

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

Non-GAAP Financial Measures

We report certain financial measures that are not required 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 measure to each non-GAAP measure we present (which we identify with the symbol “†”). Although management evaluates and presents these non-GAAP measures for the reasons we describe, please be aware that these non-GAAP measures have limitations, and you should not consider these measures in isolation or as a substitute for revenue, operating income, income from continuing operations, net income, earnings per share or any other comparable operating measure prescribed by GAAP. We may also calculate and/or present these non-GAAP financial measures differently from measures with the same or similar names that other companies report, so the non-GAAP measures we report may not be comparable to those reported by others.

Earnings Before Interest Expense and Taxes (“EBIT”) and Earnings Before Interest Expense, Taxes, Depreciation and Amortization (“EBITDA”). EBIT reflects net income excluding the impact of interest expense and provision for income taxes, and EBITDA reflects EBIT excluding the impact of depreciation and amortization expense. We consider EBITDA to be a meaningful indicator of operating performance because we use it to measure our ability to service debt, fund capital expenditures, and expand our business. We also use EBIT and

EBITDA, as do analysts, lenders, investors and others, to evaluate companies because they exclude certain items that can vary widely across different industries or among companies within the same industry. For example, interest expense can depend on a company’s capital structure, debt levels and credit ratings. Accordingly, the impact of interest expense on earnings can vary significantly among companies. The tax positions of companies can also vary because of their differing abilities to take advantage of tax benefits and because of the tax policies of the jurisdictions in which they operate. As a result, effective tax rates and provision for income taxes can vary considerably among companies. EBITDA further excludes depreciation and amortization expense we report under “Depreciation, amortization, and other”, as well as depreciation included under “Reimbursed costs” in our Consolidated Statements of Income, 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. We also evaluate Adjusted EBITDA as a meaningful indicator of operating performance. Adjusted EBITDA reflects adjustments to exclude share-based compensation for all periods presented. Because companies use share-based payment awards differently, both in the type and quantity of awards granted, we exclude share-based compensation expense to address considerable variability among companies in

recording compensation expense. We believe that Adjusted EBITDA that excludes this item is a meaningful measure of our operating performance because it permits period-over-period comparisons of our ongoing core operations before this item and facilitates our comparison of results with those of other lodging companies.

EBIT, EBITDA and Adjusted EBITDA exclude certain cash expenses that we are obligated to make.

Adjusted Debt/Earnings Before Interest Expense, Taxes, Depreciation and Amortization, Rent (“EBITDAR”) Coverage. We calculate adjusted debt as the sum of total debt, anticipated future operating lease payments and guarantee funding. EBITDAR reflects operating income excluding the elements described in EBITDA and Adjusted EBITDA (described above) and rent expenses from operating leases. We calculate the coverage ratio by dividing adjusted debt by adjusted EBITDAR. We consider Adjusted Debt/EBITDAR coverage to be a meaningful indicator of operating performance because credit rating agencies use it to assess our credit quality.

Adjusted Depreciation, Amortization, and Other. We recorded a \$25 million impairment charge in the first half of 2014 following an evaluation of our EDITION hotels for recovery and determination that our cost estimates exceeded our total fixed sales price. We believe that excluding this 2014 first half charge from “Depreciation, amortization, and other” provides a more meaningful measure of our performance because this measure permits period-over-period comparisons of our ongoing core operations before this item and facilitate our comparison of results before this item with results from other lodging companies.

Return on Invested Capital (“ROIC”). We calculate ROIC as EBIT divided by average invested capital. We consider ROIC to be a meaningful indicator of our operating performance, and we evaluate ROIC because it measures how effectively we use the money we invest in our lodging operations.

Cash Available for Investment and Return to Shareholders. We calculate cash available for investments and return to shareholders as the sum of net cash provided by operating activities, net debt issuance, issuance of common stock and other, and capital recycling. Cash available for shareholders excludes anticipated investment spending. We consider cash available for investments and return to shareholders to be a meaningful indicator of our operating performance and evaluate it because it represents the cash we expect to have for debt service requirements, incremental investments, share repurchases, and other purposes.

Operating Income Margin Excluding Cost Reimbursements. Cost reimbursements revenue represents reimbursements we receive for costs we incur on behalf of managed and franchised properties and relates, predominantly, to payroll costs at managed properties where we are the employer, but also includes reimbursements for other costs, such as those associated with our Marriott Rewards and The Ritz-Carlton Rewards programs. As we record cost reimbursements based on the costs we incur with no added markup, this revenue and related expense has no impact on either our operating income or net income, because cost reimbursements revenue net of reimbursed costs expense is zero. In calculating adjusted operating income margin we consider total revenues as adjusted to exclude cost reimbursements and, therefore, adjusted operating income margin excluding cost reimbursements to be meaningful metrics as they

represent that portion of revenue and operating income margin that impacts operating income and net income.

Cash Used in Investing Activities and Investment

Spending. We consider these non-GAAP measures to be meaningful metrics and evaluate them because they provide detail on our estimated cumulative capital allocations for the three-year periods from 2012 to 2014 and 2015 to 2017, as well as the four-year period from 2014 to 2017.

MARRIOTT INTERNATIONAL, INC.
Non-GAAP Financial Measures
Adjusted Depreciation, Amortization, and Other
(\$ in millions)

	Fiscal Year 2014
Depreciation, amortization, and other as reported	\$ 145
Less: EDITION impairment charge	(25)
Depreciation, amortization, and other as adjusted †	\$ 120

† Denotes non-GAAP financial measures. Please see pages 1 through 3 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
Operating Income Margin Excluding Cost Reimbursements
(\$ in millions)

	Fiscal Year 2007	Fiscal Year 2013	Fiscal Year 2017 Estimate	
			4% Annual RevPAR Growth ¹	6% Annual RevPAR Growth ²
Operating income as reported	<u>\$ 1,188</u>	<u>\$ 988</u>	<u>\$ 1,650</u>	<u>\$ 1,845</u>
Total revenues as reported	\$ 12,990	\$ 12,784	***	***
Less: Cost reimbursements	(8,575)	(10,291)	***	***
Total revenues excluding cost reimbursements †	<u>\$ 4,415</u>	<u>\$ 2,493</u>	<u>\$ 3,675</u>	<u>\$ 3,990</u>
Operating margin excluding cost reimbursements †	27%	40%	45%	46%

† Denotes non-GAAP financial measures. Please see pages 1 through 3 for additional information about our reasons for providing these alternative financial measures and the limitations on their use.

¹ Assumes 6% RevPAR growth in 2014 and 4% RevPAR growth in 2015 through 2017.

² Assumes 6% RevPAR growth in 2014 through 2017.

*** Detailed guidance not provided.

MARRIOTT INTERNATIONAL, INC.
Non-GAAP Financial Measures
EBITDA And Adjusted EBITDA
(\$ in millions)

	As Reported Fiscal Year 2013	Range	
		Fiscal Year 2017 Estimate	
		4% Annual RevPAR Growth ¹	6% Annual RevPAR Growth ²
Net Income	\$ 626	\$ 985	\$ 1,100
Interest expense	120	260	280
Tax provision	271	460	520
Depreciation and amortization	127	160	160
Depreciation classified in Reimburse costs	48	60	60
Interest expense from unconsolidated joint ventures	4	5	5
Depreciation and amortization from unconsolidated joint ventures	13	15	15
EBITDA †	\$ 1,209	\$ 1,945	\$ 2,140
Share-based compensation (including share-based compensation reimbursed by third-party owners)	116	130	130
Adjusted EBITDA †	\$ 1,325	\$ 2,075	\$ 2,270

† Denotes non-GAAP financial measures. Please see pages 1 through 3 for additional information about our reasons for providing these alternative financial measures and the limitations on their use.

¹ Assumes 6% RevPAR growth in 2014 and 4% RevPAR growth in 2015 through 2017.

² Assumes 6% RevPAR growth in 2014 through 2017.

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

	Estimate ¹ Fiscal Years 2012 - 2014E	Fiscal Years 2012 - 2014E % of Investments	Estimate ² Fiscal Years 2015E - 2017E	Fiscal Years 2015E - 2017E % of Investments	Estimate ³ Fiscal Years 2014E - 2017E	Fiscal Years 2014E - 2017E % of Investments
Net cash used in (provided by) investing activities	\$ 1.3		\$ 0.9		\$ 1.1	
Less cash provided by:						
Dispositions	\$ (0.7)		\$ (0.7)		\$ (1.3)	
Loan collections and sales	\$ (0.3)		\$ (0.1)		\$ (0.2)	
Other investing activities	\$ 0.2		\$ 0.0		\$ 0.0	
Cash used in investing activities †	\$ 2.1		\$ 1.7		\$ 2.6	
Detail of Cash used in investing activities and Investment Spending						
Capital expenditures	***		***		\$ 0.6	23%
Maintenance capital expenditures	***		***		\$ 0.5	18%
Total capital expenditures	\$ 1.3	61%	\$ 0.6	37%	\$ 1.1	41%
Loan advances	\$ 0.2	7%	\$ 0.3	19%	\$ 0.4	17%
Equity and cost method investments	\$ 0.1	3%	\$ 0.2	10%	\$ 0.2	8%
Contract acquisition costs	\$ 0.6	29%	\$ 0.6	34%	\$ 0.9	34%
Investments †	\$ 2.1	100%	\$ 1.7	100%	\$ 2.6	100%

† Denotes non-GAAP financial measures. Please see pages 1 through 3 for additional information about our reasons for providing these alternative financial measures and the limitations on their use.

¹ Includes mid-point of 2014E current investment spending guidance of \$800 million to \$1 billion.

² Based on mid-point of estimated range of \$1.6 billion to \$1.8 billion.

³ Based on mid-point of estimated range of \$2.5 billion to \$2.7 billion.

*** Detailed guidance not provided.

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

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

(\$ in millions)	Fiscal Year 2017 Estimate		Fiscal Year 2013	Fiscal Year 2007
	4% Annual RevPAR Growth ¹	6% Annual RevPAR Growth ²		
Income from continuing operations	\$ 985	\$ 1,100	\$ 626	\$ 697
Add:				
Provision for income taxes	460	520	271	441
Provision for income taxes related to noncontrolling interest in losses of consolidated subsidiaries	-	-	-	-
Interest expense	260	280	120	184
Timeshare interest ³	-	-	-	24
EBIT †	<u>\$ 1,705</u>	<u>\$ 1,900</u>	<u>\$ 1,017</u>	<u>\$ 1,346</u>

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

(\$ in millions)	Year-End 2017 Estimate		Year-End 2016 Estimate	Year-End 2013	Year-End 2012	Year-End 2007	Year-End 2006
	4% Annual RevPAR Growth ¹	6% Annual RevPAR Growth ²					
Assets	\$ 7,020	\$ 7,005	\$ 6,605	\$ 6,794	\$ 6,342	\$ 8,942	\$ 8,588
Add:							
Current liabilities - discontinued operations ⁴	-	-	-	-	-	13	55
Less:							
Current liabilities, net of current portion of long-term debt ⁵	(2,630)	(2,630)	(2,610)	(2,623)	(2,366)	(2,701)	(2,507)
Assets - discontinued operations ⁴	-	-	-	-	-	(53)	(91)
Deferred tax assets, net ⁶	(650)	(630)	(615)	(880)	(943)	(863)	(865)
Timeshare capitalized interest ⁷	-	-	-	-	-	(19)	(19)
Invested capital †	<u>\$ 3,740</u>	<u>\$ 3,745</u>	<u>\$ 3,380</u>	<u>\$ 3,291</u>	<u>\$ 3,033</u>	<u>\$ 5,319</u>	<u>\$ 5,161</u>
Average invested capital † ⁸	<u>\$ 3,560</u>	<u>\$ 3,563</u>	<u>\$ 3,162</u>	<u>\$ 3,162</u>	<u>\$ 3,162</u>	<u>\$ 5,240</u>	<u>\$ 5,240</u>

Return on invested capital †

48%

53%

32%

26%

† Denotes non-GAAP financial measures. Please see pages 1 through 3 for additional information about our reasons for providing these alternative financial measures and the limitations on their use.

¹ Assumes 6% RevPAR growth in 2014 and 4% RevPAR growth in 2015 through 2017.

² Assumes 6% RevPAR growth in 2014 through 2017.

³ Timeshare interest represents (for periods prior to the date of our spin-off of our timeshare operations and timeshare development business) previously capitalized interest that is a component of product cost.

⁴ Assets net of current liabilities associated with discontinued operations deducted because the return on invested capital metric we analyze is related to our core lodging business (continuing operations). The assets net of current liabilities in 2007 relate to our synthetic fuel operations, which ceased operations in that year.

⁵ Deducted because they will be satisfied in the short term.

⁶ Deducted because the numerator of the calculation is a pre-tax number.

⁷ Deducted because the numerator of the calculation is a pre-interest expense number.

⁸ Calculated as "Invested capital" for the current year and prior year, divided by two.