MARRIOTT INTERNATIONAL INC /MD/
Form DEF 14A
March 30, 2012

SCHEDULE 14A

(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, For Use of the Commission Only(as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Under Rule 14a-12

Marriott International, Inc.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1. Title of each class of securities to which transaction applies:

2. Aggregate number of securities to which transaction applies:

3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4. Proposed maximum aggregate value of transaction:

5. Total fee paid:

¨ Fee paid previously with preliminary materials:

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

1. Amount previously paid:

2. Form, Schedule or Registration Statement No.:

3. Filing Party:

4. Date Filed:

Corporate Headquarters and Mailing Address:

10400 Fernwood Road

Bethesda, Maryland 20817

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD FRIDAY, MAY 4, 2012

To our Shareholders:

April 2, 2012

The 2012 annual meeting of shareholders of Marriott International, Inc. (the *Company*) will be held at the JW Marriott Hotel, 1331 Pennsylvania Avenue, N.W., Washington, D.C. 20004 on Friday, May 4, 2012, beginning at 10:30 a.m. Doors to the meeting will open at 9:30 a.m. At the meeting, shareholders will act on the following matters:

1. Election of the 10 director nominees named in the proxy statement;

2. Ratification of the appointment of Ernst & Young LLP as the Company s independent registered public accounting firm for fiscal 2012;

3. An advisory resolution to approve executive compensation; and

4. Any other matters that may properly be presented at the meeting.

Shareholders of record at the close of business on March 13, 2012, are entitled to notice of and to vote at this meeting.

For the convenience of our shareholders, proxies may be given either by telephone, electronically through the Internet, or by completing, signing, and returning the enclosed proxy card. In addition, shareholders may elect to receive future shareholder communications, including proxy materials, through the Internet. Instructions for each of these options can be found in the enclosed materials.

By order of the Board of Directors,
Bancroft S. Gordon
Secretary

PLEASE REFER TO THE OUTSIDE BACK COVER FOR DIRECTIONS TO THE MEETING

AND INFORMATION ON PARKING, PUBLIC TRANSPORTATION AND LODGING.

TABLE OF CONTENTS

MARRIOTT INTERNATIONAL, INC.

10400 FERNWOOD ROAD, BETHESDA, MARYLAND 20817

PROXY STATEMENT

Our Board of Directors (the *Board*) solicits your proxy for the 2012 annual meeting of shareholders of Marriott International, Inc. (*we*, *us*, Marriott or the *Company*) to be held on Friday, May 4, 2012, beginning at 10:30 a.m., at the JW Marriott Hotel, 1331 Pennsylvania Avenue, N.W., Washington, D.C. 20004, and at any postponements or adjournments of the meeting. This proxy statement is first being released to shareholders by the Company on or about April 2, 2012.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 4, 2012:

THE PROXY STATEMENT AND ANNUAL REPORT TO SHAREHOLDERS ARE AVAILABLE AT http://bnymellon.mobular.net/bnymellon/mar

QUESTIONS AND ANSWERS ABOUT THE MEETING

What is the purpose of the annual meeting?

At our annual meeting, shareholders will act upon the matters described in the accompanying notice of meeting. These actions include the election of the 10 director nominees listed below, ratification of the appointment of the independent registered public accounting firm (sometimes referred to as the *independent auditor*), an advisory resolution approving executive compensation, and any other matters that may be properly presented at the meeting. In addition, our management will report on the Company s performance during fiscal 2011 and respond to questions from shareholders.

Who is entitled to vote?

Only shareholders of record at the close of business on the record date, March 13, 2012, are entitled to receive notice of and to vote at the meeting, or any postponement or adjournment of the meeting. Each outstanding share of the Company s Class A common stock entitles its holder to cast ten votes on each matter to be voted upon.

Who can attend the meeting?

All shareholders of record at the close of business on the record date, or their duly appointed proxies, may attend the meeting. Cameras, recording devices and other electronic devices will not be permitted at the meeting.

You will find directions to the meeting, and information on parking, public transportation and lodging, on the back cover of this proxy statement.

What constitutes a quorum?

The presence at the meeting, in person or by proxy, of the holders of a majority of the shares of Class A common stock of the Company outstanding on the record date and entitled to vote will constitute a quorum. A quorum is required for business to be conducted at the meeting. As of the March 13, 2012 record date, 335,036,956 shares of our Class A common stock were outstanding and entitled to vote. If you submit a properly executed proxy card, even if you abstain from voting, then you will be considered part of the quorum. Similarly, broker non-votes (described below) will be counted in determining whether there is a quorum.

How do I vote?

You may vote either by casting your vote in person at the meeting, or by marking, signing and dating each proxy card you receive and returning it in the prepaid envelope, by telephone, or electronically through the Internet by following the instructions included on your proxy card. Internet and telephone voting is available through 11:59 PM Eastern Time on Thursday, May 3, 2012. The telephone and Internet voting procedures are designed to authenticate votes cast by use of a personal identification number. The procedures, which are designed to comply with Delaware law, allow shareholders to appoint a proxy to vote their shares and to confirm that their instructions have been properly recorded.

If you hold your shares in street name through a broker or other nominee, you may be able to vote by telephone or electronically through the Internet in accordance with the voting instructions provided by that institution. If you do not provide voting instructions to your broker in advance of the annual meeting, New York Stock Exchange rules grant your broker discretionary authority to vote on routine matters. The ratification of the appointment of the independent registered public accounting firm in Item 2 is the only item on the agenda for the annual meeting that is considered routine.

What does the Board recommend?

The Board s recommendations are set forth after the description of each item in this proxy statement. In summary, the Board recommends a vote:

FOR election of the 10 director nominees (see Item 1 on page 6);

FOR ratification of the appointment of the independent auditor (see Item 2 on page 6); and

FOR approval of the advisory resolution on executive compensation (see Item 3 on page 7);

How will my shares be voted?

Your shares will be voted as you indicate on the proxy card. If you return your signed proxy card but do not mark the boxes indicating how you wish to vote, your shares will be voted FOR the election of the 10 director nominees listed below; and FOR the ratification of the appointment of Ernst & Young LLP as the Company s independent auditor for 2012.

Can I change my vote or revoke my proxy after I return my proxy card, or after I vote by telephone or electronically?

Yes. Even after you have submitted your proxy, you may change your vote at any time before the proxy is exercised at the meeting. Regardless of the way in which you submitted your original proxy, you may change it by:

(1) Returning a later-dated signed proxy card;

(2) Delivering a written notice of revocation to Computershare Shareowner Services (formerly BNY Mellon Shareowner Services), P.O. Box 358015, Pittsburgh, PA 15252-8015;

(3) Voting by telephone or the Internet until 11:59 PM Eastern Time on Thursday, May 3, 2012; or

(4) Voting in person at the meeting.

If your shares are held through a broker or other nominee, you will need to contact that institution if you wish to change your voting instructions.

How do I vote my 401(k) shares?

If you participate in the Company s Employees Profit Sharing, Retirement and Savings Plan and Trust (the *401(k) Plan*) or the Sodexo Employee Savings Plan, you may give voting instructions as to the number of share equivalents allocated to your account as of the record date. You may provide voting instructions to the trustee under the applicable plan by completing and returning the proxy card accompanying this proxy statement. The trustee will vote your shares in accordance with your duly executed instructions if they are received by 11:59 p.m. Eastern Time, Tuesday, May 1, 2012. If you do not send instructions by this deadline or if you do not vote by proxy or return your proxy card with an unclear voting designation or no voting designation at all, the trustee will vote the number of shares equal to the share equivalents credited to your account in the same proportion that it votes shares for which it did receive timely instructions.

What vote is required to approve each item?

In the election of directors, each nominee must receive more FOR votes than AGAINST votes in order to be elected as a director. Instructions to ABSTAIN and broker non-votes will have no effect on the election of directors. ***Your broker or nominee will not be permitted to vote on the election of directors without instructions from the beneficial owner. As a result, if you hold your shares through a broker or nominee, they will not be voted in the election of directors, unless you affirmatively vote your shares in accordance with the voting instructions provided by that institution.***

For ratification of the appointment of Ernst & Young LLP as the Company s independent registered public accounting firm, the affirmative vote of the holders of a majority of the shares of Class A common stock represented in person or by proxy and entitled to vote on the item will be required for approval. Instructions to ABSTAIN with respect to this item will be counted for purposes of determining the number of shares represented and entitled to vote. Accordingly, an abstention will have the effect of a vote AGAINST this item. Broker non-votes will not have any effect on the outcome of votes for this item.

For approval of the advisory resolution on executive compensation, the affirmative vote of the holders of a majority of the shares of Class A common stock represented in person or by proxy and entitled to vote on the item will be required for approval. ***Your broker or nominee will not be permitted to vote on this advisory voting item without instructions from the beneficial owner. As a result, if you hold your shares through a broker or nominee, they will not be voted to approve on an advisory basis the Company s executive compensation, unless you affirmatively vote your shares in accordance with the voting instructions provided by that institution.*** Instructions to ABSTAIN with respect to this advisory voting item will be counted for purposes of determining the number of shares represented and entitled to vote. Accordingly, an abstention will have the effect of a vote AGAINST this item. Broker non-votes will not have any effect on the outcome of votes for this item.

3

Who will count the vote?

Representatives of Computershare Shareowner Services (formerly BNY Mellon Shareowner Services), our independent stock transfer agent, will count the votes and act as the inspector of election.

What shares are included on my proxy card(s)?

The shares on your proxy card(s) represent ALL of your shares of Class A common stock that the Company s stock transfer records indicate that you hold, including (i) any shares you may hold through the Computershare Shareowner Services Program for Marriott International, Inc. Shareholders administered by Computershare Shareowner Services (formerly BNY Mellon Shareowner Services); (ii) if you are a current or former Marriott employee, any shares that may be held for your account by The Northern Trust Company as custodian for the 401(k) Plan; and (iii) if you are a current or former Sodexo Inc. employee, any shares that may be held for your account by State Street Bank and Trust Company as trustee for the Sodexo Employee Savings Plan. If you have shares in the 401(k) Plan or the Sodexo Employee Savings Plan and do not vote by proxy, or return your proxy card with an unclear voting designation or no voting designation at all, then Northern Trust or State Street, as applicable, will vote your shares in proportion to the way the other 401(k) Plan participants or Sodexo Employee Savings Plan participants, as applicable, voted their shares. Shares that are held in street name through a broker or other nominee are not included on the proxy card(s) furnished by the Company, but the institution will provide you with a voting instruction form.

What does it mean if I receive more than one proxy card?

If your shares are registered under different names or are held in more than one account, you may receive more than one proxy card. To ensure that all your shares are voted, please sign and return all proxy cards, or if you choose, vote by telephone or through the Internet using the personal identification number printed on each proxy card. We encourage you to have all accounts registered in the same name and address (whenever possible). You can accomplish this by contacting our transfer agent, Computershare Shareowner Services (formerly BNY Mellon Shareowner Services), at (800) 311-4816.

How will voting on any other business be conducted?

Although we currently do not know of any business to be considered at the 2012 annual meeting other than the proposals described in this proxy statement, if any other business is properly presented at the annual meeting, your proxy gives authority to J.W. Marriott, Jr. and/or Arne M. Sorenson to vote on such matters at their discretion.

When are shareholder proposals for the 2013 annual meeting of shareholders due?

To be considered for inclusion in our proxy statement for the 2013 annual meeting of shareholders, shareholder proposals must be received at our offices no later than the close of business December 3, 2012. Proposals must comply with Rule 14a-8 under the Securities Exchange Act of 1934, and must be submitted in writing to the Corporate Secretary, Marriott International, Inc., Department 52/862, 10400 Fernwood Road, Bethesda, Maryland 20817.

In addition, our bylaws require that, if a shareholder desires to introduce a shareholder proposal or nominate a director candidate from the floor of the 2013 annual meeting of shareholders, the shareholder must submit such proposal or nomination in writing to the Company s Secretary at the above address no earlier than January 4, 2013 and no later than the close of business February 3, 2013. The written proposal or nomination must comply with our bylaws. The Chairman of the meeting may refuse to acknowledge or introduce any shareholder proposal or the nomination of any person made after February 3, 2013, or that does not comply with our bylaws. If a shareholder fails to meet these deadlines or satisfy the requirements of Rule 14a-4 under the Securities Exchange Act of 1934, the proxies we solicit allow us to vote on such proposals as we deem appropriate. You can find a copy of our bylaws in the Investor Relations section of the Company s website (www.marriott.com/investor) by clicking on Corporate Governance and then Governance Documents or you may obtain a copy by submitting a request to the Corporate Secretary, Marriott International, Inc., Department 52/862, 10400 Fernwood Road, Bethesda, Maryland, 20817.

Will there be a sign language interpreter at the meeting?

If you would like to have a sign language interpreter at the annual meeting, please send your request in writing to the Corporate Secretary, Marriott International, Inc., Department 52/862, 10400 Fernwood Road, Bethesda, Maryland 20817. We must receive your request no later than April 27, 2012.

How much did this proxy solicitation cost and who paid that cost?

The Company paid for this proxy solicitation. We hired MacKenzie Partners, Inc. to assist in the distribution of proxy materials and solicitation of votes for an estimated fee of $8,500, plus reimbursement of certain out-of-pocket expenses. We also reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to shareholders. Proxies will be solicited by mail, telephone, or other means of communication. Our directors, officers and regular employees who are not specifically employed for proxy solicitation purposes and who will not receive any additional compensation for such activities may also solicit proxies.

Can I receive future shareholder communications electronically through the Internet?

Yes. You may elect to receive future notices of meetings, proxy materials and annual reports electronically through the Internet. If you have previously consented to electronic delivery, your consent will remain in effect until withdrawn. To consent to electronic delivery:

If your shares are registered in your own name, and not in street name through a broker or other nominee, simply log in to the Internet site maintained by our transfer agent, Computershare Shareowner Services (formerly BNY Mellon Shareowner Services), at www.bnymellon.com/shareowner/isd and the step-by-step instructions will prompt you through enrollment.

If your shares are registered in street name through a broker or other nominee, you must first vote your shares using the Internet, at www.proxyvote.com, and immediately after voting, fill out the consent form that appears on-screen at the end of the Internet voting procedure.

You may withdraw this consent at any time and resume receiving shareholder communications in print form.

5

PROPOSALS TO BE VOTED ON

ITEM 1 Election of Directors

All of our directors are standing for election at the 2012 annual meeting, and each director elected will hold office for a term expiring at the 2013 annual meeting of shareholders or until his or her successor is elected or appointed and qualified.

The following current directors of the Company have been nominated for re-election as a director:

J.W. Marriott, Jr.	John W. Marriott III	Lawrence M. Small
Mary K. Bush	George Muñoz	Arne M. Sorenson
Lawrence W. Kellner	Harry J. Pearce	
Debra L. Lee	Steven S Reinemund	

You can find information on the director nominees beginning on page 9.

We do not know of any reason why any of the nominees would be unable to serve. However, if any of the nominees should become unable to serve as a director, the Board may designate a substitute nominee or reduce the size of the Board. If the Board designates a substitute nominee, the persons named as proxies will vote FOR that substitute nominee.

The Company s bylaws prescribe the voting standard for election of directors as a majority of the votes cast in an uncontested election, such as this one, where the number of nominees does not exceed the number of directors to be elected. Under this standard, a nominee must receive more FOR votes than AGAINST votes in order to be elected as a director. In a contested election, where the number of nominees exceeds the number of directors to be elected (which is not the case at the 2012 annual meeting), the directors will be elected by a plurality of the shares present in person or by proxy and entitled to vote on the election of directors. Under the Company s Governance Principles, if a nominee who already serves as a director is not elected, that nominee shall offer to tender his or her resignation to the Board. The Nominating and Corporate Governance Committee will then recommend to the Board whether to accept or reject the resignation, or whether other action should be taken. Within 90 days of the certification of election results, the Board will determine whether to accept or reject the resignation and will publicly disclose its decision promptly thereafter.

The Board recommends a vote FOR each of the 10 director nominees.

ITEM 2 Ratification of Appointment of Independent Registered Public Accounting Firm

The Audit Committee of the Board has appointed Ernst & Young LLP as the Company s independent registered public accounting firm for fiscal 2012. Ernst & Young LLP, a firm of registered public accountants, has served as the Company s independent registered public accounting firm since May 3, 2002. Ernst & Young LLP will examine and report to shareholders on the consolidated financial statements of the Company and its subsidiaries.

Representatives of Ernst & Young LLP will be present at the annual meeting, will have an opportunity to make a statement if they so desire, and are expected to be available to respond to appropriate questions. You can find information on pre-approval of independent auditor fees and Ernst & Young LLP s 2011 and 2010 fees beginning on page 21.

Although the Audit Committee has discretionary authority to appoint the independent auditors, the Board is seeking shareholder ratification of the appointment of the independent auditors as a matter of good corporate governance. If the appointment of Ernst & Young LLP is not ratified by shareholders, the Audit Committee will take that into consideration when determining whether to continue the firm s engagement.

The Board recommends a vote FOR ratification of the appointment of Ernst & Young LLP as the Company s independent registered public accounting firm for fiscal 2012.

ITEM 3 Advisory Resolution Approving Executive Compensation

We are asking shareholders to vote for a non-binding advisory resolution approving the compensation of our Named Executive Officers, as disclosed in this proxy statement. Although the resolution, commonly referred to as a say-on-pay resolution, is non-binding, our Board of Directors and Compensation Policy Committee value your opinions and will consider the outcome of the vote when making future compensation decisions. We urge you to read the Compensation Discussion and Analysis beginning on page 23 of this proxy statement, which describes in detail how our executive compensation policies and procedures operate and are designed to achieve our compensation objectives, as well as the Summary Compensation Table and other related compensation tables and narrative, appearing on pages 41 through 53, which provide detailed information on the compensation of our Named Executive Officers.

The Board believes that our current executive compensation program achieves an appropriate balance of long-and short-term performance incentives, reinforces the link between executive pay and the Company s long-term performance and stock value, and thereby aligns the interests of our Named Executive Officers with those of shareholders.

In accordance with Section 14A of the Exchange Act, and as a matter of good corporate governance, we are asking shareholders to approve the following advisory resolution at the 2012 annual meeting:

RESOLVED, that the shareholders of Marriott International, Inc. (the Company) approve, on an advisory basis, the compensation of the Company s named executive officers disclosed in the Compensation Discussion and Analysis, the Summary Compensation Table and the related compensation tables, notes and narrative in the Proxy Statement for the Company s 2012 Annual Meeting of Shareholders.

After consideration of the vote of shareholders at the 2011 annual meeting of shareholders and consistent with the Board s recommendation, the Board has determined to hold an advisory vote on the approval of executive compensation on an annual basis until the next advisory vote on frequency occurs. An advisory vote on the frequency of shareholder votes to approve executive compensation is required to be held at least once every six years. Accordingly, unless the Board modifies its policy on the frequency of future votes, the next advisory vote to approve executive compensation will be held at the 2013 annual meeting of shareholders.

The Board recommends that you vote FOR the advisory resolution approving executive compensation.

CORPORATE GOVERNANCE

Board Leadership Structure

While the Board has not mandated a particular leadership structure, historically, the positions of Chairman of the Board and Chief Executive Officer were held by the same person. In December 2011, as a result of J.W. Marriott, Jr. s discussions with the Board about relinquishing the role of CEO and as part of its ongoing review of the Board leadership structure and succession planning process, the Board determined that, effective March 31, 2012, the two positions should be held by separate individuals. The Board elected J.W. Marriott, Jr., who had served as the Chairman and CEO of the Company and its predecessors since 1985, to the position of Executive Chairman and Chairman of the Board and Arne M. Sorenson, the former President and Chief Operating Officer, to the position of President and CEO. In his new role, Mr. Marriott continues to provide leadership to the Board by, among other things, working with the CEO, the Chairman of the Nominating and Corporate Governance Committee, and the Corporate Secretary to set Board calendars, determine agendas for Board meetings, ensure proper flow of information to Board members, facilitate effective operation of the Board and its Committees, help promote Board succession planning and the orientation of new directors, address issues of director performance, assist in consideration and Board adoption of the Company s long-term and annual operating plans, and help promote senior management succession planning.

While the independent directors have not designated a lead independent director, the Chairman of our Nominating and Corporate Governance Committee fulfills the same responsibilities as the lead directors at many companies. These responsibilities include presiding over the meetings of the independent directors, coordinating the activities of the independent directors and facilitating communications between the Chairman of the Board and the other Board members. The Chairman of our Nominating and Corporate Governance Committee also is a standing member of the Company s two-person Executive Committee along with the Chairman of the Board. The Chairman of the Nominating and Corporate Governance Committee also coordinates the evaluation of Board and Committee performance, the assessment and evaluation of Board candidates, and the monitoring of corporate governance developments and recommendations for changes to the Company s governance practices. We believe that the role played by the Chairman of the Nominating and Corporate Governance Committee provides strong, independent Board leadership.

Seven of our 10 directors are independent, and the Audit, Compensation Policy and Nominating and Corporate Governance committees are comprised solely of independent directors. Consequently, the independent directors directly oversee such critical items as the Company s financial statements, executive compensation, the selection and evaluation of directors and the development and implementation of our corporate governance programs.

The Board will continue to review our Board leadership structure as part of the succession planning process that is described in our Governance Principles (see discussion below under Governance Principles). We believe that our new leadership structure, in which the roles of Chairman and CEO are separate, together with an experienced and engaged Chairman of the Nominating and Corporate Governance Committee (who plays a role similar to that of lead director at many companies) and independent key committees, will be effective and is the optimal structure for our Company and our shareholders at this time.

Selection of Director Nominees

The Nominating and Corporate Governance Committee will consider candidates for Board membership suggested by its members, other Board members, management and shareholders. As a shareholder, you may recommend any person for consideration as a nominee for director by writing to the Nominating and Corporate Governance Committee of the Board of Directors, c/o Marriott International, Inc., Department 52/862, 10400 Fernwood Road, Bethesda, Maryland 20817. Recommendations must include the name and address of the shareholder making the recommendation, a representation that the shareholder is a holder of record of Class A common stock, biographical information about the individual recommended and any other information the shareholder believes would be helpful to the Nominating and Corporate Governance Committee in evaluating the individual recommended.

Once the Nominating and Corporate Governance Committee has identified a candidate, the Committee evaluates the candidate against the qualifications set out in the Company s Governance Principles, including:

- character, judgment, personal and professional ethics, integrity, values, and familiarity with national and international issues affecting business;
- depth of experience, skills, and knowledge complementary to the Board and the Company s business; and
- willingness to devote sufficient time to carry out the duties and responsibilities effectively.

The Committee makes a recommendation to the full Board as to any persons it believes should be nominated by the Board, and the Board determines the nominees after considering the recommendation and report of the Committee. The procedures for considering candidates recommended by a shareholder for Board membership are consistent with the procedures for candidates recommended by members of the Nominating and Corporate Governance Committee, other members of the Board or management.

Our Board of Directors

Each of the following individuals presently serves on our Board and has a term of office expiring at the 2012 annual meeting or until his or her successor is elected and qualified. The age shown below for each director is as of May 4, 2012, which is the date of the annual meeting. Each director has been nominated to serve until the 2013 annual meeting of shareholders and until his or her successor is elected and qualified, or until such director s earlier death, resignation or removal. Set forth below is each director s biography as well as the qualifications and experiences each director brings to our Board, in addition to the general qualifications discussed above.

J.W. Marriott, Jr. (Chairman of the Board), age: 80. Mr. Marriott became Executive Chairman and Chairman of the Board of Directors on March 31, 2012. Prior to that he was our Chairman of the Board and Chief Executive Officer. He joined Marriott Corporation in 1956, became President in 1964, Chief Executive Officer in 1972 and Chairman of the Board in 1985. He serves on the board of trustees of The J. Willard & Alice S. Marriott Foundation, is a member of the Executive Committee of the World Travel & Tourism Council, and is a member of the National Business Council. Mr. Marriott served as our Chairman and Chief Executive Officer since the Company s inception in 1997 through March 2012, and served as Chairman and Chief Executive Officer of the Company s predecessors since 1985. He is the father of John W. Marriott III, the Vice Chairman of the Company s Board of Directors. Mr. Marriott has been a director of the Company or its predecessors since 1964.

As a result of his service as CEO of the Company for the past 40 years, Mr. Marriott brings to the Board extensive leadership experience with, and knowledge of, the Company s business and strategy as well as a historical perspective on the Company s growth and operations. Mr. Marriott s iconic status in the hospitality industry provides a unique advantage to the Company.

John W. Marriott III (Vice Chairman of the Board), age: 50. Mr. Marriott is Chief Executive Officer of JWM Family Enterprises, L.P., a private partnership which develops and owns hotels. He was appointed Vice Chairman of the Company s Board of Directors in October 2005. Until December 30, 2005, Mr. Marriott was the Company s Executive Vice President-Lodging and President of North American Lodging. Over the past 30 years, Mr. Marriott also served in a number of other positions with the Company and its predecessors, including Executive Vice President of Sales & Marketing, Brand Management, and Operations Planning and Support, Senior Vice President for Marriott s Mid-Atlantic Region, Vice President of Development, Director of Finance, General Manager, Director of Food & Beverage, restaurant manager and cook. In April 2002, Mr. Marriott was named by the U.S. Department of Commerce and the Japanese government to co-chair a special task force to promote travel between the United States and Japan. In January 2004, he was named one of the most influential executives by Business Travel News. Mr. Marriott serves as Chairman of the Board of the National Zoo and is a director of the board of the Washington Airport Task Force. He is the son of J.W. Marriott, Jr. Mr. Marriott has been a director of the Company since 2002.

Mr. Marriott provides the Board with extensive executive and operations experience with the Company, international experience that provides insight into countries in which the Company operates, and significant knowledge of the Company s industry given his ongoing role as a CEO in the lodging sector of the hospitality industry.

Mary K. Bush, age: 63. The Honorable Mary K. Bush has served as President of Bush International, LLC, an advisor to U.S. corporations and foreign governments on international capital markets, strategic business and economic matters, since 1991. She has held several Presidential appointments including the U.S. Government s representative on the IMF Board and Director of Sallie Mae. She also was head of the Federal Home Loan Bank System during the aftermath of the Savings and Loan crisis and was advisor to the Deputy Secretary of the U.S. Treasury Department. Earlier in her career, she managed global banking and corporate finance relationships at New York money center banks including Citibank, Banker s Trust, and Chase. In 2006, President Bush appointed her Chairman of the Congressionally chartered HELP Commission on reforming foreign aid. In 2007, she was appointed by the Secretary of the Treasury to the U.S. Treasury Advisory Committee on the Auditing Profession. She is a member of the board of directors of Discover Financial Services, ManTech International Corporation, and the Pioneer Family of Mutual Funds. Ms. Bush also was a director of Briggs & Stratton, Inc. from 2004 to April 2009 and of United Airlines from 2006 to 2010. She serves on the Kennedy Center s Community Advisory Board and on the U.S. Advisory Board of the Global Leadership Foundation. Ms. Bush has been a director of the Company since May 2008.

Ms. Bush brings to the Board extensive financial and governmental affairs experience, her knowledge of corporate governance and financial oversight gained from her membership on the boards of other public companies, knowledge of public policy matters and her significant experience providing strategic advisory services in the political and international arenas.

Lawrence W. Kellner, age: 53. Mr. Kellner is President of Emerald Creek Group LLC, a private equity firm. He served as Chairman and Chief Executive Officer of Continental Airlines, Inc., an international airline company, from December 2004 through December 2009. He served as President and Chief Operating Officer of Continental Airlines from March 2003 to December 2004, as President from May 2001 to March 2003 and was a member of Continental Airlines board of directors from May 2001 to December 2009. Mr. Kellner serves on the board of directors for The Boeing Company and The Chubb Corporation. He is active in numerous community and civic organizations and currently serves on a number of boards including the Greater Houston Partnership, the Rice University Board of Trustees, the National Executive Board of the Boy Scouts of America and the board of directors for The Methodist Hospital. Mr. Kellner has been a director of the Company since 2002.

Mr. Kellner brings to the Board and our Nominating and Corporate Governance Committee, of which he is Chairman, experience as CEO of one of the largest airline companies in the world with significant management, strategic and operational responsibilities in the travel and leisure industry. He also provides extensive knowledge in the fields of finance and accounting gained from his background as Chief Financial Officer at Continental and other companies.

Debra L. Lee, age: 57. Ms. Lee is Chairman and Chief Executive Officer of BET Networks, a media and entertainment subsidiary of Viacom, Inc. that owns and operates BET Networks and several other ventures. She joined BET in 1986 and served in a number of executive posts before ascending to her present position in January 2006, including President and Chief Executive Officer from June 2005, President and Chief Operating Officer from 1995 to May 2005, Executive Vice President and General Counsel, and Vice President and General Counsel. Prior to joining BET, Ms. Lee was an attorney with Washington, D.C.-based law firm Steptoe & Johnson. She serves on the boards of directors of WGL Holdings, Inc., and Revlon, Inc. She also was a director of Eastman Kodak Company from 1999 to May 2011. She also serves on the board of a number of professional and civic organizations including The Grammy Foundation Advisory Council, the Kennedy Center s Community & Friends, and the Alvin Ailey Dance Theater. She also is a Trustee at Brown University. Ms. Lee has been a director of the Company since 2004.

Ms. Lee provides our Board and our Committee for Excellence, which she chairs, with proven leadership and business experience as the CEO of a major media and entertainment company, extensive management and corporate governance experience gained from that role as well from her membership on the boards of other public companies, her legal experience, and insights gained from her extensive involvement in civic, community and charitable activities.

George Muñoz, age: 60. Mr. Muñoz has been a principal in the Washington, D.C.-based investment banking firm Muñoz Investment Banking Group, LLC since 2001. He has also been a partner in the Chicago-based law firm Tobin, Petkus & Muñoz LLC (now Tobin & Muñoz) since 2002. He served as President and Chief Executive Officer of Overseas Private Investment Corporation from 1997 to January 2001. Mr. Muñoz was Chief Financial Officer and Assistant Secretary of the U.S. Treasury Department from 1993 until 1997. Mr. Muñoz is a certified public accountant and an attorney. He is a director of Altria Group, Inc. and Anixter International, Inc. He also serves on the board of trustees of the National Geographic Society. He was also a director of Esmark, Inc. from December 2006 to August 2008 and Archipelago Holdings Co. from August 2004 to May 2006. Mr. Muñoz has been a director of the Company since 2002.

Mr. Muñoz s provides our Board and our Audit Committee, of which he is Chairman, with extensive knowledge in the fields of finance and accounting, his knowledge of investment banking, legal experience, corporate governance experience and audit oversight experience gained from his membership on the boards and audit committees of other public companies.

Harry J. Pearce, age: 69. Mr. Pearce served as Chairman of Nortel Networks Corporation, a telecommunications company, from 2005 to 2009 and has served as Chairman of MDU Resources Group, Inc., an electronic and natural gas utility distribution company, since 2006. Mr. Pearce was a director of General Motors from 1996 to 2001 and served as Chairman of Hughes Electronics Corporation, a subsidiary of General Motors, from May 2001 until the sale by General Motors of its interest in Hughes in December 2003. He had served on the Hughes Electronics Corporation board since 1992. Mr. Pearce was General Counsel of General Motors from 1987 to 1994 and is a fellow of the American College of Trial Lawyers and International Society of Barristers. Mr. Pearce is a member of the board of directors of The National Defense University Foundation. He also serves on the board of trustees of Northwestern University and The United States Air Force Academy Endowment. Mr. Pearce has been a director of the Company or its predecessors since 1995.

Mr. Pearce brings to the Board operating, business and management experience as Chairman of two major public companies, extensive management and corporate governance experience gained from those roles and membership on the boards of those and other public companies, and legal experience.

Steven S Reinemund, age: 64. Mr. Reinemund has served as the Dean of Business and Professor of Leadership Strategy at Wake Forest University since July 2008. In 2007, Mr. Reinemund retired from PepsiCo, Inc. a multinational food and beverage company, where he served as Chairman and Chief Executive Officer from 2001 until 2006 and Chairman until May 2007. He joined PepsiCo in 1984 and held the positions of President and Chief Executive Officer Pizza Hut, Chairman and Chief Executive Officer Frito-Lay and President and Chief Operating Officer PepsiCo. He was a director of PepsiCo from 1996 until May 2007. He is a director of American Express Company, ExxonMobil Corp., and Wal-Mart Stores, Inc. Mr. Reinemund was formerly a director of Johnson & Johnson from 2003 to 2008. He is also a member of the board of directors of the Cooper Clinic Institute. Mr. Reinemund has been a director of the Company since 2007.

As a result of his background as Chairman and CEO of PepsiCo, a Fortune 500 company, Mr. Reinemund brings to the Board and our Compensation Policy Committee, of which he is Chairman, demonstrated leadership capability and extensive knowledge of complex financial and operational issues facing large branded companies, as well as extensive management and corporate governance experience gained from that role and from membership on the boards of other public companies.

Lawrence M. Small, age: 70. Mr. Small is the former Secretary of the Smithsonian Institution (the world s largest museum and research complex), a position he held from January 2000 to March 2007. Mr. Small previously had been President and Chief Operating Officer of Fannie Mae from 1991 to 2000. Before joining Fannie Mae, he served as Vice Chairman and Chairman of the executive committee of the boards of directors of Citicorp and Citibank, where he worked for 27 years. He currently also serves as a director on the boards of The Chubb Corporation and New York City s Spanish Repertory Theatre Company. Mr. Small has been a director of the Company or its predecessors since 1995.

Mr. Small provides the Board with extensive management experience, which includes his former role as President and COO of a large financial services company, and his extensive management, finance and corporate governance experience gained from that role as well as from membership on the boards of other public companies.

Arne M. Sorenson, age: 53. Mr. Sorenson became President and Chief Executive Officer of the Company on March 31, 2012. Prior to that, he was President and Chief Operating Officer of the Company since May 2009. Mr. Sorenson joined Marriott in 1996 as Senior Vice President of Business Development and was appointed Executive Vice President and Chief Financial Officer in 1998 and assumed the additional title of President, Continental European Lodging, in January 2003. Prior to joining Marriott, he was a Partner in the law firm of Latham & Watkins in Washington, D.C. Mr. Sorenson serves on the board of directors of Wal-Mart Stores, Inc. He also serves on the board of regents of Luther College. Mr. Sorenson was appointed to the Board of Directors in February 2011.

Mr. Sorenson brings to the Board extensive management experience with the Company, his prominent status in the hospitality industry and a wealth of knowledge in dealing with financial and accounting matters as a result of his prior service as the Company s Chief Financial Officer.

Sterling D. Colton, a former director of the Company s predecessors, and **William J. Shaw,** a former director and Vice Chairman of the Company, both hold the title of director emeritus, but do not vote at or attend Board meetings and are not nominees for election.

The Board met eight times in 2011. The Company encourages all directors to attend the annual meeting of shareholders. All directors attended the Company s annual shareholders meeting in 2011. No director attended fewer than 75% of the total number of meetings of the Board and Committees on which such director served.

Governance Principles

The Board has adopted Governance Principles that meet or exceed the New York Stock Exchange (*NYSE*) Listing Standards. The portion of our Governance Principles addressing director independence appears below, and the full text of the Governance Principles can be found in the Investor Relations section of the Company s website (www.marriott.com/investor) by clicking on Corporate Governance and then Governance Documents. A copy may also be obtained upon request from the Company s Corporate Secretary. Our Governance Principles establish the limit on the number of board memberships for the Company s directors at three, including Marriott, for directors who are chief executive officers of public companies, and five for other directors.

Director Independence

Our Governance Principles include the following standards for director independence:

5. **Independence of Directors**. At least two-thirds of the directors shall be independent, provided that having fewer independent directors due to the departure, addition or change in independent status of one or more directors is permissible temporarily, so long as the two-thirds requirement is again satisfied by the later of the next annual meeting of shareholders or nine

months. To be considered independent, the board must determine that a director has no direct or indirect material relationship with Marriott. The board has established the guidelines set forth below to assist it in determining director independence. For the purpose of this section 5, references to Marriott include any of Marriott s consolidated subsidiaries:

a. A director is not independent if (i) the director is, or has been within the preceding three years, employed by Marriott; (ii) the director is a current partner or employee of Marriott s independent auditor, or was within the preceding three years a partner or employee of Marriott s independent auditor and personally worked on the audit of Marriott within that time; (iii) an immediate family member of the director is, or has been within the preceding three years, employed by Marriott as an executive officer; (iv) an immediate family member of the director is a current partner of Marriott s independent auditor, or is a current employee of Marriott s independent auditor and personally works on the audit of Marriott; (v) an immediate family member of the director was within the preceding three years a partner or employee of Marriott s independent auditor and personally worked on the audit of Marriott within that time; (vi) the director or an immediate family member is, or has been within the preceding three years, part of an interlocking directorate in which the director or an immediate family member is employed as an executive officer of another company for which a present executive officer of Marriott at the same time serves on the compensation committee of that other company; (vii) the director has received, or an immediate family member has received, during any 12-month period within the preceding three years, more than $120,000 in direct compensation from Marriott, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service); or (viii) the director is a current employee, or an immediate family member is a current executive officer, of another company that does business with Marriott where the annual sales to, or purchases from, Marriott are in an amount which, in any of the last three fiscal years, exceeds the greater of $1 million or two percent of the consolidated gross annual revenues of that other company.

b. The following commercial or charitable relationships are not material relationships that would impair a Marriott director s independence: (i) service as an executive officer of another company which is indebted to Marriott, or to which Marriott is indebted, where the total amount of either company s indebtedness to the other is less than two percent of the total consolidated assets of the other company; and (ii) service by a Marriott director or his or her immediate family member as an officer, director or trustee of a charitable organization, where Marriott s discretionary charitable contributions to that organization are in an amount equal to or less than the greater of $1 million or two percent of that organization s consolidated gross annual revenues. The board annually reviews all commercial and charitable relationships of directors, and publishes whether directors previously identified as independent continue to satisfy the foregoing tests.

c. For relationships not covered by the guidelines in paragraph (b) above, the determination of whether the relationship is material or not, and therefore whether the director would be independent or not, shall be made by the directors who satisfy the independence guidelines set forth in paragraphs (a) and (b) above.

The Board undertook its annual review of director independence in February 2012. As provided in the Governance Principles, the purpose of these reviews is to determine whether any relationships or transactions are inconsistent with a determination that the director or nominee is independent.

During these reviews, the Board recognized the current or recent employment of J.W. Marriott, Jr., John W. Marriott III, and Arne M. Sorenson and the family relationships of J.W. Marriott, Jr. and John W. Marriott III with other Company executives. The Board considered that Ms. Bush, Mr. Kellner, Ms. Lee, Mr. Muñoz, Mr. Pearce, Mr. Reinemund and Mr. Small each serve, or recently served, as directors or executive officers of companies that do business with Marriott and that in each case the payments to and from Marriott were significantly less than the two percent threshold in Marriott s Governance Principles. The Board further considered that Ms. Bush, Ms. Lee, and Mr. Reinemund are also affiliated with charitable organizations that received contributions from Marriott and/or the J. Willard and Alice S. Marriott Foundation and that the contribution amounts were significantly below the charitable contribution threshold set forth in Marriott s Governance Principles.

Based on the standards set forth in the Governance Principles and after reviewing the relationships described above, the Board affirmatively determined that Mary K. Bush, Lawrence W. Kellner, Debra L. Lee, George Muñoz, Harry J. Pearce, Steven S Reinemund, and Lawrence M. Small are each independent of the Company and its management. J.W. Marriott, Jr., John W. Marriott III, and Arne M. Sorenson are considered not independent as a result of their employment with the Company and/or family relationships. The Board determined in connection with the 2010 annual meeting that W. Mitt Romney, who resigned from the Board effective January 12, 2011, was independent, and that William J. Shaw, who resigned from the Board on February 11, 2011, and as Vice Chairman of the Company on March 31, 2011, was not independent as a result of his employment with the Company.

Committees of the Board

The Board has six standing committees: Audit, Compensation Policy, Finance, Nominating and Corporate Governance, Committee for Excellence, and Executive. The Board has adopted a written charter for each committee, and those charters are available on the Investor Relations section of our website (www.marriott.com/investor) by clicking on Corporate Governance and then Governance Documents. Copies of the committee charters also may be obtained upon request from the Company s Corporate Secretary.

Audit Committee

Members: George Muñoz (Chair), Mary K. Bush and Lawrence W. Kellner.

The members of the Committee are not employees of the Company. The Board of Directors has determined that the members of the Committee are independent as defined under our Governance Principles, the NYSE Listing Standards and applicable U.S. Securities and Exchange Commission (*SEC*) rules.

The Audit Committee met nine times in 2011.

There is unrestricted access between the Audit Committee and the independent auditor and internal auditors.

The Board of Directors has determined that all current members of the Audit Committee (George Muñoz, Mary K. Bush and Lawrence W. Kellner) are financial experts as defined in SEC rules.

Responsibilities include:

Overseeing the accounting, reporting, and financial practices of the Company and its subsidiaries, including the integrity of the Company s financial statements.

Overseeing the Company s internal control environment and compliance with legal and regulatory requirements.

Appointing, retaining, overseeing, and determining the compensation and services of the Company s independent auditor.

Pre-approving the terms of all audit services, and any permissible non-audit services, to be provided by the Company s independent auditor.

Overseeing the independent auditor s qualifications and independence, including considering whether any circumstance, including the performance of any permissible non-audit services, would impair the independence of the Company s independent auditor.

Overseeing the performance of the Company s internal audit function and independent auditor.

Compensation Policy Committee

Members: Steven S Reinemund (Chair), Mary K. Bush, Harry J. Pearce and Lawrence M. Small.

The members of the Committee are not employees of the Company. The Board has determined that the members of the Committee are independent as defined under our Governance Principles and the NYSE Listing Standards.

The Compensation Policy Committee met five times in 2011.

Responsibilities include:

Establishing the principles related to the compensation programs of the Company.

Designing and recommending to the Board policies and procedures relating to senior officers compensation and employee benefit plans.

Setting the annual compensation for the Chairman of the Board and Chief Executive Officer and the President (effective March 31, 2012, the Executive Chairman and the President and Chief Executive Officer), including salary, bonus and incentive and equity compensation, subject to approval by the Board.

Approving executive officer and senior management salary adjustments, bonus payments and stock awards.

Designing and recommending to the Board the annual compensation of non-employee directors compensation.

Finance Committee

Members:	Lawrence M. Small (Chair as of February 7, 2011), Lawrence W. Kellner, John W. Marriott III, Harry J. Pearce (as of February 7, 2011) and W. Mitt Romney (Chair and member through January 12, 2011).

The members of the Committee are not employees of the Company. The Board has determined that the members of the Committee other than John W. Marriott III are independent as defined under our Governance Principles and the NYSE Listing Standards.

The Finance Committee met twice in 2011.

Responsibilities include:

Making recommendations to the Board for approval of an annual consolidated budget and reviewing the Company s performance against such budget.

Providing guidance to the Board and management on proposed mergers, acquisitions, divestitures and other significant transactions and investments that are required to be submitted for Board approval.

Providing guidance to the Board and management on the Company s capital adequacy, credit rating, borrowing needs and proposed debt and equity programs.

Providing guidance to the Board and management on the Company s shareholder distribution activities including dividend payments, share repurchases and similar activities.

Providing guidance to the Board and management on the Company s corporate insurance coverage.

Nominating and Corporate Governance Committee

Members: Lawrence W. Kellner (Chair), Debra L. Lee, and Steven S Reinemund.

The members of the Committee are not employees of the Company. The Board has determined that the members of the Committee are independent as defined under our Governance Principles and the NYSE Listing Standards.

The Nominating and Corporate Governance Committee met three times in 2011.

Responsibilities include:

Making recommendations to the Board regarding corporate governance matters and updates to the Governance Principles.

Reviewing qualifications of candidates for Board membership.

Advising the Board on a range of matters affecting the Board and its committees, including making recommendations with respect to qualifications of director candidates, selection of committee chairs, committee assignments and related matters affecting the functioning of the Board.

Reviewing the Company s conflict of interest and related party transactions policies, and approving certain related party transactions as provided for in those policies.

Resolving conflict of interest questions involving directors and senior executive officers.

Committee for Excellence

Members: Board members include Debra L. Lee (Chair), George Muñoz, and Harry J. Pearce. Company officer members include Raymond Bennett, Area Vice President, Operations (through November 2011); Stephanie Linnartz, Global Officer, Sales &

Revenue Management; Kathleen Matthews, Executive Vice President and Chief Communications and Public Affairs Officer; Robert J. McCarthy, Group President; Amy McPherson, President and Managing Director, Europe (through November 2011); Jimmie W. Paschall, Global Diversity Officer & Senior Vice President, External Affairs (through December 2011); David A. Rodriguez, Executive Vice President and Chief Human Resources Officer; William J. Shaw (through March 31, 2011); Arne M. Sorenson, President and Chief Executive Officer; and Susan Thronson, Senior Vice President, Marketing.

The members of the Committee consist of at least three members of the Board. The Committee may also consist of officers and employees of the Company who are not directors. At least one member of the Committee must be independent as defined under our Corporate Governance Principles and the NYSE Listing Standards. The Committee s charter provides that an independent director will always be the Chairman of the Committee.

The Committee for Excellence met twice in 2011.

Responsibilities include:

Identifying and encouraging efforts undertaken by the Company to promote and leverage the recruitment, retention, and advancement of women and minorities as employees of the Company.

Identifying and evaluating efforts undertaken by the Company to promote and leverage an increasingly diverse ownership, franchisee, customer, and vendor base of the Company.

Enhancing the public s recognition of the Company s efforts and successes to promote diversity and value people of different backgrounds, experiences, and cultures to benefit Marriott s strategic competitive advantage.

Executive Committee

Members: J.W. Marriott, Jr. (Chair) and Lawrence W. Kellner.

The Executive Committee did not meet in 2011.

Responsibilities include:

Exercising the powers of the Board when the Board is not in session, subject to specific restrictions as to powers retained by the full Board. Powers retained by the full Board include those relating to amendments to the certificate of incorporation and bylaws, mergers, consolidations, sales or exchanges involving substantially all of the Company s assets, dissolution and, unless specifically delegated by the Board to the Executive Committee, those powers relating to declarations of dividends and issuances of stock.

Compensation Committee Interlocks and Insider Participation

None of the members of the Compensation Policy Committee is or has been an officer or employee of the Company or had any relationship that is required to be disclosed as a transaction with a related party.

Meetings of Independent Directors

Company policy requires that the independent directors meet without management present at least twice a year. In 2011, the independent directors met four times without management present. The Chairman of the Nominating and Corporate Governance Committee, currently Mr. Kellner, presides at the meetings of the independent directors.

Risk Oversight

The Board of Directors is responsible for overseeing the Company s processes for assessing and managing risk. The Board considers our risk profile when reviewing our annual business plan and incorporates risk assessment into its decisions impacting the Company. In performing its oversight responsibilities, the Board receives an annual risk assessment report from the Chief Financial Officer and discusses the most significant risks facing the Company.

The Board also has delegated certain risk oversight functions to the Audit Committee. In accordance with NYSE requirements and as set forth in its charter, the Audit Committee periodically reviews and discusses the Company s business and financial risk management and risk assessment policies and procedures with senior management, the Company s independent auditor and the Chief Audit Executive. The Audit Committee incorporates its risk oversight function into its regular reports to the Board.

In addition, the Compensation Policy Committee reviewed a risk assessment to determine whether the amount and components of compensation for the Company s employees and the design of compensation programs might create incentives for excessive risk-taking by the Company s employees. As explained in the Compensation Discussion and Analysis below, the Compensation Policy Committee believes that our compensation programs encourage employees, including our executives, to remain focused on a balance of the short- and long-term operational and financial goals of the Company, and thereby reduce the potential for actions that involve an excessive level of risk.

Shareholder Communications with the Board

Shareholders and others interested in communicating with the Chair of the Nominating and Corporate Governance Committee, the Audit Committee, the non-employee directors, or any of the employee directors may do so by e-mail to business.ethics@marriott.com or in writing to the Business Ethics Department, Department 52/924.09,10400 Fernwood Road, Bethesda, Maryland 20817. All communications are forwarded to the appropriate directors for their review, except that the Board has instructed the Company not to forward solicitations, bulk mail or communications that do not address Company-related issues. The Company reports to the directors on the status of all outstanding concerns addressed to the non-employee directors, the Chair of the Nominating and Corporate Governance Committee, or the Audit Committee on a quarterly basis. The non-employee directors, the Chair of the Nominating and Corporate Governance Committee, or the Audit Committee may direct special procedures, including the retention of outside advisors or counsel, for any concern addressed to them.

Code of Ethics and Business Conduct Guide

The Company has long maintained and enforced a Code of Ethics that applies to all Marriott associates, including our Chairman of the Board, Chief Executive Officer, Chief Financial Officer and Principal Accounting Officer and to each member of the Board. The Code of Ethics is encompassed in our Business Conduct Guide, which is available in the Investor Relations section of our website (www.marriott.com/investor) by clicking on Corporate Governance and then Governance Documents. Any future changes or amendments to our Code of Ethics, and any waiver of our Code of Ethics that applies to our Chairman of the Board, Chief Executive Officer, Chief Financial Officer, Principal Accounting Officer or a member of our Board, will promptly be posted to our Investor Relations website. A copy of the Business Conduct Guide, which incorporates the Code of Ethics, may also be obtained upon request from the Company s Corporate Secretary.

AUDIT COMMITTEE REPORT AND INDEPENDENT AUDITOR FEES

Report of the Audit Committee

The Audit Committee reviews the Company s financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the financial statements, the reporting process and maintaining an effective system of internal controls over financial reporting. The Company s independent auditors are engaged to audit and express opinions on the conformity of the Company s financial statements to accounting principles generally accepted in the United States and the effectiveness of the Company s internal control over financial reporting.

In this context, the Audit Committee has reviewed and discussed the audited financial statements together with the results of management s assessment of the internal controls over financial reporting with management and the Company s independent auditor. The Audit Committee also discussed with the independent auditors those matters required to be discussed by the independent auditors with the Audit Committee under the rules adopted by the Public Company Accounting Oversight Board (*PCAOB*). The Audit Committee has received the written disclosures and the letter from the independent auditors required by applicable requirements of the PCAOB, regarding the independent auditors communications with the audit committee concerning independence, and has discussed with the independent auditors the independent auditors independence.

Relying on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors, and the Board has approved, that the audited financial statements be included in the Company s Annual Report on SEC Form 10-K for the year ended December 30, 2011, for filing with the SEC.

Members of the Audit Committee:

George Muñoz, Chair

Mary K. Bush

Lawrence W. Kellner

Pre-Approval of Independent Auditor Fees and Services Policy

The Audit Committee s Pre-Approval of Independent Auditor Fees and Services Policy provides for pre-approval of all audit, audit-related, tax and other permissible non-audit services provided by our principal independent auditor on an annual basis and additional services as needed. The policy also requires additional approval of any engagements that were previously approved but are anticipated to exceed pre-approved fee levels. The policy permits the Audit Committee Chair to pre-approve principal independent auditor services with estimated fees up to $100,000 (provided that the Audit Committee Chair report to the full Audit Committee at the next meeting on any pre-approval determinations).

Independent Registered Public Accounting Firm Fee Disclosure

The following table presents fees for professional services rendered by our independent registered public accounting firm for the audit of our annual financial statements for fiscal 2011 and fiscal 2010 and fees billed for audit-related services, tax services and all other services rendered by our independent registered public accounting firm for fiscal 2011 and fiscal 2010. The Audit Committee approved all of the fees presented in the table below.

	Independent Registered Public Accounting Firm Fees Paid Related to Fiscal 2011 Ernst & Young LLP	Independent Registered Public Accounting Firm Fees Paid Related to Fiscal 2010 Ernst & Young LLP
Audit Fees:		
Consolidated Audit(1)	$ 6,315,800	$ 4,530,375
International Statutory Audits(2)	2,077,910	2,442,745
	8,393,710	6,973,120
Audit-Related Fees(3)	886,100	771,353
Tax Fees (primarily compliance work)(4)	765,568	691,789
Total Fees	$ 10,045,378	$ 8,436,262

(1) Principally fees for the audit of the Company s annual financial statements, the audit of the effectiveness of the Company s internal controls over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, the auditors review of the Company s quarterly financial statements, and services provided in connection with the Company s regulatory filings. For fiscal 2011, these fees also include $1,620,000 related to the audit of Marriott Vacations Worldwide Corporation s historic financial statements.

(2) Fees for statutory audits of our international subsidiaries.

(3) Principally audits as required under our agreements with our hotel owners.

(4) Principally tax compliance services related to our international entities.

EXECUTIVE AND DIRECTOR COMPENSATION

Report of the Compensation Policy Committee

The Compensation Policy Committee (the *Committee*), which is composed solely of independent members of the Board, assists the Board in fulfilling its responsibilities relating to executive compensation. The Committee is responsible for overseeing compensation programs that enable the Company to attract, retain and motivate executives capable of establishing and implementing business plans in the best interests of the shareholders. The Committee, on behalf of and in certain instances subject to the approval of the Board, reviews and approves compensation programs for certain senior officer positions. In this context, the Committee reviewed and discussed with management the Company s Compensation Discussion and Analysis required by Item 402(b) of SEC Regulation S-K. Following the reviews and discussions referred to above, the Committee recommended to the Board that the Compensation Discussion and Analysis be included in the Company s annual report on Form 10-K and this proxy statement.

Members of the Compensation Policy Committee:

Steven S Reinemund, Chair

Mary K. Bush

Harry J. Pearce

Lawrence M. Small

Compensation Discussion and Analysis

This section explains the Company s executive compensation program for the following *Named Executive Officers* (NEOs) for 2011:

J.W. Marriott, Jr.	Chairman and Chief Executive Officer
Arne M. Sorenson	President and Chief Operating Officer
Robert J. McCarthy	Group President
Anthony G. Capuano	Executive Vice President, Global Development
Carl T. Berquist	Executive Vice President and Chief Financial Officer

On December 13, 2011, the Company announced new positions for Messrs. Marriott, Sorenson and McCarthy as Executive Chairman, President & Chief Executive Officer and Chief Operations Officer, respectively, effective March 31, 2012.

Executive Summary

Background

Marriott is consistently recognized as a global hospitality leader. Each of the NEOs is a longstanding member of our senior management team. For example, J.W. Marriott, Jr., has over 50 years of hospitality experience with the Company and has led the Company s growth from a family restaurant business to a global lodging company with more than 3,700 properties in 73 countries. In addition, our other NEOs collectively have over 75 years of hospitality experience with the Company.

To motivate our NEOs and align their focus with stockholders interests, the Company maintains an executive compensation program with the following key elements:

Element	**Purpose**
Base Salary	Provides the NEOs with a fixed level of compensation.
Annual Bonus	Encourages growth and profitability by rewarding the NEOs for their contributions to annual financial and operational goals.
Stock Awards	Align interests of the NEOs with the long-term interests of shareholders and attract and retain key talent.
Other Benefits	Support retirement planning and provide competitive benefits.

Our executive compensation program has remained substantially the same for many years and has proven to be an important factor in the Company s long-term success. As explained further in the Philosophy section below, the Company continues to emphasize equity compensation as the most significant component of the NEOs total pay opportunity.

Company Performance in 2011

The Company exceeded its growth goals for fiscal year 2011 as well as its goals for RevPAR Index described below. The Company also had strong Guest Satisfaction and Associate Engagement survey results for the year. Actual revenues for 2011 were $12.3 billion and diluted earnings per share totaled $.55. The Company also completed the spin-off of its timeshare business on November 21, 2011, which the Company believes will create significant long-term shareholder value, including $400-450 million in cash tax benefits to the Company over the next three years. Despite the Company s strong business performance in 2011, the Company s stock price was negatively affected in 2011 by a number of factors which impacted the hospitality industry generally, including economic uncertainty and declining growth expectations in the U.S. and Europe, historic events in the Middle East, the earthquake and tsunami in Japan, and the European debt crisis.

Compensation Actions in 2011

As indicated above, the Company had a strong 2011 based on a number important performance measures. The spin-off of the Company s timeshare business is also expected to provide significant long-term benefits and create shareholder value. Given these achievements, the Committee made the following key compensation decisions for 2011:

- Base Salary: The Committee determined NEO salary adjustments in February 2011. Each of the NEOs received a 3.5% annual salary increase, except for Mr. Berquist who received a salary increase of 5% based on a review of market data. The increases were consistent with the increase for all eligible management associates and with salary increases in the marketplace.

- Annual Bonus: The Company maintains two bonus plans for its senior executives. The payouts under the plans for 2011 were:

  - Under the bonus plan that focuses exclusively on diluted earnings per share (EPS) results, the Committee determined that the Company achieved an adjusted diluted EPS of $1.36, which resulted in an above target but below maximum achievement level and corresponding bonus payments. In assessing performance under the bonus plan, the Committee adjusted the diluted EPS target to exclude timeshare business results for the period of the year following the Company s spin-off of the timeshare

business, and adjusted the diluted EPS results from diluted EPS determined under GAAP to exclude the impact of certain charges and costs recorded in connection with the spin-off. These adjustments are described in the discussion of Annual Bonuses below.

Under the bonus plan that targets a combination of individual and corporate performance measures, the Committee approved varying payouts that generally were above target for 2011 based on: (i) each NEO s achieving certain key individual objectives; (ii) room growth being above target or at maximum achievement level; (iii) guest satisfaction and associate engagement surveys yielding above target and maximum results, respectively, and (iv) RevPAR Index results above target achievement level.

On a combined basis, the annual bonus plans resulted in an above target but less than maximum payout for each NEO for 2011. The following graph illustrates how the total amount of annual bonus paid to the NEOs has varied with changes in the Company s annual diluted EPS results over the past ten years.

Equity Compensation: Consistent with general market practices and the Company s philosophy that the primary component of NEO compensation should be in the form of long-term equity awards, the Committee awarded the majority of each NEO s total pay opportunity (well over 50% for each NEO) in the form of stock awards, as reflected in the following chart.

Compensation Components for 2011

Annual stock awards were granted in February 2011 in an equal mix (based on grant date fair value) of restricted stock units (RSUs) and stock-settled stock appreciation rights (SARs), with a four-year pro rata vesting schedule. The grant date fair values of these awards are reported in the Summary Compensation Table and Grants of Plan-Based Awards for Fiscal 2011 table below.

Other Compensation: In 2011, the Company continued to offer limited perquisites and personal benefits that make up a very small portion of the NEOs total compensation.

Corporate Governance and Best Practices

Consistent with the Company s commitment to executive compensation best practices, the Company continued the following NEO compensation practices for 2011:

The Company does not have employment contracts.

The Company does not offer a defined benefit pension plan.

The Company does not offer a supplemental executive retirement plan (SERP).

The Company does not provide tax gross-ups.

The Company does not have a severance plan for executives.

The Company does not provide single trigger change in control benefits.

The NEOs are subject to stock ownership guidelines.

The NEOs are subject to clawback requirements.

All associates and directors are prohibited from engaging in hedging or derivative transactions related to Marriott stock or securities.

The Committee retains an independent compensation consultant.

Philosophy

The Company believes that strong and consistent leadership is the key to long-term success in the hospitality industry. Marriott has a long history of delivering results for shareholders by relying on talented, hard-working employees (associates) who uphold the Company s ideals and unique culture. Therefore, in designing and implementing its executive compensation program, the Company emphasizes the following three principles.

- NEOs should be paid in a manner that contributes to long-term shareholder value. Therefore, equity compensation should be the most significant component of total pay opportunity for the NEOs.

- Compensation should be designed to motivate the NEOs to perform their duties in ways that will help the Company achieve its short- and long-term objectives. This is achieved by offering an appropriate mix of cash and non-cash elements of pay.

- The NEO compensation program must be competitive so that the Company can attract key talent from within and outside of our industry and retain key talent at costs consistent with market practice.

In setting NEO pay, the Committee recognizes that the Company s annual financial results can fluctuate dramatically given the cyclical nature of the hospitality business and its sensitivity to the global economy. Therefore, the Committee emphasizes a long-term perspective when determining the appropriate total pay level and mix of pay, and it may make adjustments to NEO pay in its discretion to reflect one-time market events that otherwise could unduly enrich or penalize the NEOs.

The Company reinforces this long-term philosophy through its stock ownership guidelines which prescribe that each executive own Company stock with total value equal to a multiple of between one to four times (depending upon the executive s position) his or her individual salary grade midpoint within five years of becoming subject to the guidelines. As of December 30, 2011, each NEO met these guidelines. Furthermore, consistent with the purposes of the stock ownership guidelines, the Company prohibits all associates and directors from engaging in short sale transactions or entering into any other hedging or derivative transaction related to Marriott stock or securities. In addition, as indicated in the discussion of Grants of Plan-Based Awards for Fiscal 2011 below, RSUs do not provide for accelerated distribution of shares upon retirement. As a result, executives have a continuing stake in the Company s performance beyond the end of their employment, thereby strengthening their interest in the Company s long-term success.

2011 Say-on-Pay Advisory Vote on Executive Compensation

The Company provided shareholders a say-on-pay advisory vote on its executive compensation in 2011 in accordance with Section 14A of the Exchange Act. At the Company s 2011 Annual Meeting, shareholders expressed substantial support for the compensation of our NEOs with approximately 98% of the votes cast for approval of the say-on-pay advisory vote. The Committee carefully evaluated the results of the 2011 advisory vote. The Committee did not make any changes to our executive compensation program and policies as a result of the 2011 say-on-pay advisory vote. In addition to taking the say-on-pay advisory vote into account, the Committee considers many other factors in evaluating the Company s executive compensation programs as discussed in this CD&A, including the cyclical nature of the hospitality business, the advice of the Compensation Consultant and input from Mr. Marriott, and positioning of the Company s total pay opportunity at a level that is competitive in light of external data, each of which is evaluated in the context of the Committee s fiduciary duty to act as the directors determine to be in shareholders best interests.

2011 Compensation

In designing and determining 2011 NEO pay, the Committee considered recommendations of the Company s EVP, Chief Human Resources Officer, as well as the advice and recommendations of the Committee s compensation consultant, Pearl Meyer & Partners (the Compensation Consultant) (see the discussion of the Compensation Consultant below). The Committee also sought input from Mr. Marriott regarding pay equity among the NEOs and his general knowledge of industry practice and trends. The Committee obtained input and approval from the full Board with regard to the compensation package for Messrs. Marriott and Sorenson (Messrs. Marriott, Sorenson and John Marriott III abstained from Board votes regarding compensation decisions).

In its determinations, the Committee does not set rigid, categorical guidelines or formulae to determine the elements and levels of compensation for the NEOs. Rather, it relies upon its collective judgment as applied to the challenges confronting the Company as well as subjective factors such as leadership ability, individual performance, retention needs and future potential as part of the Company s management development and succession planning process.

Total Pay

As one consideration for setting NEO total pay opportunity, the Committee refers to the total pay of executives between the 50th and 75th percentiles of a broad-based and select group of companies described in the discussion of Market Data below. In our experience, this range of total compensation opportunity is aligned with our long-term performance expectations and typically is sufficient to attract and retain key executive talent. However, the Committee does not use this as a rigid standard but carefully reviews Company and individual performance, competitive recruiting and retention pressures, internal equity and succession plans. For example, although performance comparisons are difficult given the difference in size, customer distribution, geographic exposure and price tier distribution, the Committee considers historical, annual, and forecasted business results relative to other individual lodging companies to provide additional context for approving annual compensation actions. In addition, in reviewing relevant market data, the Committee may utilize discretion in determining the relevance of each survey. For 2011, the Committee took into account the fact that the surveys did not provide comparable data for executive officer positions reflecting Mr. McCarthy s additional Global Brand Management and Sales and Marketing responsibilities. In addition, because the surveys do not reflect a relevant position match for Mr. Capuano, our Executive Vice President, Global Development, the Committee considered multiple factors, including supplemental review of market data, internal pay equity and Mr. Capuano s historical contributions to the Company and his experience in the Marriott development organization. The supplemental review was comprised of publicly disclosed compensation data for development and real estate executives at other hotel companies. Finally, Mr. Sorenson s equity pay, and therefore his total pay, was higher than the 75th percentile in recognition of his potential future contributions to the Company as well as retention considerations.

Base Salary

The Committee reviews individual base salaries for the NEOs each February for the current fiscal year. As a part of this review, the Committee considers whether base salary levels are commensurate with the executives responsibilities and the external market. For 2011, management recommended a 3.5% salary increase for each of the NEOs, except for Mr. Berquist for whom management recommended a salary increase of 5.0% based on a review of market data. The increases, as shown in the table below, were consistent with the increase for all eligible management associates and with salary increases in the marketplace. The Compensation Consultant reviewed and supported the recommendation which was approved by the Committee and, with respect to Messrs. Marriott and Sorenson, by the Board.

	2011 Base Salary ($)	2010 Base Salary ($)	2010 to 2011 Increase (%)
J.W. Marriott, Jr.	$ 1,304,876	$ 1,260,750	3.5%
Arne M. Sorenson	$ 1,007,831	$ 973,750	3.5
Robert J. McCarthy	$ 742,613	$ 717,500	3.5
Anthony G. Capuano	$ 583,481	$ 563,750	3.5
Carl T. Berquist	$ 678,038	$ 645,750	5.0

Annual Bonuses

To promote growth and profitability, the Company maintains two annual cash bonus plans: the Marriott International, Inc. Executive Officer Incentive Plan (*Incentive Plan*), which focuses on a diluted EPS objective, and the Marriott International, Inc. Executive Officer Individual Performance Plan (*Individual Plan*), which targets several other financial, operational and human capital objectives for the year. Together, the plans are designed to provide executives with appropriate compensation incentives to achieve identified annual corporate and individual performance objectives.

At its February 2011 meeting, the Committee approved the specific performance objectives under each bonus plan for 2011. In February 2012, after the release of the 2011 fiscal year audited financial results, the Committee reviewed each NEO s performance against the stated performance objectives to determine the actual bonus payments, as discussed below. All of the Committee s decisions regarding annual bonuses for Messrs. Marriott and Sorenson were subject to and received Board approval.

The potential awards under the Incentive Plan and Individual Plan for 2011 are reported in dollars in the Grants of Plan-Based Awards for Fiscal 2011 table, and the actual award amounts earned under the Incentive Plan and Individual Plan for 2011 are reported in dollars in the Summary Compensation Table following this Compensation Discussion and Analysis (*CD&A*). The respective weightings of the relevant performance measures and the aggregate target and actual payments for 2011 under the combined Incentive Plan and Individual Plan are displayed in the table below.

		Incentive Plan	Individual Plan					
Name		Earnings Per Share	Individual Achievement	Room Growth	RevPAR Index	Associate Engagement	Guest Satisfaction	Total
J.W. Marriott, Jr.	Weight of Total Award (%)	60	15.0	10	5	5	5	100
	Target Award as % of Salary	75	18.755	12.5	6.25	6.25	6.25	125
	Actual Payout as % of Salary	105.44	26.57	19	6.9	9.5	8.2	175.54
Arne M. Sorenson	Weight of Total Award (%)	60	15.0	10	5	5	5	100
	Target Award as % of Salary	54	13.58	9	4.5	4.5	4.5	90
	Actual Payout as % of Salary	75.08	18.256	13.5	4.95	6.75	5.85	124.38
Robert J. McCarthy	Weight of Total Award (%)	60	15.0	10	5	5	5	100
	Target Award as % of Salary	45	11.255	7.5	3.75	3.75	3.75	75
	Actual Payout as % of Salary	63.73	15.252	11.5	4.15	5.75	4.95	105.33
Anthony G. Capuano	Weight of Total Award (%)	10	5.0	75	5	5	n/a	100
	Target Award as % of Salary	7.5	3.755	56.25	3.75	3.75	n/a	75
	Actual Payout as % of Salary	13.35	7.52	111.01	4.5	7.5	n/a	143.86
Carl T. Berquist	Weight of Total Award (%)	60	15.0	10	5	5	5	100
	Target Award as % of Salary	45	11.255	7.5	3.75	3.75	3.75	75
	Actual Payout as % of Salary	63.73	17.252	11.5	4.15	5.75	4.95	107.33

As reflected in the table, target awards range from 125% of salary for Mr. Marriott to 75% of salary for Messrs. McCarthy, Capuano and Berquist target levels are unchanged from 2010. The Committee determined the differences in the target award percentages between NEOs primarily by considering

internal factors, including pay equity with other executives, differences in responsibilities, significant promotions and future potential. The Committee also reviewed market data for each position to confirm that the bonus amounts payable upon achievement of target performance levels would result in total cash compensation (base salary plus bonus) that would be consistent with the ranges discussed above under Total Pay. The threshold award for each component other than Room Growth is equal to 25% of the target award. For the Room Growth component there is no threshold award (no payouts below target), except for Mr. Capuano who has a threshold award equal to 67% of the target award. The maximum award for each component is between 150% and 200% of the target award.

Incentive Plan

The Incentive Plan rewards executives for the Company s achievement of pre-established Company financial objectives. The Incentive Plan payout represents 60% of the total annual bonus opportunity under the combined Incentive Plan and Individual Plan for all named executives other than Mr. Capuano, for whom it represents 10%. For Mr. Capuano, the largest relative component of his annual bonus opportunity is room growth, consistent with his primary area of responsibility.

In 2011, the Incentive Plan focused entirely on diluted EPS performance. The Company places a heavy emphasis on diluted EPS as a performance measure because diluted EPS is an important indicator of Company profitability and aligns the interests of management with those of shareholders. For the purpose of the Incentive Plan, the Company uses diluted EPS as reported under U.S. GAAP, as may be modified during the target-setting process for items that are not expected to have a direct impact on the business going forward. Although no such adjustments were made during the target-setting process for 2011, in February 2012 the Committee adjusted the diluted EPS target and diluted EPS results to reflect the spin-off of the Company s timeshare business as described below.

For 2011, the Company established the diluted EPS target primarily through an extensive annual budgeting process whereby each hotel, timeshare property and individual corporate unit developed and submitted a budget. The Company then developed a consolidated Company budget considering external market factors such as global and domestic economic forecasts and lodging industry outlook, as well as internal factors such as current revenue from group bookings, expected unit growth for the year, and expected capital needs. The budget was reviewed and approved by the Board in February 2011. Considering these factors, the Committee set the diluted EPS target for 2011 at a level that the Committee believed was achievable but not certain to be met, which was $1.33, $0.53 higher than the target diluted EPS for 2010. However, in February 2012, the Committee adjusted the diluted EPS target by $0.04 to remove the budgeted contribution to diluted EPS of the timeshare business for the period of the year following its spin-off on November 21, 2011. The Committee concluded that this adjustment was appropriate because the early-2011 budgeting process for setting the diluted EPS target included a budget for full-year timeshare operations, since the exact timing of the spin-off could not be known at that time. The adjusted diluted EPS target was $1.29.

For 2011, each NEO was eligible to receive a bonus based on the Company s achieved level of diluted EPS performance, as follows:

Diluted EPS Achievement vs. Target	Bonus Award	Payout as % of Target
Below 89%	No Bonus	0%
89%	Threshold Bonus	25%
100%	Target Bonus	100%
107% and Above	Maximum Bonus	150 to 200%

If the achievement falls between two of the stated performance achievement levels, the bonus payment is interpolated between the corresponding bonus levels. The specific performance level percentages were set by the Committee in consultation with the Compensation Consultant based on external market data as well as the Committee s subjective judgment.

For 2011, the Company s diluted EPS as reported under GAAP was $0.55. However, in determining the Incentive Plan payouts, the Committee adjusted this result to exclude the following after-tax items that resulted from preparing the Company s timeshare business to operate as an independent public company as part of the spin-off: $234 million ($324 million before tax) of timeshare strategy-impairment charges, $25 million ($34 million before tax) of transaction costs related to the spin-off of the timeshare business, and $37 million of certain tax costs primarily reflecting a $34 million write-off of certain deferred tax assets transferred to MVW in conjunction with the spin-off as well as $3 million of other spin-off related tax costs. (This adjustment does not reflect any pro-forma amounts for licensing fees to be paid to Marriott International from the timeshare business nor does it adjust for other non-timeshare related items reflected in 2011 results.) The Committee approved this adjustment because the spin-off-related charges and costs were not taken into account at the time of the 2011 budgeting process, upon which the diluted EPS performance target was set, and therefore the Committee determined that it would be inappropriate to measure the NEOs achievement with respect to diluted EPS on the basis of diluted EPS results that were impacted by actions that the Company believes will enhance long-term shareholder value. The Committee further concluded that this focus on the expected long-term benefits of the spin-off is consistent with the philosophy that NEOs should be paid in a manner that contributes to long-term shareholder value, even considering the Company s stock price during the year. The Company s adjusted diluted EPS was $1.36, as shown below, which resulted in an above target but below maximum achievement level. Consequently for 2011, each NEO received an above target but below maximum payout under the Incentive Plan. The following table reconciles the Company s 2011 reported GAAP diluted EPS to diluted EPS as adjusted (amounts are reported in millions, except per share amounts).

	As Reported	Impact of Certain Timeshare Impairment Charges and Costs	As Adjusted
Income (loss) from continuing operations	$ 198	$ 296	$ 494
Diluted shares	362.3	362.3	362.3
Earnings per share diluted	$ .55	$ 0.81	$ 1.36

Individual Plan

The Individual Plan emphasizes individual executive performance as well as measures of business/operating unit financial and operational performance such as revenue growth relating to newly developed rooms and associate engagement and guest satisfaction. In addition, a component for RevPAR Index was introduced for 2011. These performance factors are evaluated subjectively by the Committee and, like the diluted EPS target, are intended to establish high standards consistent with the Company s quality goals, which are achievable but not certain to be met. The Company believes that these factors are critical to achieving success within the hospitality and service industry. The Individual Plan payout represents 40% (and for reasons described above, 90% for Mr. Capuano) of the executives total annual bonus opportunity, and the weighting of each performance factor varies slightly among the NEOs by position due to differences in responsibility. The Committee assesses each individual s achievement of Individual Plan components and determines whether it is appropriate to pay out at or in between the threshold, target or maximum award levels or not to pay out at all under the Individual Plan.

The performance components for each NEO under the Individual Plan for 2011 were:

Individual Achievement: Each year the Company sets specific management objectives for the NEOs. Each NEO has a different set of objectives that is aligned to his unique responsibilities and role within the Company. The objectives are developed by the Chief Executive Officer and members of his executive team, and reviewed, modified as necessary and approved by the Committee (or the Board in the cases of Mr. Marriott s and Mr. Sorenson s management objectives). The management objectives generally are difficult to accomplish and are among the core duties of the positions. Examples of the types of management objectives are:

- Improve Owner & Franchisee satisfaction levels;
- Continue to develop and execute sales transformation strategy; and
- Promote lodging industry interests on public policy issues such as global tourism and immigration reform.

The Committee applies a rigorous and largely subjective assessment of each NEO s qualitative performance relative to the management objectives. The management objectives are not assigned specific weightings and may be modified by the Committee if a change in business circumstances warrants. The actual payments relating to management objectives are determined by the Committee based on its subjective assessment of each NEO s job performance for the year. Maximum or above target payouts typically occur if the Committee views the NEO s overall performance to have been superior after its review of the achievement levels for each of the objectives. For each of the five years preceding 2011, the NEOs received award levels varying from zero (in 2009 when the Committee and Board decided not to pay the portion of annual bonuses relating to individual performance, notwithstanding strong individual performance) to a maximum payout for the individual achievement portion of the Individual Plan. For 2011, each NEO achieved key individual objectives, including operational objectives such as the brand initiatives identified above.

Room Growth: Assessment of room growth was based on the number of rooms developed and a net present value estimate/calculation utilized by our management and Board in evaluating the potential performance of completed development projects. For 2011, the Company established the room growth target primarily through an extensive annual budgeting process whereby a budget was developed and submitted for each geographic region that was identified for potential growth. The Company s Lodging Development Department consolidated the individual budgets and considered external market factors such as global and domestic economic forecasts and lodging industry outlook, as well as internal factors such as existing development resources. The room growth target for 2011, as reviewed and approved by the Board in February 2011, was 32,000 rooms approved for development and $394 million net present value, which was 8,200 rooms and $94 million net present value higher than the room growth targets for 2010.

For each NEO except Mr. Capuano, achievement of at least 118% of the room growth target results in a maximum component bonus payout; achievement of the target results in a threshold/target component bonus payout; and achievement of less than the target results in no component bonus payout. For Mr. Capuano, achievement of at least 176% of the target results in a maximum component bonus payout; achievement of the target results in a target component bonus payout; and achievement of 59% of the target results in a threshold component bonus payout. For 2011, the Company exceeded the maximum target for the number and net present value of rooms approved for development for all of the NEOs except Mr. Capuano. Mr. Capuano received an above target but below maximum payout for this bonus component.

Associate Engagement: For 2011, the Committee utilized a criteria based upon Associate Engagement but did not utilize the Owner/Franchisee satisfaction criteria as in past years because the Company did not conduct a formal Owner/Franchisee satisfaction survey for the year. Assessment of associate engagement is measured by the results of the Company s annual associate engagement survey (conducted by a third party) as compared against external benchmark results provided by the third party company. Specifically, a maximum bonus component payout is provided for results that exceed the Best Employer benchmark; a threshold payout occurs for results that meet or exceed the Professional Services benchmark (a payout is interpolated for results between the two benchmarks); and no payout occurs for achievement of less than the Professional Services benchmark. For 2011, the Company exceeded the Best Employer benchmark, which demonstrated considerable leadership and commitment in a challenging economic environment. Consequently for 2011, each of the NEOs received a maximum payout for this bonus component.

Guest Satisfaction: Assessment of Guest Satisfaction is based on Company-wide satisfaction survey results for the year compared with pre-established goals, which is based on a compilation of survey results from numerous satisfaction surveys across the company s brands. For 2011, achievement of 101% of the target results in a maximum component bonus payout: achievement of 100% of the target results in a target component bonus payout; achievement of 98% of the target results in a threshold component bonus payout (a payout is interpolated for results between target and maximum); and achievement of less than 98% of the target results in no payout under this bonus component. The annual goals are difficult to accomplish but not certain to be met. For 2011, each of the NEOs achieved guest satisfaction scores that correspond with an above target but below maximum bonus payout.

RevPAR Index: The Company retains a third party to collect and compile the data used to calculate a worldwide RevPAR Index. RevPAR Index is calculated for each hotel by comparing the hotel s RevPAR to the aggregate RevPAR of a group of comparable hotels generally in the same market and lodging segment, stated as a percentage; worldwide RevPAR Index is a weighted average of the individual property results. In order for any payout to occur for the RevPAR Index portion, the Company s worldwide RevPAR Index score must exceed 100.0, which indicates the Company has a premium RevPAR relative to its competitors. Once this baseline requirement is met, achievement of 1% increase over prior year RevPAR Index results in a maximum component bonus payout; achievement of 0% increase over prior year results in a target component bonus payout; achievement of -.3% over prior year results in a threshold component payout; and payouts are interpolated between these performance achievement levels. For 2011, the Company achieved an overall RevPAR Index score above 100.0 and a year-over-year increase of .2% resulting in an above target payout for this bonus component.

Supplemental Bonus

The Committee approved a supplemental one-time cash bonus of $250,000 for Mr. Berquist in recognition of his efforts toward the completion of the spin-off of the Company s timeshare business in 2011.

Stock Awards

Annual Stock Awards

The Company grants equity compensation awards to the NEOs under the Marriott International, Inc. Stock and Cash Incentive Plan (the Stock Plan) on an annual basis. With four-year vesting conditions and the opportunity for long-term capital appreciation, the annual stock awards help the Company achieve its objectives of attracting and retaining key executive talent, linking NEO pay to long-term Company performance and aligning the interests of NEOs with those of shareholders.

The NEOs stock awards for 2011 were granted on February 17, 2011, in an equal mix (based on grant date fair value) of RSUs and SARs. The Committee believes that awarding an equal mix of RSUs and SARs achieves a balance between the significant upside potential of SARs, which have an exercise price equal to the Company s stock price at grant and are highly sensitive to stock price movements, and RSUs which increase or decrease in value in substantially the same manner as does Company stock held by shareholders and thereby encourage NEOs to focus on sustained stock price performance.

Except for Mr. Capuano, the Committee set the annual stock award values for 2011 by reference to the 50th percentile of the external market data, subject to discretionary adjustments as explained earlier in the discussion of Total Pay, as follows:

	50th Percentile Market Data	2011 Stock Award Values
J.W. Marriott, Jr.	$ 6,022,600	$ 6,000,000
Arne M. Sorenson	$ 2,220,700	$ 4,000,000
Robert J. McCarthy	$ 1,869,200	$ 2,000,000
Carl T. Berquist	$ 1,624,000	$ 1,750,000

Mr. Capuano s annual stock award for 2011 consisted of two parts. On February 17, 2011, he received a grant of RSUs and SARs in the same form and manner as the other NEOs, having an aggregate grant date value of $1,250,000. Because limited market data was available for Mr. Capuano s position, the value of this award was determined based on the Committee s consideration of internal pay equity and individual responsibility, in addition to the compensation of other lodging company development executives. In addition, on the same day, Mr. Capuano received a separate grant of RSUs which are substantially similar in form to the first grant of RSUs, except they remain unvested until the third anniversary of the grant date, at which time they vest in full assuming Mr. Capuano remains continuously employed during that period (other than in the case of death, disability or approved retirement which result in immediate vesting.) This award had a grant date value of $775,221, which is equal to the amount of his annual cash bonus for fiscal year 2010 paid in March 2011. The Committee established the separate RSU award based on the most recent annual cash bonus in order to further the objective of compensating Mr. Capuano primarily in recognition of his development activities. In addition, by imposing 3-year, time-based cliff vesting, this grant offers additional retention value and links Mr. Capuano s pay with the long-term interests of shareholders. As further described in the discussion of Total Pay above, the Committee determined, in consultation with the Compensation Consultant, that Mr. Capuano s total equity compensation (including both annual stock awards), as well as his total pay, are commensurate with the equity pay and total pay, respectively, of other development executives. The actual award values for 2011 are also reported in the Grants of Plan Based Awards for Fiscal 2011 Table below.

Supplemental Stock Awards

Supplemental stock awards (typically RSUs) tend to be infrequent and are presented for approval at quarterly Board meetings in recognition of special performance, promotions, assumption of additional responsibilities, to retain key talent or as a sign-on employment inducement. None of the NEOs received a supplemental stock award in 2011.

Realized Option Income

Similar to the historical analysis of how NEO annual bonuses vary with the Company s annual diluted EPS results and thereby link pay with performance (described in the Executive Summary above), the proceeds recognized by the NEOs in 2011 from the exercise of options granted in prior years correspond to significant annual appreciation in the Company s stock value over the periods in which such stock awards were outstanding. For example, during the period of over 15 years from when certain options were granted to him on November 7, 1996, and ending on the dates he exercised those options in 2011, Mr. Marriott realized approximately $4.9 million in compensation, and shareholders realized an approximate 159% appreciation in the Company s stock value (or approximately 11% per year on average). The chart below displays the annual year-end intrinsic option value of these options and the corresponding shareholder return (stock appreciation and dividends).

Although not depicted in the table, other options exercised by Mr. Marriott during 2011 are listed in the Option Exercises and Stock Vested During Fiscal 2011 table, along with the corresponding shareholder return for the periods the options were outstanding. These and other options exercised by the NEOs in 2011 were held until the last year prior to their expiration. Long-term option holding has been a common practice for our NEOs in most years.

Potential Shareholder Dilution

When the Committee establishes stock award values each year, it reviews the potential impact of such awards on share utilization and potential shareholder dilution. The Committee believes that while stock awards are critical to aligning executives interests with those of shareholders, particularly for NEOs, it is also important to manage the potential shareholder dilution that results from stock awards and from management incentive plans overall. Prior to 2000, the Company granted stock options with a term of up to 15 years. These awards tend to remain outstanding for many years as executives often have held the options for all or much of their term. Outstanding but unexercised options will continue to contribute to potential shareholder dilution until they are exercised or until they expire in 2014. In recent years, the Company has typically sought to align compensation with stock performance by offering SARs with a 10-year term and RSUs that vest over four years. The Committee believes that these types of stock awards appropriately balance the impact on annual share utilization and the goal of providing an appropriate incentive for executive performance and retention, and are consistent with market practice.

Grant Timing and Pricing

The Company typically grants annual stock awards in February each year on the second business day following the release of its prior fiscal year annual earnings. This timing is designed to avoid the possibility that the Company could grant stock awards prior to the release of material, non-public information that may result in an increase or decrease in its stock price. Similarly, supplemental stock awards may be granted throughout the year, but not during any period beginning at 5:00 p.m. on the last day of a fiscal quarter and ending at 5:00 p.m. on the day following the Company s earnings announcement for such quarter, or during any other black-out period.

Executives derive value from their options (granted prior to 2006) and stock-settled SARs based on the appreciation in the value of the underlying shares of Company stock. For purposes of measuring this appreciation, the Company sets the exercise or base price as the average of the high and low prices of the Company stock on the NYSE on the date the awards are granted. This average price valuation is common practice and offers no inherent pricing advantage to the executive or the Company.

Spin-off of Timeshare Business

In connection with the spin-off of the Company s timeshare business, Marriott Vacations Worldwide Corporation (MVW), the NEOs (and all other Company stock award holders) received new stock awards of one share of MVW common stock for every ten shares of Marriott Class A common stock subject to Company stock awards immediately before the spin-off. The new MVW stock awards are administered under the Marriott Vacations Worldwide Corporation Stock and Cash Incentive Plan (MVW Stock Plan) and have terms substantially similar to those of the Company stock awards to which they relate. The exercise price of the Company and MVW options and SARs was adjusted or set in a manner that preserved for each NEO the aggregate intrinsic value of the Company awards as well as the ratio of the exercise price to the total value of the underlying stock immediately before the spin-off. No other adjustments were made to the NEOs compensation for the spin-off except for the computation of Incentive Plan bonus payments as explained above.

Other Compensation

Perquisites

The Company offers limited perquisites to its executives that make up a very small portion of total compensation for NEOs. One benefit that is consistent with practices within the hospitality industry is complimentary rooms, food and beverages at Company-owned, operated or franchised hotels and the use of hotel-related services such as Marriott-managed golf and spa facilities while on personal travel. These benefits are offered to encourage executive officers to visit and personally evaluate our properties. In addition, to enhance their efficiency and maximize the time that they can devote to Company business, NEOs are entitled to the use of the company jet for personal travel in limited circumstances. The Company also provides personal financial services to the NEOs and offers to reimburse the NEOs for the cost of an annual physical examination but has decided to eliminate these benefits commencing in 2012. The value of these benefits is included in the executives wages for tax purposes, and the Company does not provide tax gross-ups to the executives with respect to these benefits.

Other Benefits

Executives also may participate in the same Company-wide plans and programs offered to all eligible employees. Some of these benefits are paid for by the executives such as 401(k) plan elective deferrals, vision coverage, long- and short-term disability, group life and accidental death and dismemberment insurance, and health care and dependent care spending accounts. Other benefits are paid for or subsidized by the Company such as the 401(k) Company match, certain group medical and dental benefits, $50,000 free life insurance, business travel accident insurance and tuition reimbursement.

Nonqualified Deferred Compensation Plan

In addition to a tax-qualified 401(k) plan, the Company offers the NEOs and other senior management the opportunity to supplement their retirement and other tax-deferred savings under the Marriott International, Inc. Executive Deferred Compensation Plan (EDC). The Committee believes that offering this plan to executives is critical to achieve the objectives of attracting and retaining talent, particularly because the Company does not offer a defined benefit pension plan.

Under the EDC, NEOs may defer payment and income taxation of a portion of their salary and bonus. The plan also provides participants the opportunity for long-term capital appreciation by crediting their accounts with notional earnings (at a fixed annual rate of return of 5.5% for 2011), which is explained in the discussion of Nonqualified Deferred Compensation for Fiscal Year 2011 below.

The Company also may make a discretionary matching contribution to the NEOs EDC accounts for each fiscal year. The match is designed to make up for the approximate amount of matching contributions that would have been made under the Company s tax-qualified section 401(k) plan but for the application of certain nondiscrimination testing and annual compensation limitations under the internal revenue code. For 2011, the Board approved a match, in two parts. The first part is a basic match equal to 50% of the first 2% of eligible compensation (as defined in the EDC up to $245,000) deferred by the NEO under the EDC for 2011. The second part is a supplemental match equal to 50% on the first 6% of eligible compensation deferred for 2011. The Board has discretion to adjust the actual match allocation based on fiscal year financial results.

The Company also may make an additional discretionary contribution to the NEOs EDC accounts based on subjective factors such as individual performance, key contributions and retention needs. There were no additional discretionary contributions for the NEOs in 2011.

Change in Control

The Company provides limited double trigger change in control benefits under the Stock Plan and the EDC. The Committee believes that, with these carefully structured benefits, the NEOs would be better able to perform their duties with respect to any potential proposed corporate transaction without the influence of or distraction by concerns about how their personal employment or financial status will be affected. In addition, the Committee believes that shareholder interests are protected and enhanced by providing greater certainty regarding executive pay obligations in the context of planning and negotiating any potential corporate transactions.

Under these arrangements, in the event that a NEO is terminated by the Company other than for the executive s misconduct or the executive resigns for good reason (as defined under the Stock Plan) during the period beginning three months before and ending 12 months following a change in control (as defined under the Stock Plan) of the Company, the NEO will immediately vest in all unvested equity awards and EDC balances. In those circumstances, all options and SARs will be exercisable until the earlier of the original expiration date of the awards or twelve months (or in the case of an approved retiree, five years) following the termination of employment, and all other stock awards shall be immediately distributed following the later of the termination of employment or the change in control event. In addition, any cash incentive payments under the Incentive Plan and Individual Plan will be made immediately based on the target performance level, pro-rated based on the days worked during the year until the NEO s date of termination in connection with or following a change in control.

The Company does not provide for tax gross-ups on these benefits, but instead limits the benefits to avoid adverse tax consequences to the Company. Specifically, each of these benefits is subject to a cut-back, so that the benefit will not be provided to the extent it would result in the loss of a tax deduction by the Company or imposition of excise taxes under the golden parachute excess parachute payment provisions of the Internal Revenue Code. The discussion of Payments Upon Termination or Change in Control below includes a table that reflects the year-end intrinsic value of unvested stock awards, unvested EDC accounts and cash incentive payments under the Incentive Plan that each NEO would receive due to an involuntary termination of employment in connection with a change in control.

Clawbacks

In addition to the clawback provisions of the Sarbanes-Oxley Act that apply to the Chief Executive Officer and Chief Financial Officer, the Company s Stock Plan includes a separate clawback provision that applies to all equity awards issued to all of the NEOs. Under the Stock Plan, the Company has the authority to limit or eliminate the ability of any executive to exercise options and SARs or to receive a distribution of Company stock under RSUs or other stock awards if the executive engages in criminal or tortious conduct that is injurious to the Company or engages in competition with the Company.

The Committee adopted a policy under which, beginning in 2012, it has discretion to require reimbursement of any annual bonus payment awarded to an NEO if the amount of such bonus payment is calculated based upon the achievement of certain financial results that are required to be restated, provided that such discretion may only be exercised if the NEO has engaged in intentional misconduct that caused or partially caused the need for the restatement. The amount of the reimbursement would be the difference in the bonus determined before and after the restatement. The Company continues to monitor new guidance as it becomes available with respect to the clawback requirements under the Dodd-Frank Wall Street Reform and Consumer Protection Act and will modify its executive compensation programs accordingly when they go into effect.

Independent Compensation Consultant

As noted above, the Committee selected and retained the Compensation Consultant to assist the Committee in establishing and implementing executive and director compensation strategy. The Compensation Consultant reports to and is instructed in its duties by the Committee and carries out its responsibilities in coordination with the Human Resources Department. Other than providing executive compensation survey data to the Company as described below, the Compensation Consultant performs no other services for the Company.

Market Data

The external market data utilized by the Company for 2011 includes several broad, revenue-based surveys as well as a custom survey of companies specifically selected by the Committee. The Committee believes, based on the advice of the Compensation Consultant, that the companies participating in the revenue-based and custom surveys represent the broad pool of executive talent for which the Company competes.

In general, the revenue-based surveys used as a market reference for NEO pay include companies with median annual revenue ranging from $10 billion to $20 billion. For 2011, the surveys were the *CHiPS Executive & Senior Management Total Compensation Survey, the Hewitt TCM General Industry Executive Total Compensation Survey, the Towers Watson CDB Executive Compensation Database*, and the *Fred Cook Survey of Long-Term Incentives*. The Committee did not consider the individual companies in the revenue-based surveys when making compensation decisions.

The custom survey consists of consumer product and service companies selected by the Committee on the basis of their similarity to the Company on a number of financial and non-financial metrics and based on their shared emphasis on customer service and brand image. The metrics used for selecting the custom survey companies for 2011 included annual revenue, annual net income, total assets, market capitalization, enterprise value and number of employees. Other factors considered were performance measures such as revenue growth, net income growth, EPS growth, return on equity and total shareholder return. The Committee does not apply specific weights to these factors. For 2011, the companies in the custom survey included:

AMR	H.J. Heinz	McDonalds	Walt Disney
Colgate-Palmolive	Hyatt Hotels	MGM Resorts International	Wyndham
Darden Restaurants	J.C. Penney	Nordstrom	Yum! Brands
FedEx	Kellogg	Royal Caribbean Cruises	
General Mills	Kimberly-Clark	Starwood Hotels & Resorts	

The list of custom survey companies was the same as in 2010 except for the removal of American Express and Target and the addition of Hyatt Hotels, MGM Mirage and Royal Caribbean Cruises.

These changes were made to include more companies in the hospitality industry. The Human Resources Department and the Compensation Consultant advised the Committee that the survey results for 2011 were an appropriate market data reference point.

Risk Considerations

The Committee considered risk in determining 2011 NEO compensation and believes that the following aspects of NEO pay discourage unreasonable or excessive risk-taking by executives:

- Base salary levels are commensurate with the executives responsibilities (and the external market) so that the executives are not motivated to take excessive risks to achieve an appropriate level of financial security.
- Annual bonus plans include a diverse mix of corporate and individual performance metrics.
- Annual bonus opportunities are capped so that no payout exceeds a specified percentage of salary, thereby moderating the impact of short-term incentives.
- The Committee and the Board have discretion to decrease annual bonus payouts, for example, if they believe the operational or financial results giving rise to those payouts are unsustainable or if they believe the payout would unfairly reward the NEOs for events that are unrelated to their performance.
- The mix of short- and long-term incentives is balanced so that at least 50% of total pay opportunity is in the form of long-term equity awards.
- Annual stock awards are granted as an equal mix of SARs and RSUs that generally vest over 4 years which together encourage the NEOs to focus on sustained stock price performance.
- The Committee reviews and compares total compensation and each element of compensation to external market data to confirm that compensation is within an acceptable range relative to the external market.
- The NEOs are subject to clawback provisions (as discussed above).
- Stock ownership guidelines align the long-term interests of NEOs with the interests of shareholders.
- All associates and directors are prohibited from engaging in hedging or derivative transactions related to Marriott stock or securities.

Tax Considerations

Internal Revenue Code Section 162(m) limits the Company s federal income tax deduction for compensation in excess of one million dollars paid to NEOs except for the Chief Financial Officer. However, performance-based compensation can be excluded from the limitation so long as it meets certain requirements. The Committee expects that NEO pay attributable to the grants of SARs and options will satisfy the requirements for exemption under Section 162(m).

RSUs vested in 2011 and compensation under the annual bonus plans for 2011 did not meet the requirements for exemption as performance-based compensation under Section 162(m). However, the Committee believes that the value of preserving the ability to structure compensation programs to meet a variety of corporate objectives, such as equity dilution management, workforce planning, customer satisfaction and other non-financial business requirements, justifies the cost of potentially being unable to deduct a portion of the executives compensation.

Executive Compensation Tables and Discussion

Summary Compensation Table

The following Summary Compensation Table shows the compensation we paid in fiscal years 2009, 2010 and 2011 to our Chief Executive Officer, our Chief Financial Officer and our other three most highly compensated executive officers.

Name and Principal Position	Fiscal Year	Salary ($)(1)	Bonus ($)	Stock Awards ($)(2)	Option/ SAR Awards ($)(2)	Non-Equity Incentive Plan Compensation ($)(3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(4)	All Other Compensation ($)(5)	Total ($)
J.W. Marriott, Jr.	2011	1,304,876		2,920,770	3,000,022	2,290,578	198,667	379,600	10,094,513
Chairman and Chief	2010	1,253,063		2,875,083	2,875,300	2,268,419	137,247	349,004	9,758,116
Executive Officer	2009	1,182,692		0	0	0	104,213	292,694	1,579,599
Arne M. Sorenson	2011	1,007,831		1,947,127	2,000,014	1,253,540	24,764	94,765	6,328,041
President and Chief Operating Officer	2010	967,813		1,600,075	1,600,164	1,243,059	16,203	34,346	5,461,660
	2009	859,538		2,450,039	950,001	0	9,708	11,025	4,280,311
Robert J. McCarthy	2011	742,613		973,643	1,000,007	782,192	27,962	56,007	3,582,424
Group President	2010	713,125		875,016	875,095	778,162	18,017	12,580	3,271,995
	2009	659,535		1,150,011	400,020	0	10,830	161,025	2,381,421
Anthony G. Capuano Executive Vice President and Chief Development Officer	2011	583,481		1,363,211	625,060	839,396	5,684	53,296	3,470,128
Carl T. Berquist	2011	678,038	250,000(6)	851,977	875,046	727,739	16,093	51,727	3,450,620
Executive Vice President and Chief Financial Officer	2010	641,812		750,106	750,087	700,345	9,641	12,580	2,864,571

(1) This column reports all amounts earned as salary during the fiscal year, whether paid or deferred under certain Company employee benefit plans.

(2) The value reported for Stock Awards and Option/SAR awards is the aggregate grant date fair value of the awards granted in the fiscal year as determined in accordance with accounting guidance for share-based payments, although the Company recognizes the value of the awards for financial reporting purposes over the service period of the awards. The assumptions for making the valuation determinations are set forth in the footnotes captioned Share-Based Compensation to our financial statements in each of the Company s Forms 10-K for fiscal years 2009 through 2011. The figures presented for fiscal years 2009 and 2010 report the value of RSUs without a reduction for dividends and dividend equivalents that are not payable on those RSUs. For additional information on 2011 awards, see the Grants of Plan-Based Awards for Fiscal 2011 table, below.

(3) This column reports all amounts earned under the Company s Incentive Plan and Individual Plan during the fiscal year, which were paid in February 2012 unless deferred under certain Company employee benefit plans.

(4) The values reported equal the earnings credited to accounts in the EDC to the extent they were credited at a rate of interest exceeding 120% of the applicable federal long-term rate, as discussed below under Nonqualified Deferred Compensation for Fiscal year 2011.

(5) All Other Compensation consists of the following:

Company contributions to the Company s qualified 401(k) plan

Company contributions to the Company s non-qualified Executive Deferred Compensation Plan

Perquisites and personal benefits including:

- Personal financial services
- Tax return preparation and advisory services

Executive physical

Personal use of the Company jet

Rooms, food and beverages at Company-owned, operated or franchised hotels while on personal travel and use of other hotel-related services such as golf and spa facilities at Company-managed properties.

The values in this column do not include perquisites and personal benefits that were less than $10,000 in aggregate for each NEO for the fiscal year. The following table identifies the total amount the Company contributed to each NEO s qualified 401(k) plan and non-qualified EDC for fiscal year 2011. It also specifies values for perquisites and personal benefits for each NEO that comprise more than the greater of 10% of his aggregate perquisites or personal benefits or $25,000.

Name	Company Contributions to the 401(k) Plan ($)	Company Contributions to the Executive Deferred Compensation Plan ($)	Personal Use of the Company Jet ($)	Executive Life Insurance ($)	Personal Financial Services ($)	Other ($)
Mr. Marriott	7,963	93,672	82,547	104,348	91,070	
Mr. Sorenson	7,963	69,937				16,865
Mr. McCarthy	7,963	48,044				
Mr. Capuano	7,963	10,317				35,016
Mr. Berquist	7,963	43,764				

The value of the personal use of the Company jet is the sum of:

allocable flight-specific costs of the personal flights (including, where applicable, return flights with no passengers) such as landing fees, crew costs and other related items, and

the product of (i) all other costs of maintaining and flying the jet for the billable year other than certain fixed expenses such as pilot compensation, management fee and hangar rental costs, multiplied by (ii) a fraction the numerator of which is the individual s personal flight hours on the jet for the billable year and the denominator of which is the total flight hours of the jet for the billable year.

Although amounts are reported for aircraft use during the Company s fiscal year, incremental cost is calculated on the basis of a December 1 through November 30 billable year, which reflects the contract service period used for billing by a third-party aircraft management company.

The value reported as executive life insurance for Mr. Marriott is the economic benefit (equal to the increase in cash surrender value for 2011) from certain life insurance policies held by a trust for the benefit of the Marriott family to which the Company contributed premiums from 1996 through 2002. As explained under Transactions with Related Persons below, the Company has no interest in these policies as of August 24, 2011. The value reported as personal financial services for Mr. Marriott is the pro rata cost for compensation of the Company employee who delivered the financial services. As noted above, this benefit will no longer be offered beginning in 2012.

(6) This column reports a supplemental bonus relating to the spin-off of the Company s timeshare business, as addressed in the CD&A.

Grants of Plan-Based Awards for Fiscal 2011

The following table shows the plan-based awards granted to the NEOs in 2011.

Name	Award Type	Grant Date(1)	Approval Date(1)	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(2) Threshold ($)	Target ($)	Maximum ($)	All Other Stock Awards: (Number of Shares of Stock or Units) (#)	All Other Option/ SAR Awards: (Number of Securities Underlying Options/ SARs) (#)	Exercise or Base Price ($/sh)	Closing Price on Grant Date ($/sh)(3)	Grant Date Fair Value of Stock/Option/ SAR Awards ($)(4)
Mr. Marriott	Incentive Plan			244,664	978,657	1,487,559					
	Individual Plan			122,332	652,438	991,706					
	RSU	2/17/11	2/10/11				73,460				2,920,770
	SAR	2/17/11	2/10/11					190,236	40.84	40.96	3,000,022
Mr. Sorenson	Incentive Plan			136,057	544,229	816,343					
	Individual Plan			68,029	362,819	544,229					
	RSU	2/17/11	2/10/11				48,972				1,947,127
	SAR	2/17/11	2/10/11					126,824	40.84	40.96	2,000,014
Mr. McCarthy	Incentive Plan			83,544	334,176	512,403					
	Individual Plan			41,772	222,784	341,602					
	RSU	2/17/11	2/10/11				24,488				973,643
	SAR	2/17/11	2/10/11					63,412	40.84	40.96	1,000,007
Mr. Capuano	Incentive Plan			10,940	43,761	87,522					
	Individual Plan			235,216	393,850	787,699					
	RSU	2/17/11	2/10/11				34,286				1,363,211
	SAR	2/17/11	2/10/11					39,636	40.84	40.96	625,060
Mr. Berquist	Incentive Plan			76,279	305,117	467,846					
	Individual Plan			38,140	203,411	311,897					
	RSU	2/17/11	2/10/11				21,428				851,977
	SAR	2/17/11	2/10/11					55,488	40.84	40.96	875,046

(1) Grant Date applies to equity awards reported in the All Other Stock Awards and All Other Option/SAR Awards columns. The Board approved the annual stock awards at its February 10, 2011 meeting. Pursuant to the Company s equity compensation grant procedures described in the CD&A, the grant date of these awards was February 17, 2011, the second trading day following the release of the Company s 2010 earnings.

(2) The amounts reported in these columns include potential payouts corresponding to achievement of the threshold, target and maximum performance objectives under the Company s annual cash incentive plans.

(3) This column represents the final closing price of the Company s Class A common stock on the NYSE on the date of grant. However, pursuant to the Company s equity compensation grant procedures, the awards were granted with an exercise or base price equal to the average of the high and low stock price of the Company s Class A common stock on the NYSE on the date of grant.

(4) The value reported for Stock Awards and Option/SAR awards is the aggregate grant date fair value of the awards granted in 2011 as determined in accordance with accounting standards for share-based payments, although the Company recognizes the value of the awards for financial reporting purposes over the service period of the awards. The assumptions for making the valuation determinations are set forth in the footnotes captioned Share-Based Compensation to our financial statements in each of the Company s Forms 10-K for the fiscal years 2009 through 2011. The figures represented for fiscal years 2009 and 2010 report the value of RSUs without a reduction for the dividends and dividend equivalents that are not payable on those RSUs.

The Grants of Plan-Based Awards table reports the dollar value of cash-based annual incentive plan awards (at their threshold, target and maximum achievement levels) and the number and grant date fair value of RSUs and SARs granted under the Stock Plan to each NEO during the 2011 fiscal year. With regard to cash incentives, this table reports the range of potential amounts that could have been earned by the executive under the Incentive Plan and the Individual Plan for 2011, whereas the Non-Equity Incentive Plan Compensation column in the Summary Compensation Table reports the actual value earned by the executive for 2011 under both plans.

Annual SAR and RSU grants under the Stock Plan typically vest 25% on each of the first four anniversaries of their grant date, contingent on continued employment with the Company. As described in the discussion of Stock Awards in the CD&A, Mr. Capuano received an additional grant of RSUs with 3-year cliff-vesting based on continued employment. Even when vested, an executive may lose the right to exercise or receive a distribution of any outstanding stock awards if the executive terminates employment due to serious misconduct as defined in the Stock Plan, or if the Committee determines that the executive has engaged in competition with the Company or has engaged in criminal conduct or other behavior that is actually or potentially harmful to the Company. In addition, under the terms of their RSU awards, NEOs do not receive an accelerated distribution of shares upon retirement from the Company, but must continue to wait for the scheduled distribution dates following retirement specified in their awards. The Company believes that these provisions serve its objectives of retention and aligning the executives long-term interests to those of the Company. These awards do not offer dividend or voting rights until they vest (in the case of RSUs) or are exercised (in the case of SARs) and shares are issued to the grantee.

Outstanding Equity Awards at 2011 Fiscal Year-End

The following table shows information about outstanding Company options, SARs, RSU and deferred stock bonus (DSB) awards at December 30, 2011, our fiscal year-end. This table also includes MVW stock awards resulting from adjustments to the Company stock awards for the spin-off of the timeshare business, and reflects adjustments to the Exercise Price of options and SARs resulting from the spin-off. The Intrinsic Value and Market Value figures for the Company stock awards are based on the closing price as of December 30, 2011 of the Company s Class A common stock, which was $29.17. The Intrinsic Value and Market Value figures for the MVW stock awards are based on the closing price of MVW s common stock (traded on the New York Stock Exchange under ticker symbol VAC) as of December 30, 2011, which was $17.16. The reported Grant Dates for the MVW stock awards are the same as the grant dates for the related Company stock awards, as explained in the CD&A above.

			Option/SAR Awards						Stock Awards	
Name	Grant Date	Award Type	Number of Securities Underlying Unexercised Options/SARs Exercisable/ Unexercisable (#)		Option/ SAR Exercise Price ($)	Option/ SAR Expiration Date	Option/SAR Intrinsic Value ($) Exercisable/ Unexercisable		Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)
Mr. Marriott	11/6/97	MAR Options	137,602		14.627	11/6/12	2,001,146			
	11/6/97	MAR Options	137,600		14.3915	11/6/12	2,033,522			
	11/6/97	MVW Options	13,760		8.9138	11/6/12	113,468			
	11/6/97	MVW Options	13,760		8.7702	11/6/12	115,444			
	2/6/03	MAR Options	1,130,000		14.2374	2/6/13	16,873,838			
	2/6/03	MVW Options	113,000		8.6763	2/6/13	958,658			
	11/5/98	MAR Options	384,000		13.299	11/5/13	6,094,464			
	11/5/98	MVW Options	38,400		8.1044	11/5/13	347,735			
	2/5/04	MAR Options	658,800		21.4998	2/5/14	5,053,128			
	2/5/04	MVW Options	65,880		13.1021	2/5/14	267,334			
	11/4/99	MAR Options	600,000		15.6259	11/4/14	8,126,460			
	11/4/99	MVW Options	60,000		9.5225	11/4/14	458,250			
	2/10/05	MAR Options	246,000		30.3127	2/10/15				
	2/10/05	MVW Options	24,600		18.4727	2/10/15				
	2/19/08	MAR SARs	335,478	111,826(1)	33.4986	2/19/18				
	2/19/08	MVW SARs	33,546	11,184(1)	20.4142	2/19/18				
	2/16/10	MAR SARs	69,647	208,941(1)	25.4397	2/16/20	259,804	779,413		
	2/16/10	MVW SARs	6,964	20,894(1)	15.5031	2/16/20	11,539	34,619		
	2/17/11	MAR SARs		190,236(1)	38.4942	2/17/21				
	2/17/11	MVW SARs		19,023(1)	23.4585	2/17/21				
		MAR RSUs							153,353(2)	4,473,307
		MVW RSUs							15,335.3(2)	263,154
Mr. Sorenson	2/19/02	MAR Options	220,000		17.7578	2/19/12	2,510,684			
	2/19/02	MVW Options	22,000		10.8217	2/19/12	139,443			
	11/6/97	MAR Options	14,312		14.627	11/6/12	208,139			
	11/6/97	MAR Options	14,312		14.3915	11/6/12	211,510			
	11/6/97	MVW Options	1,431		8.9138	11/6/12	11,800			
	11/6/97	MVW Options	1,431		8.7702	11/6/12	12,006			
	2/6/03	MAR Options	320,000		14.2374	2/6/13	4,778,432			
	2/6/03	MVW Options	32,000		8.6763	2/6/13	271,478			
	11/5/98	MAR Options	90,000		13.299	11/5/13	1,428,390			
	11/5/98	MVW Options	9,000		8.1044	11/5/13	81,500			

2/5/04	MAR Options	197,640	21.4998	2/5/14	1,515,938
2/5/04	MVW Options	19,764	13.1021	2/5/14	80,200
4/29/04	MAR Options	300,000	22.4329	4/29/14	2,021,130
4/29/04	MVW Options	30,000	13.6707	4/29/14	104,679

					Option/SAR Awards				Stock Awards	
Name	Grant Date	Award Type	Number of Securities Underlying Unexercised Options/SARs Exercisable/ Unexercisable (#)		Option/ SAR Exercise Price ($)	Option/ SAR Expiration Date	Option/SAR Intrinsic Value ($) Exercisable/ Unexercisable		Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)
	11/4/99	MAR Options	150,000		15.6259	11/4/14	2,031,615			
	11/4/99	MVW Options	15,000		9.5225	11/4/14	114,563			
	2/10/05	MAR Options	147,600		30.3127	2/10/15				
	2/10/05	MVW Options	14,760		18.4727	2/10/15				
	2/13/06	MAR SARs	133,600		32.4853	2/13/16				
	2/13/06	MVW SARs	13,360		19.7967	2/13/16				
	2/12/07	MAR SARs	88,400		46.2137	2/12/17				
	2/12/07	MVW SARs	8,840		28.1628	2/12/17				
	2/19/08	MAR SARs	107,937	35,979(1)	33.4986	2/19/18				
	2/19/08	MVW SARs	10,791	3,600(1)	20.4142	2/19/18				
	2/17/09	MAR SARs	93,504	93,504(1)	13.8085	2/17/19	1,436,362	1,436,362		
	2/17/09	MVW SARs	9,350	9,350(1)	8.415	2/17/19	81,766	81,766		
	2/16/10	MAR SARs	38,760	116,280(1)	25.4397	2/16/20	144,586	433,759		
	2/16/10	MVW SARs	3,876	11,628(1)	15.5031	2/16/20	6,422	19,266		
	2/17/11	MAR SARs		126,824(1)	38.4942	2/17/21				
	2/17/11	MVW SARs		12,682(1)	23.4585	2/17/21				
		MAR RSUs							158,355(3)	4,619,215
		MVW RSUs							15,835.5(3)	271,737
Mr. McCarthy	2/6/03	MAR Options	120,600		14.2374	2/6/13	1,800,872			
	2/6/03	MVW Options	12,060		8.6763	2/6/13	102,313			
	2/5/04	MAR Options	65,880		21.4998	2/5/14	505,313			
	2/5/04	MVW Options	6,588		13.1021	2/5/14	26,733			
	2/10/05	MAR Options	25,720		30.3127	2/10/15				
	2/10/05	MVW Options	2,572		18.4727	2/10/15				
	2/13/06	MAR SARs	57,192		32.4853	2/13/16				
	2/13/06	MVW SARs	5,719		19.7967	2/13/16				
	2/12/07	MAR SARs	37,300		46.2137	2/12/17				
	2/12/07	MVW SARs	3,730		28.1628	2/12/17				
	2/19/08	MAR SARs	46,677	15,559(1)	33.4986	2/19/18				
	2/19/08	MVW SARs	4,665	1,558(1)	20.4142	2/19/18				
	2/17/09	MAR SARs	39,372	39,372(1)	13.8085	2/17/19	604,813	604,813		
	2/17/09	MVW SARs	3,936	3,938(1)	8.415	2/17/19	34,420	34,438		
	2/16/10	MAR SARs	21,197	63,591(1)	25.4397	2/16/20	79,071	237,214		
	2/16/10	MVW SARs	2,119	6,359(1)	15.5031	2/16/20	3,511	10,536		
	2/17/11	MAR SARs		63,412(1)	38.4942	2/17/21				
	2/17/11	MVW SARs		6,341(1)	23.4585	2/17/21				
		MAR DSB							343(4)	10,005
		MVW DSB							34.3(4)	589
		MAR RSUs							83,703(5)	2,441,617
		MVW RSUs							8,370.3(5)	143,634
Mr. Capuano	2/19/08	MAR SARs	18,975	6,325(1)	33.4986	2/19/18				
	2/19/08	MVW SARs	1,896	634(1)	20.4142	2/19/18				
	8/7/08	MAR SARs	12,046	12,046(1)	25.8827	8/7/18	39,599	39,599		
	8/7/08	MVW SARs	1,204	1,205(1)	15.773	8/7/18	1,670	1,671		
	2/17/11	MAR SARs		39,636(1)	38.4942	2/17/21				
	2/17/11	MVW SARs		3,963(1)	23.4585	2/17/21				
		MAR RSUs							118,964(6)	3,470,180
		MVW RSUs							11,896.4(6)	204,142
Mr. Berquist	12/2/02	MAR Options	75,000		16.9708	12/2/12	914,940			
	12/2/02	MVW Options	7,500		10.3421	12/2/12	51,134			
	2/6/03	MAR Options	75,400		14.2374	2/6/13	1,125,918			
	2/6/03	MVW Options	7,540		8.6763	2/6/13	63,967			
	2/5/04	MAR Options	59,320		21.4998	2/5/14	454,996			
	2/5/04	MVW Options	5,932		13.1021	2/5/14	24,071			
	2/10/05	MAR Options	40,240		30.3127	2/10/15				
	2/10/05	MVW Options	4,024		18.4727	2/10/15				
	2/13/06	MAR SARs	18,112		32.4853	2/13/16				
	2/13/06	MVW SARs	1,811		19.7967	2/13/16				

2/12/07	MAR SARs	11,976		46.2137	2/12/17		
2/12/07	MVW SARs	1,197		28.1628	2/12/17		
2/19/08	MAR SARs	26,256	8,752(1)	33.4986	2/19/18		
2/19/08	MVW SARs	2,625	875(1)	20.4142	2/19/18		
3/3/08	MAR SARs	10,641	3,547(1)	32.1507	3/3/18		
3/3/08	MVW SARs	1,062	356(1)	19.5928	3/3/18		
8/7/08	MAR SARs	30,116	30,116(1)	25.8827	8/7/18	99,000	99,000
8/7/08	MVW SARs	3,010	3,013(1)	15.773	8/7/18	4,175	4,179
2/16/10	MAR SARs	18,169	54,507(1)	25.4397	2/16/20	67,776	203,327

Name	Grant Date	Award Type	Option/SAR Awards: Number of Securities Underlying Unexercised Options/ SARs Exercisable/ Unexercisable (#)		Option/ SAR Exercise Price ($)	Option/ SAR Expiration Date	Option/ SAR Intrinsic Value ($) Exercisable/ Unexercisable		Stock Awards: Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)
	2/16/10	MVW SARs	1,816	5,451(1)	15.5031	2/16/20	3,009	9,032		
	2/17/11	MAR SARs		55,488(1)	38.4942	2/17/21				
	2/17/11	MVW SARs		5,548(1)	23.4585	2/17/21				
		MAR RSUs							53,104(7)	1,549,044
		MVW RSUs							5,310.4(7)	91,126

(1) The SARs are exercisable in 25% annual increments beginning one year from the grant date.

(2) These 44,996 MAR RSUs and 4,499.6 MVW RSUs are scheduled to vest on each of February 15, 2012, February 15, 2013 and February 15, 2014; 18,365 MAR RSUs and 1,83635 MVW RSUs vest on February 15, 2015.

(3) These RSUs are scheduled to vest as follows:

59,524 MAR and 5,952.4 MVW on each of February 15, 2012 and February 15, 2013.

27,064 MAR and 2,706.4 MVW on February 15, 2014.

12,243 MAR and 1,224.3 MVW on February 15, 2015.

(4) These DSB units are scheduled to vest as follows:

38 MAR and 3.8 MVW on January 2, 2012.

39 MAR and 3.9 MVW on January 2, 2013.

37 MAR and 3.7 MVW on January 2, 2014.

38 MAR and 3.8 MVW on each of January 2, 2015, January 2, 2016, January 2, 2017, January 2, 2018 and January 2, 2019.

39 MAR and 3.9 MVW on January 2, 2020.

(5) These RSUs are scheduled to vest as follows:

26,053 MAR and 2,605.3 MVW on February 15, 2012.

21,053 MAR and 2,105.3 MVW on February 15, 2013.

14,227 MAR and 1,422.7 MVW on February 15, 2014.

6,122 MAR and 612.2 MVW on February 15, 2015.

8,124 MAR and 812.4 MVW on each of May 15, 2012 and May 15, 2013.

(6) These RSUs are scheduled to vest as follows:

40,076 MAR and 4,007.6 MVW on February 15, 2012.

29,843 MAR and 2,984.3 MVW on February 15, 2013.

34,387 MAR and 3,438.7 MVW on February 15, 2014.

3,826 MAR and 382.6 MVW on February 15, 2015.

5,416 MAR and 541.6 MVW on each of May 15, 2012 and May 15, 2013.

(7) These RSUs are scheduled to vest as follows:

12,305 MAR and 1,230.5 MVW on each of February 15, 2012, February 15, 2013 and February 15, 2014.

5,357 MAR and 535.7 MVW on February 15, 2015.

5,416 MAR and 541.6 MVW on each of May 15, 2012 and May 15, 2013.

SARs and RSUs are described above in the discussion of Grants of Plan-Based Awards for Fiscal 2011. Option awards were last granted to NEOs in 2005, and executives derive value from their options based on the appreciation in the value of the underlying shares of Company stock from the grant date until exercise. The DSBs reported for Mr. McCarthy are restricted stock units that distribute when vested.

Option Exercises and Stock Vested During Fiscal 2011

The following table shows information about Option exercises and vesting of RSU and DSB awards during fiscal year 2011. MVW options resulted from adjustments to the Company options to reflect the spin-off of the timeshare business.

	Option Awards				Stock Awards			
Name	**Award Type**	**Exercise Date(1)**	**Number of Shares Acquired on Exercise (#)**	**Value Realized on Exercise ($)(2)**	**Award Type**	**Vesting Date**	**Number of Shares Acquired on Vesting (#)**	**Value Realized on Vesting ($)(3)**
Mr. Marriott	MAR Option	8/11/11	156,316	2,347,913	MAR RSU	2/15/11	54,681	2,299,883
	MAR Option	8/29/11	156,316	2,571,023				
	MAR Option	12/21/11	500,000	5,495,315				
	MAR Option	12/22/11	250,000	2,903,660				
	MVW Option	12/22/11	100	743				
	MAR Option	12/23/11	50,000	599,638				
	MVW Option	12/23/11	10,000	66,783				
	MVW Option	12/29/11	69,900	439,552				
Mr. Sorenson	MAR Option	11/3/11	7,926	155,919	MAR DSB	1/2/11	336	14,088
	MAR Option	11/3/11	7,926	157,479	MAR RS	2/6/11	7,500	300,525
					MAR RSU	2/15/11	35,033	1,473,488
					MAR RSU	5/15/11	16,248	586,878
Mr. McCarthy	MAR Option	10/10/11	18,750	258,122	MAR DSB	1/2/11	232	9,728
					MAR RSU	2/15/11	19,931	838,298
					MAR RSU	5/15/11	8,124	293,439
Mr. Capuano					MAR DSB	1/2/11	68	2,851
					MAR RSU	2/15/11	21,386	899,495
					MAR RSU	5/15/11	5,416	195,626
Mr. Berquist					MAR RSU	2/15/11	8,096	340,518
					MAR RSU	5/15/11	5,416	195,626

(1) All options exercised by the NEOs in 2011 were scheduled to expire in November 2011 or February 2012.
(2) The value realized upon exercise is based on the current trading price at the time of exercise.
(3) The value realized upon vesting is based on the average of the high and low stock price on the vesting date.

The following tables include additional information regarding the income realized by the NEOs in 2011 on the exercise or vesting of Marriott stock awards reported in the table above. Historical stock price information is unavailable for MVW.

2011 Option Exercises

	Grant Date	**Grant Term**	**Exercise Date**	**Number of Shares Exercised**	**Exercise Price ($)**	**Average Market Value at Exercise ($)**	**Stock Price Increase from Grant to Exercise Date (%)**	**Income Realized Upon Exercise ($)**
Mr. Marriott	11/7/96	15 years	8/11/11	156,316	12.55	27.57	120	2,347,913
	11/7/96	15 years	8/29/11	156,316	12.35	28.79	133	2,571,023
	2/19/02	10 years	12/21/11	500,000	17.76	28.75	62	5,495,315
	2/19/02	10 years	12/22/11	250,000	17.76	29.37	65	2,903,660
	2/19/02	10 years	12/23/11	50,000	17.76	29.75	68	599,638
Mr. Sorenson	11/7/96	15 years	11/3/11	7,926	12.55	32.22	157	155,919
	11/7/96	15 years	11/3/11	7,926	12.35	32.22	161	157,479

Mr. McCarthy	11/1/01	10 years	10/10/11	18,750	15.91	29.68	87	258,122

	Grant Date	Vesting Date	Number of Shares Vested	Average Market Value at Grant ($)	Average Market Value at Vesting ($)	Stock Price Increase/Decrease from Grant to Vesting Date (%)	Income Realized Upon Vesting ($)
	2011 Restricted Stock and Restricted Stock Unit Award Vestings						
Mr. Marriott	2/12/07	2/15/11	28,050	49.03	42.06	-14	1,179,783
	2/16/10	2/15/11	26,631	26.99	42.06	56	1,120,100
Mr. Sorenson	2/6/03	2/6/11	7,500	15.11	40.07	165	300,525
	2/13/06	2/15/11	4,000	34.47	42.06	22	168,240
	2/17/09	2/15/11	16,212	14.65	42.06	187	681,877
	2/16/10	2/15/11	14,821	26.99	42.06	56	623,371
	5/1/09	5/15/11	16,248	23.08	36.12	57	586,878
Mr. McCarthy	2/12/07	2/15/11	5,000	49.03	42.06	-14	210,300
	2/17/09	2/15/11	6,826	14.65	42.06	187	287,102
	2/16/10	2/15/11	8,105	26.99	42.06	56	340,896
	5/1/09	5/15/11	8,124	23.08	36.12	57	293,439
Mr. Capuano	2/12/07	2/15/11	7,530	49.03	42.06	-14	316,712
	8/7/08	2/15/11	2,277	27.46	42.06	53	95,771
	2/16/10	2/15/11	11,579	26.99	42.06	56	487,013
	5/1/09	5/15/11	5,416	23.08	36.12	57	195,626
Mr. Berquist	2/12/07	2/15/11	1,148	49.03	42.06	-14	48,285
	2/16/10	2/15/11	6,948	26.99	42.06	56	292,233
	5/1/09	5/15/11	5,416	23.08	36.12	57	195,626

Nonqualified Deferred Compensation for Fiscal Year 2011

The following table discloses contributions, earnings, distributions and balances under the EDC for the 2011 fiscal year.

Name	Executive Contributions in Last FY ($)(1)	Company Contributions in Last FY ($)	Aggregate Earnings in Last FY ($)(2)	Aggregate Withdrawals / Distributions ($)	Aggregate Balance at Last FYE ($)(3)
Mr. Marriott	182,683	93,673	928,473		17,949,236
Mr. Sorenson	135,053	69,937			