

# MARRIOTT INTERNATIONAL, INC.

## Non-GAAP Financial Measures

In our press release and schedules, and 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 tables on the following pages reconcile the most directly comparable GAAP measures to the non-GAAP measures (identified by a double asterisk on the following pages) that we refer to in our press release. 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.

**Synthetic Fuel.** We do not consider the Synthetic Fuel segment to be related to our core business, which is lodging. In addition, management expects the Synthetic Fuel segment will no longer have a material impact on our business after the end of 2007, when the Internal Revenue Code provision which provides for synthetic fuel tax credits expires. Accordingly, our management evaluates non-GAAP measures which exclude the impact of our Synthetic Fuel segment because those measures allow for period-over-period comparisons of our on-going core lodging operations. In addition, these non-GAAP measures facilitate management's comparison of our results with the results of other lodging companies.

**Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) and Adjusted EBITDA** Our management considers earnings before interest, taxes, depreciation and amortization 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. For the reasons noted above in the "Synthetic Fuel" caption, our management also evaluates Adjusted EBITDA which excludes Synthetic Fuel.

April 19, 2007

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

	<b>First Quarter 2007</b>			<b>First Quarter 2006</b>			Percent Better/ (Worse) Excluding Synthetic Fuel
	As Reported	Synthetic Fuel Impact	Excluding Synthetic Fuel**	As Reported	Synthetic Fuel Impact	Excluding Synthetic Fuel**	
Operating income (loss)	\$ 201	\$ (36)	\$ 237	\$ 203	\$ (27)	\$ 230	3
Gains and other income (expense)	23	(12)	35	34	(4)	38	(8)
Interest income, provision for loan losses and interest expense	(30)	(6)	(24)	(14)	-	(14)	(71)
Equity in earnings (losses)	2	-	2	(3)	-	(3)	167
Income (losses) from continuing operations before income taxes and minority interest	196	(54)	250	220	(31)	251	-
Tax (provision) benefit	(67)	19	(86)	(77)	8	(85)	(1)
Tax credits	53	53	-	21	21	-	-
Total tax (provision) benefit	(14)	72	(86)	(56)	29	(85)	(1)
Minority interest	-	-	-	6	5	1	(100)
Income from continuing operations	<u>\$ 182</u>	<u>\$ 18</u>	<u>\$ 164</u>	<u>\$ 170</u>	<u>\$ 3</u>	<u>\$ 167</u>	(2)
Diluted shares	411.3	411.3	411.3	441.0	441.0	441.0	
Earnings per share from continuing operations - diluted	\$0.44	\$0.04	\$0.40	\$0.39	\$0.01	\$0.38	5
Tax rate	7.1%		34.4%	25.5%		33.9%	

\*\* Denotes Non-GAAP financial measures.

April 19, 2007

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

	<u>Fiscal Year 2007</u>
	<u>First Quarter</u>
<b>Net income</b>	\$ 182
Interest expense	33
Tax provision (benefit)	14
Depreciation	39
Amortization	7
Less: Depreciation reimbursed by third-party owners	(4)
Interest expense from unconsolidated joint ventures	5
Depreciation and amortization from unconsolidated joint ventures	6
<b>EBITDA**</b>	<b>282</b>
Synthetic Fuel adjustment	52
<b>Adjusted EBITDA**</b>	<b>\$ 334</b>

**Increase (Decrease) over 2006 Adjusted EBITDA** **3%**

**The following items make up the Synthetic Fuel adjustment:**

Pre-tax Synthetic Fuel operating losses (income)	\$ 54
Pre-tax minority interest - Synthetic Fuel	-
Synthetic Fuel depreciation	(2)
<b>EBITDA adjustment for Synthetic Fuel</b>	<b>\$ 52</b>

	<u>Fiscal Year 2006</u>				
	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>	<u>Total</u>
<b>Net income</b>	\$ 61	\$ 186	\$ 141	\$ 220	\$ 608
Cumulative effect of change in accounting principle	173	-	-	-	173
Interest expense	27	30	29	38	124
Tax provision	56	85	82	63	286
Tax benefit from cumulative effect of change in accounting principle	(64)	-	-	-	(64)
Depreciation	34	34	36	51	155
Amortization	6	8	8	11	33
Less: Depreciation reimbursed by third-party owners	(4)	(4)	(4)	(6)	(18)
Interest expense from unconsolidated joint ventures	5	6	5	7	23
Depreciation and amortization from unconsolidated joint ventures	6	7	7	9	29
<b>EBITDA**</b>	<b>300</b>	<b>352</b>	<b>304</b>	<b>393</b>	<b>1,349</b>
Synthetic Fuel adjustment	24	11	(4)	44	75
<b>Adjusted EBITDA**</b>	<b>\$ 324</b>	<b>\$ 363</b>	<b>\$ 300</b>	<b>\$ 437</b>	<b>\$ 1,424</b>
<b>The following items make up the Synthetic Fuel adjustment:</b>					
Pre-tax Synthetic Fuel operating losses (income)	\$ 31	\$ 13	\$ (2)	\$ 53	\$ 95
Pre-tax minority interest - Synthetic Fuel	(5)	-	-	(1)	(6)
Synthetic Fuel depreciation	(2)	(2)	(2)	(8)	(14)
<b>EBITDA adjustment for Synthetic Fuel</b>	<b>\$ 24</b>	<b>\$ 11</b>	<b>\$ (4)</b>	<b>\$ 44</b>	<b>\$ 75</b>

\*\* Denotes non-GAAP financial measures.

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