

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

Segment Information

Segment Results. Management evaluates the performance of our segments, including our Timeshare segment, based primarily on the results of the segment without allocating corporate expenses, interest expense, or indirect general, administrative, and other expenses. We do allocate interest income associated with Timeshare segment notes to our Timeshare segment results because financing sales is an integral part of that segment's business. Because note sales are an integral part of the Timeshare segment, we also include note sale gains in our Timeshare segment results. We also allocate other gains or losses as well as equity in earnings or losses from our joint ventures and divisional general, administrative, and other expenses to each of our segments.

Non-GAAP Financial Measures

In our conference materials and related web cast we report certain financial measures that are not prescribed or authorized by U. S. generally accepted accounting principles ("GAAP"). We discuss management's reasons for reporting these non-GAAP measures below, and the tables on the following pages reconcile the most directly comparable GAAP measures to the non-GAAP measures (identified by a double asterisk on the following pages) that we refer to in our conference materials and related web cast. 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, 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.

Timeshare Segment Earnings Before Interest and Taxes. Timeshare segment earnings before interest and taxes (EBIT) reflects Timeshare segment results excluding the impact of interest expense and tax expense. EBIT 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. Additionally, the tax positions of companies can 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; however, we do not allocate taxes to our Timeshare or other segments.

Timeshare Segment Earnings Before Interest, Taxes, Depreciation and Amortization. Timeshare earnings before interest, taxes, depreciation and amortization (EBITDA) reflects EBIT excluding the impact of depreciation and amortization. Our

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. In addition to the items previously noted that are excluded in calculating EBIT, EBITDA further excludes depreciation and amortization because companies utilize productive assets of different ages and use different methods of both acquiring and depreciating productive assets. These differences can result in considerable variability in the relative costs of productive assets and the depreciation and amortization expense among companies.

Timeshare Segment Return on Invested Capital. Timeshare segment return on invested capital (ROIC) is calculated as EBIT, divided by average capital investment. We consider ROIC to be a meaningful indicator of our Timeshare segment operating performance, and we evaluate this metric because it measures how effectively we use the money invested in our Timeshare segment operations. The calculation of Timeshare EBIT adds back to Timeshare segment results interest representing previously capitalized interest that is a component of product cost. Timeshare segment results for 2002 included a \$44 million gain associated with the sale of our investment in Interval International. As this gain is significant and non-recurring, we believe it should be excluded from Timeshare segment results for 2002 in order to facilitate comparability with the other years presented. The calculation of invested capital deducts from total assets: 1) current liabilities as they will be satisfied in the short term; and 2) capitalized interest because the numerator of the calculation is a pre-interest expense number.

Timeshare Segment Cash Provided By Operating Activities. Timeshare segment cash provided by operating activities is evaluated by management because it represents the cash we have available from Timeshare segment operations which could be utilized in our Timeshare segment business or for other company-wide purposes such as for debt service requirements, opportunistic investments, share repurchases and other purposes.

Timeshare Segment Cumulative Free Cash Flow. We calculate Timeshare segment cumulative free cash flow as net cash provided by operating activities less net cash used by investing activities. We consider Timeshare segment cumulative free cash flow to be a meaningful indicator of our operating performance and evaluate this metric because it represents the cash we expect to have available from Timeshare segment operations which can be utilized in our Timeshare segment business or for other company-wide purposes such as for debt service requirements, opportunistic investments, share repurchases and other purposes.

Timeshare Segment Revenue Excluding Cost Reimbursements. Timeshare segment cost reimbursements revenue represents reimbursements of costs incurred on behalf of managed properties. As we record cost reimbursements based upon the costs incurred with no added markup, this revenue and the related reimbursed costs expense have no impact on segment results because cost reimbursements revenue net of reimbursed costs expense is zero. We consider Timeshare segment revenue excluding cost reimbursements to be a meaningful metric as it represents that portion of our revenue that impacts segment results.

MARRIOTT INTERNATIONAL, INC.
TIMESHARE SEGMENT
Non-GAAP Financial Measure Reconciliation
2007 Timeshare Segment Revenue Excluding Reimbursed Costs
(\$ in millions)

	<u>Timeshare Segment Revenue</u>
Timeshare segment revenue, as reported	\$ 2,065
Less: reimbursed costs	(275)
Timeshare segment revenue excluding reimbursed costs**	<u>\$ 1,790</u>

	<u>Timeshare Segment</u>	
	<u>Revenue</u>	<u>Percent</u>
Development and Other	\$ 1,237	69%
Services	358	20%
Financing	195	11%
Timeshare segment revenue excluding reimbursed costs**	<u>\$ 1,790</u>	<u>100%</u>

** Denotes non-GAAP financial measures.

MARRIOTT INTERNATIONAL, INC.
TIMESHARE SEGMENT
Non-GAAP Financial Measure Reconciliation
Timeshare Segment Return on Invested Capital
(\$ in millions)

The reconciliation of timeshare segment results, as reported, to earnings before income taxes and interest expense is as follows:

	Fiscal Year 2007	Fiscal Year 2006	Fiscal Year 2005	Fiscal Year 2004	Fiscal Year 2003	Fiscal Year 2002
Timeshare segment results, as reported	\$ 306	\$ 280	\$ 271	\$ 203	\$ 149	\$ 183
Less: Interval International gain	-	-	-	-	-	(44)
Timeshare segment results, as adjusted **	306	280	271	203	149	139
Add: Timeshare Interest ¹	24	21	24	21	21	17
Timeshare segment results before income taxes and interest expense **	\$ 330	\$ 301	\$ 295	\$ 224	\$ 170	\$ 156
Timeshare average capital investment **	\$ 2,287	\$ 1,981	\$ 1,907	\$ 1,894	\$ 1,890	\$ 1,774
Timeshare segment return on invested capital **	14%	15%	15%	12%	9%	9%

The reconciliation of Timeshare segment assets to invested capital is as follows:

	Year End 2007	Year End 2006	Year End 2005	Year End 2004	Year End 2003	Year End 2002	Year End 2001
Timeshare segment assets, as reported	\$ 3,142	\$ 2,560	\$ 2,454	\$ 2,321	\$ 2,350	\$ 2,225	\$ 2,109
Less:							
Timeshare segment current liability ³	(531)	(560)	(453)	(467)	(374)	(374)	(370)
Timeshare segment capitalized interest	(19)	(19)	(20)	(21)	(22)	(26)	(17)
Timeshare segment invested capital **	\$ 2,592	\$ 1,981	\$ 1,981	\$ 1,833	\$ 1,954	\$ 1,825	\$ 1,722
Timeshare segment average invested capital ** ²	\$ 2,287	\$ 1,981	\$ 1,907	\$ 1,894	\$ 1,890	\$ 1,774	\$ 1,722

** Denotes non-GAAP financial measures.

¹ Timeshare interest represents previously capitalized interest that is a component of product cost.

² Calculated as timeshare segment "invested capital" for the current year and prior year, divided by two.

³ Excluding current portion of long-term debt.