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File Reference No. 1620-100

LETTER OF COMMENT NO. 5

Re: Comments on Proposed Amendments to FASB Interpretation No. 46(R)

Dear Mr. Golden:

Marriott International, Inc. ("Marriott") is a worldwide hospitality company with operations in five business segments: North American Full-Service Lodging; North American Limited-Service Lodging; International Lodging; Luxury Lodging; and Timeshare. At the end of our 2008 third quarter, we operated 3,105 properties (550,453 rooms).

We appreciate the opportunity to comment on proposed Statement of Financial Accounting Standards, Amendments to FASB Interpretation No. 46(R) ("FIN 46(R)").

Marriott has a significant number of variable interests in the form of, among others, loans, equity investments and guarantees. Additionally, we periodically sell, without recourse, through special purpose entities, notes receivable originated by our Timeshare segment in connection with the sale of timeshare interval and fractional products. We continue to service the notes and transfer all proceeds collected to the special purpose entities. We retain servicing assets and other interests in the notes and account for these assets and interests as residual interests.

We support the Financial Accounting Standard Board's effort to improve financial reporting, and we believe certain amendments and clarifications to the proposed standard would ease application of the model in the future. However, we have conceptual concerns about several of the proposals included in the exposure draft. Specifically, the area of most concern is the elimination of the qualifying special purpose entity ("QSPE") exception. As requested, we have arranged our comments in response to the questions stated in the forepart of the exposure draft.

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Question 1 - Will the proposed Statement meet the project's objectives to improve financial reporting by enterprises involved with variable interest entities and to provide more relevant and reliable information to users of financial statements?

Response - We believe that the proposed Statement will generally meet the project's objectives of improving financial reporting by enterprises involved with variable interest entities ("VIEs") and providing information that is more relevant to the users of financial statements through enhanced disclosures, except as noted in the following paragraph. The replacement of the quantitative-based risks and rewards calculation with a qualitative process for identification of the primary beneficiary appears to be easier to apply. Additionally, under the proposed method, it appears less likely that an enterprise will be required to consolidate a VIE over which it does not have the authority to direct activities or operations, or otherwise control the entity, though it may, through its variable interests, have the majority of the economic interests in the VIE.

We disagree with the elimination of the exception for QSPEs. By definition, as provided in Statement of Financial Accounting Standards No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities a replacement of FASB Statement No. 125, ("FAS 140") paragraph 35, QSPEs are not controlled by transferors and/or their affiliates or agents and thus should not be required to be assessed for consolidation purposes. Transferred financial assets, which meet the criteria for sale accounting under FAS 140, including lack of control by the transferor, could be consolidated under the proposed FIN 46R Statement based upon an inconsistent definition of control between the two Standards. To this end, we believe that the Board should align the definitions of control in order to provide consistency between the two Standards.

We are particularly concerned that consolidation of QSPEs could be misleading to the users of financial statements because the financial statements could include assets to which transferors have only limited rights (i.e. residual interests) and liabilities for which the transferor has no obligations, thus failing to meet the definitions of these financial statement components as provided for within FASB Statement of Financial Accounting Concepts No. 6, Elements of Financial Statements ("CON 6"). For example, if a QSPE was consolidated after securitization, the consolidating enterprise would record all the assets and liabilities of the QSPE on its balance sheet, even though the consolidating enterprise has no rights to the probable future economic benefits, other than for any participating interests held, and, more importantly, no obligation to settle liabilities as they come due.

The CON 6 definition of "asset" provides, in pertinent part, that "assets" are probable future economic benefits obtained or controlled by a particular entity as a result of past transactions or events. As noted within the surrender of control conditions of paragraph 9 of FAS 140, for a transfer of financial assets: 1) the transferred assets are required to be isolated from the transferor — put presumptively beyond the reach of the transferors and their creditors, even in bankruptcy or other receivership; 2) each transferee must have the right to pledge or exchange

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the assets; and 3) the transferor may not maintain effective control over the transferred assets through an agreement that entitles and obligates the transferor to repurchase or redeem them before maturity. Accordingly, consolidation of a QSPE would be misleading to users of financial statements because it would require inclusion of assets that would not meet the CON 6 definition of the consolidating entity's assets.

Similarly, the CON 6 definition of "liability" provides, in pertinent part, that "liabilities" are probable future sacrifices of economic benefits arising from present obligations of a particular entity to transfer assets or provide services to other entities in the future as a result of past transactions or events. The QSPEs liabilities that would be consolidated would primarily consist of bond payables. In our case, the servicer, a related party of the transferor, receives cash for payment on underlying financial assets, which is wired immediately to QSPE Trustee collection accounts for the benefit of investors. The Trustee, subsequently, on a monthly basis, remits payment to investors under the terms of an indenture. Settlement of these liabilities is solely from the proceeds of the financial assets, which is not a probable future sacrifice of economic benefits arising from present obligations of the transferor, and thus does not meet the CON 6 definition of a liability for the transferor.

Question 2 - What costs do you expect to incur if the Board were to issue this proposed Statement in its current form as a final Statement? How could the Board further reduce the costs of applying these requirements without significantly reducing the benefits to users of financial statements?

Response - Implementation of the proposed amendments will likely be very costly to some companies, including our company, particularly those that operate in complex industries, have complex legal structures, have numerous equity method investments or, by the nature of the companies' business, have many non-equity variable interests. We believe that the most significant ongoing cost for us will be the preparation of the quantitative analyses as further discussed in our response to Question 6 below. Further, periodic updates will likely rely on assumptions that, due to the sheer volume, will be difficult to update each period. Analysis would be less costly on an overall basis and more likely to be accurate if done thoroughly and in reaction to a change in circumstances, such as a change in relationship with a VIE, rather than needing to be updated continually.

Further, to the extent that entities previously exempt from the requirements of FIN 46(R) are now within its scope and consolidation of these entities is anticipated, constituents may incur significant costs in amending and/or restructuring contractual arrangements, where feasible, in response to, among other situations, the potential impact associated with the consolidated assets and liabilities on restrictive covenants. Additionally, if constituents are required to consolidate these entities, including their liabilities, the overall credit ratings of the constituents could be unfavorably impacted resulting in higher costs of capital.

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Question 3 - The Board decided to adopt a more principles-based approach to determine the primary beneficiary of a variable interest entity. Do you believe the principles in paragraphs 14–14B of Interpretation 46(R), as amended by this proposed Statement, are sufficiently clear and operational?

Response - Yes. The principles provided are sufficiently clear and operational.

Question 4 - The Board concluded that it would be helpful to provide examples of the application of the principles in this proposed Statement. Do you believe that the examples in Appendix A clearly indicate how the principles in paragraphs 14–14B of Interpretation 46(R), as amended by this proposed Statement, would be applied? If not, please articulate what additional information or guidance is necessary, considering the basis for the Board's conclusions.

Response - Although the examples provided in Appendix A clearly indicate application of the guidance in paragraphs 14-14B of the exposure draft, they focus primarily on financial asset holding enterprises. Additional examples, with a focus on fact patterns for other industries and other types of variable interests, such as equity method investments, loans and fee arrangements would be particularly helpful.

In addition, we believe that comprehensive examples of the consolidation of securitization transactions are needed if the QSPE exception is eliminated, including examples of asset valuation at consolidation, subsequent to a transfer to a QSPE. For example, transferred assets, once pooled and contributed to the QSPE, are marked to market within the balance sheet of the QSPE. If the transferor is deemed to be the primary beneficiary, will the mark-to-market accounting remain after consolidation due to the change in underlying (i.e. a new financial asset was created made up of a pool of notes receivable) or will assets be revalued to original book value prior to contribution to the QSPE?

It also is not uncommon for securitization transactions to provide the transferor with an option, but not an obligation, to repurchase up to a maximum of ten percent of securitized notes. We do not believe that this limited repurchase option is indicative of the power to direct significant activities affecting credit risk, as described in certain examples resident in Appendix A of the proposed Statement. We request that specific examples addressing materiality of such options be addressed in the final Statement.

Further, although in our case an affiliate of the transferor maintains the servicing contract, which dictates collection procedures in accordance with legal requirements, our ability to depart from established collection procedures as defined by the terms of that servicing agreement, the mortgage banking industry, and by various applicable state and federal laws and regulations is quite limited. As servicer, we are independently audited on an annual basis to ensure that collections procedures are in accordance with Uniform Single Attestation

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Procedures, published by the Mortgage Bankers Association. Clear legal regulations, particularly in the area of debt collection, further limit control and flexibility in the collections process. All of these constraints limit our power as servicer to direct significant activities effecting credit risk. Further, if we, as servicer, are not performing under the terms of the contractual agreements, the Trustee has the responsibility to notify the investors, who then have the ability to vote to terminate the agreement and cause our replacement as servicer. Accordingly, the examples should provide additional guidance as to the extent to which retention of servicing responsibilities by a transferee would imply that the power to direct significant activities effecting credit risk resides with the servicer.

Question 5 - This proposed Statement retains the quantitative analysis for situations in which an enterprise cannot determine whether it is the primary beneficiary through the qualitative analysis in paragraph 14A of Interpretation 46(R), as amended by this proposed Statement. In Appendix A, each example either identifies a primary beneficiary or concludes that no primary beneficiary exists through a qualitative analysis. The Board may consider removing the quantitative analysis for determining whether an enterprise is the primary beneficiary of a variable interest entity. Do you believe that the quantitative analysis is necessary based on the proposed amended guidance for determining the primary beneficiary? Do you believe that the quantitative analysis would be performed in many situations? Why or why not?

Response - We support the removal of the presumption that, from a qualitative perspective, the enterprise with the most at risk economically has control over the VIE. Often, variable interests provide economic risk to interest holders without any vehicle to control the decisions of the VIE (i.e. a loan with protective debt covenants). However, in cases where economic risk is not coupled with the power to direct matters, we believe that proceeding to a quantitative metric and relying on such metric to determine the primary beneficiary is neither prudent, because economic risk alone does not evidence control of the entity, nor consistent with the overall tenor of the proposed amended guidance.

Question 6 - For the reasons stated in paragraphs B6-B15 of this proposed Statement, the Board decided to require ongoing assessments to determine whether an entity is a variable interest entity and whether an enterprise is the primary beneficiary of a variable interest entity. Do you agree with the Board's decision to require ongoing assessments? If not, please provide reasons (conceptual or otherwise) as to why you disagree with these requirements considering all of the proposed amendments in this proposed Statement.

Response - Conceptually, we agree with the Board's proposed requirement for ongoing assessments to determine whether an entity is a VIE and whether an enterprise is the primary beneficiary, provided that any quantitative assessment is eliminated from the guidance in cases where, when determining the primary beneficiary, economic risk is not coupled with the power to direct matters, as discussed in our response to Question 5 above. However, as noted in our

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response to Question 2, depending upon the complexity of an entity's structure, nature of business, and volume of variable interests held by a particular company, including our company, the requirement to perform ongoing assessments will likely be challenging and costly. We believe that the most significant cost component of ongoing assessment relates to preparation of quantitative analyses.

Question 7 - Do you believe that any exceptions to this proposed Statement should be made for private or not-for-profit entities? If so, please articulate the conceptual basis and reasons for the exceptions.

Response - We believe that not-for-profit entities should be exempt from applying the proposed Statement, as the primary purpose of these entities relates to social objectives rather than for profit.

We provide management services to not-for-profit condominium and homeowners' associations ("COAs" or "HOAs") for which we earn a fee for services provided, including maintenance of physical property and coordination of owner access to the real estate (the timeshare or residential units). Inclusion of COAs or HOAs within the management enterprise's financial statements would require a costly conversion from a not-for-profit accounting basis, and would not provide a transparent view of the management enterprise's results. Further, consistent with our position outlined in our response to Question 1, assets and liabilities of the COAs or HOAs do not represent rights to probable future economic benefits nor obligations for probable future sacrifices of economic benefits to the management enterprise, and thus do not meet the definitions of assets and liabilities as outlined within CON 6, and as such should not be consolidated.

Question 8 - Financial statement users indicated that the information disclosed in accordance with Interpretation 46(R) about an enterprise's involvement or involvements with variable interest entities and the associated risks are often insufficient and untimely. Do you believe the disclosure requirements in this proposed Statement address those concerns?

Response - We support the expanded disclosure requirements of this proposed Statement and believe that they adequately address the concerns of financial statement users by providing increased transparency as it pertains to VIEs.

In lieu of the removal of the QSPE exception, we support significantly enhanced disclosures regarding these entities in order to provide relevant, timely, and transparent information regarding securitization transactions and associated risks. As noted in our response to Question 1 above, we believe that consolidation of these entities would in many cases be misleading, and the Board's goal to provide more transparent and useful financial reporting can be achieved through enhanced disclosure.

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Question 9 - Should the elements of a consolidated variable interest entity be required or permitted to be classified separately from other elements in an enterprise's financial statements?

Response - Yes. We believe that the elements of a consolidated VIE should be permitted to be classified separately as such separate classification would further provide for more transparent and meaningful financial statements.

Thank you for the opportunity to provide comments on the proposed exposure draft. We would be pleased to discuss our views with you at your convenience.

Sincerely,

Carl T. Berquist

Executive Vice President,

Financial Information and Enterprise Risk Management and

Principal Accounting Officer