amount
Timeshare sales and services revenue	Mark-to-market of residual interests	$ 12	$ 25
	Contract sale cancellation allowances	-	4
	Timeshare sales and services revenue	**12**	**29**
Timeshare - direct expenses	Contract sale cancellation allowances	-	(1)
	Timeshare - direct expenses	-	**(1)**
Restructuring costs	Severance	10	12
	Facilities exit costs	22	22
	Development cancellations	1	1
	Restructuring costs	**33**	**35**
General, administrative and other	System development write-down	7	7
	Accounts receivable and guarantee charges	3	3
	Reserves for security deposits, net of prior year reserves	-	38
	General, administrative and other	**10**	**48**
Provision for loan losses	Loan impairments	1	43
	Provision for loan losses	**1**	**43**
Equity in (earnings) losses	Contract sale cancellation allowances	1	2
	Investment impairment	-	30
	Equity in (earnings) losses	**1**	**32**
	Restructuring Costs & Other Charges Total	**$ 57**	**$ 186**
	Tax Impact	**(27)**	**(72)**
	Restructuring Costs & Other Charges Net of Tax	**$ 30**	**$ 114**

MARRIOTT INTERNATIONAL, INC.
Non-GAAP Financial Measure
Total Debt Net of Cash
($ in millions)

	Balance at End of 2009 Second Quarter	Balance at Year-End 2008	Better/ (Worse) Change
Total debt	$ 2,849	$ 3,095	$ 246
Cash and cash equivalents	(125)	(134)	$ (9)
Total debt net of cash**	$ 2,724	$ 2,961	$ 237

	Range		Range As Compared to Balance at Year-End 2008	
	Estimated Balance Year-End 2009 [a]	Estimated Balance Year-End 2009 [b]	Better/(Worse) Change [a]	Better/(Worse) Change [b]
Total debt	$ 2,476	$ 2,426	$ 619	$ 669
Cash and cash equivalents	(115)	(115)	(19)	(19)
Total debt net of cash**	$ 2,361	$ 2,311	$ 600	$ 650

[a] Assumes $619M debt repayment in 2009 and $19M reduction in cash
[b] Assumes $669M debt repayment in 2009 and $19M reduction in cash

** Denotes non-GAAP financial measures. Please see page A-17 for additional information about our reasons for providing these alternative financial measures and the limitations on their use.

MARRIOTT INTERNATIONAL, INC.
Non-GAAP Financial Measure Reconciliation
Measures that Exclude Restructuring Costs and Other Charges in 2008
($ in millions)

	Full Year 2008
General, administrative and other expenses	$ 783
Less: Restructuring costs and other charges	(32)
General, administrative and other expenses excluding restructuring costs and other charges**	$ 751

** Denotes non-GAAP financial measures. Please see page A-17 for additional information about our reasons for providing these alternative financial measures and the limitations on their use.

MARRIOTT INTERNATIONAL, INC.
Non-GAAP Financial Measure Reconciliation
Internal Planning Assumptions and Related Estimates that
Exclude Restructuring Costs and Other Charges and Certain Tax Items in 2009
($ in millions, except per share amounts)

	Assumed/Estimated Full Year 2009
Timeshare sales and services revenue net of Timeshare direct expenses	$ 14
Add back: Restructuring costs and other charges	31
Timeshare sales and services (net) excluding restructuring costs and other charges**	$ 45

	Range	
	Assumed/Estimated Full Year 2009	Assumed/Estimated Full Year 2009
General, administrative and other expenses	$ 633	$ 653
Less: Restructuring costs and other charges	(48)	(48)
General, administrative and other expenses excluding restructuring costs and other charges**	$ 585	$ 605

	Range		Range	
	Assumed/Estimated Third Quarter 2009	Assumed/Estimated Third Quarter 2009	Assumed/Estimated Full Year 2009	Assumed/Estimated Full Year 2009
Earnings per share attributable to Marriott shareholders	$ 0.07	$ 0.12	$ 0.31	$ 0.41
Add back: Restructuring costs and other charges and certain tax items	0.02	0.02	0.45	0.45
Earnings per share attributable to Marriott shareholders excluding restructuring costs and other charges and certain tax items**	$ 0.09	$ 0.14	$ 0.76	$ 0.86

	Assumed/Estimated Full Year 2009
Timeshare segment results	$ (53)
Add back: Restructuring costs and other charges	78
Timeshare segment results excluding restructuring costs and other charges**	$ 25

** Denotes non-GAAP financial measures. Please see page A-17 for additional information about our reasons for providing these alternative financial measures and the limitations on their use.

MARRIOTT INTERNATIONAL, INC.
Non-GAAP Financial Measures

In our press release and schedules, and on the related conference call, we report certain financial measures that are not prescribed or authorized by United States generally accepted accounting principles (“GAAP”). We discuss management’s reasons for reporting these non-GAAP measures below, and the press release schedules reconcile the most directly comparable GAAP measure to each non-GAAP measure that we refer to (identified by a double asterisk on the preceding pages). Although management evaluates and presents these non-GAAP measures for the reasons described below, please be aware that these non-GAAP measures are not alternatives to revenue, operating income, income from continuing operations, net income, earnings per share or any other comparable operating measure prescribed by GAAP. In addition, these non-GAAP financial measures may be calculated and/or presented differently than measures with the same or similar names that are reported by other companies, and as a result, the non-GAAP measures we report may not be comparable to those reported by others.

Measures That Exclude Restructuring Costs and Other Charges and Certain Tax Expenses . Management evaluates non-GAAP measures that exclude the impact of restructuring costs and other charges and certain tax expenses incurred in the 2009 first quarter and 2009 and 2008 second quarters as well as estimated restructuring costs and other charges expected to be incurred in the third quarter of 2009 and full year 2009 because those non-GAAP measures allow for period-over-period comparisons of our on-going core operations before material charges. These non-GAAP measures also facilitate management’s comparison of results from our on-going operations before material charges with results from other lodging companies.

During the latter part of 2008 and particularly the fourth quarter, we experienced a significant decline in demand for hotel rooms both domestically and internationally due, in part, to the failures and near failures of several large financial service companies and the dramatic downturn in the economy. Our capital intensive Timeshare business was also hurt by the downturn in market conditions and particularly, the significant deterioration in the credit markets, which resulted in our decision not to complete a note sale in the fourth quarter of 2008 (although we did complete a note sale in the first quarter of 2009). These declines resulted in reduced management and franchise fees, cancellation of development projects, reduced timeshare contract sales, contract cancellation allowances, and charges and reserves associated with expected fundings, loans, Timeshare inventory, accounts receivable, contract cancellation allowances, valuation of Timeshare residual interests, hedge ineffectiveness, and asset impairments. We responded by implementing various cost saving measures, beginning in the fourth quarter of 2008 and which continued in the first quarter of 2009 and second quarter of 2009, and resulted in first quarter 2009 restructuring costs of $2 million and second quarter 2009 restructuring costs of $33 million that were directly related to the downturn. We also incurred other first quarter 2009 and second quarter 2009 charges totaling $127 million and $24 million, respectively, that were directly related to the downturn, including asset impairment charges, accounts receivable and guarantee charges, reserves associated with loans, reversal of the liability related to expected fundings, Timeshare contract cancellation allowances, and charges related to the valuation of Timeshare residual interests. Currently, we expect to incur $9 to $11 million (our calculation assumes $10 million) in restructuring costs and other charges in the 2009 third quarter. For full year 2009, we expect restructuring costs and other charges to total $197 million to $202 million (our calculation assumes $201 million) as a result of our restructuring efforts and the economic downturn, which includes $186 million of restructuring costs and other charges already incurred in the first half of 2009. These estimates are subject to change.

Certain tax expenses included $26 million in the 2009 first quarter, $17 million in the 2009 second quarter and $24 million in the 2008 second quarter of non-cash charges primarily related to the treatment of funds received from certain foreign subsidiaries that is in ongoing discussion with the Internal Revenue Service ("IRS"). Additionally, certain tax expenses in the 2008 second quarter also reflected $12 million of tax expense due primarily to prior years' tax adjustments, including a settlement with the IRS that resulted in a lower than expected refund of taxes associated with a 1995 leasing transaction.

Earnings Before Interest, Taxes, Depreciation and Amortization. Earnings before interest, taxes, depreciation and amortization (“EBITDA”) reflects earnings excluding the impact of interest expense, tax expense, depreciation and amortization. Management considers EBITDA to be an indicator of operating performance because it can be used to measure our ability to service debt, fund capital expenditures, and expand our business. EBITDA is used by analysts, lenders, investors and others, as well as by us, 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 tax expense can vary considerably among companies. EBITDA also excludes depreciation and amortization because companies utilize productive assets of different ages and use different methods of both acquiring and depreciating productive assets. These differences can result in considerable variability in the relative costs of productive assets and the depreciation and amortization expense among companies.

Adjusted EBITDA. Management also evaluates adjusted EBITDA which excludes: (1) the 2009 second quarter restructuring costs and other charges totaling $57 million; (2) the 2009 first quarter restructuring costs and other charges totaling $129 million; (3) the 2008 fourth quarter restructuring costs and other charges totaling $192 million; and (4) the first and second quarter 2008 impact of the synthetic fuel business. Management excludes the restructuring costs and other charges incurred in the 2009 first and second quarters and in the 2008 fourth quarter for the reasons noted above under “Measures That Exclude Restructuring Costs and Other Charges and Certain Tax Expenses.” Fourth quarter 2008 restructuring costs and other charges included $55 million of restructuring costs and $137 million of other charges, including charges and reserves associated with expected fundings, loans, Timeshare inventory, accounts receivable, contract cancellation allowances, valuation of Timeshare residual interests, hedge ineffectiveness, and asset impairments. Management also excludes the first and second quarter 2008 impact of the synthetic fuel business, which was discontinued in 2007 and which did not relate to our core lodging business, to allow for period-over-period comparisons of our on-going core lodging operations and facilitate management’s comparison of our results with those of other lodging companies.

Total Debt, Net of Cash (or, "Net Debt"). Total debt net of cash reflects total debt less cash and cash equivalents. Management considers total debt net of cash to be a more accurate indicator of the net debt that must be repaid or refinanced at maturity (as it gives consideration to cash resources available to retire a portion of the debt when due). Additionally, management believes that this financial measure provides a clearer picture of the future demands on cash to repay debt. Management uses this financial measure in making decisions regarding its borrowing capacity and future refinancing needs.