



Marriott International, Inc.
Corporate Headquarters

10400 Fernwood Road
Bethesda, MD 20817

Carl T. Berquist
Executive Vice President
& Chief Financial Officer
301.380-4326
301.380-4414 Fax
carl.berquist@marriott.com

September 21, 2010

Mr. Russell Golden
Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, Connecticut 06856-5116

Subject: File Reference No. 1810-100, Proposed Accounting Standards Update, Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities

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 2010 second quarter, we operated 3,489 properties (607,252 rooms) and we had financial assets and liabilities with carrying values of \$2,230 million and \$2,963 million respectively. Our financial assets primarily included secured and non-secured loans to Timeshare owners of \$960 million and \$346 million, respectively, and other loans of \$92 million. Our financial liabilities were primarily comprised of non-recourse debt associated with securitized notes receivable of \$987 million and senior notes of \$1,629 million.

We appreciate the opportunity to comment on the Proposed Accounting Standards Update, *Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities*. We support the Financial Accounting Standard Board's effort to provide financial statement users with a more timely and representative depiction of an entity's involvement in financial instruments, while reducing the complexity in accounting for those instruments. However, we have conceptual concerns about several of the proposals included in the proposed update.

We have observed that the proposed update provides a financial reporting model for financial instruments that provides investors with useful, transparent, and relevant information about an entity's exposure to financial instruments *if* the entity is a financial institution whose purpose is to provide service as an intermediary of the capital and debt markets in order to facilitate the flow of money through the economy. Conversely, companies that operate in commercial industries benefit from changes in fair value of assets and liabilities less frequently and, in most

Mr. Russell Golden
September 21, 2010
Page 2 of 6

instances, assets and liabilities of those in commercial industries are the result of ongoing operations and they are not acquired specifically with the intent to benefit from changes in fair value. Commercial companies like us will be subject to increased volatility in earnings (whether recorded through net income or other comprehensive income) due to the recognition of changes in fair value for financial instruments for which fair value changes may never be realized based upon management's business strategy, which will distort the commercial company's business performance. Therefore, we support the development of a separate financial reporting model for financial instruments held by non-financial institutions that would require financial instruments to be reported at fair value only when management's intent for the instrument is to realize its fair value by entering into a transaction that would transfer the financial instrument. For those financial instruments which are held for collection or payment of contractual cash flows, we support the continued use of an amortized cost model with disclosure of fair value. We believe this distinction will provide users of financial statements information relative to management's strategy for financial instruments and the extent to which transfers and settlements of financial instruments will impact the company's future results.

We periodically securitize, 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 consolidate 13 special purpose entities associated with past securitization transactions pursuant to Accounting Standards Codification Topic 810. The consolidation of these entities precludes us from recognizing the sale of the notes receivable. We request additional examples with a focus on the application of paragraph 21 of the proposed update to the seller/issuer of asset backed securities. Specifically, we would appreciate confirmation that origination of notes receivable in exchange for conveyance of title to real estate meets the "transfer of funds" requirement in paragraph 21(a)(1). Further, we would appreciate clarification of the criteria for returning amounts that investors in a securitization transaction transfer to the debtor (issuer) in accordance with paragraph 21(a)(1) when the repayment of the debt is derived from the performance of the securitized notes receivable. Triggers, or contractual terms that call for the redirection of cash from the originator of notes receivable to investors when cash receipts from and the behavior of securitized notes are unfavorable compared to predetermined thresholds and metrics, are common within a securitization and exist to provide greater assurance that investors will be repaid. Does the existence of triggers suffice to meet this criteria, although it may not protect investors completely?

As requested, we have arranged the remainder of our comments in response to the questions stated in the forepart of the exposure draft.

Question 8 – Do you agree with the initial measurement principles for financial instruments? If not, why?

Response – As previously discussed, we support fair value as the measurement attribute for financial instruments for financial institutions. However we support the development of a separate financial reporting model for financial instruments held by non-financial institutions

Mr. Russell Golden
September 21, 2010
Page 3 of 6

that would require financial instruments to be reported at fair value only when management's intent for the instrument is to realize its fair value by entering into a transaction that would transfer the financial instrument.

***Question 10** – Do you believe that there should be a single initial measurement principle regardless of whether changes in fair value of a financial instrument are recognized in net income or other comprehensive income? If yes, should that principle require initial measurement at the transaction price or fair value? Why?*

Response – Yes, we believe that there should be a single initial measurement principle to measure initially at fair value, regardless of whether changes in fair value of a financial instrument are recognized in net income or other comprehensive income in order to drive consistency and comparability across varying industries and financial statements. Further, fair value measurement would ensure that any loss inherent at the initial measurement date is recognized immediately.

***Question 13** – The Board believes that both fair value information and amortized cost information should be provided for financial instruments an entity intends to hold for collection or payment(s) of contractual cash flows. Most Board members believe that this information should be provided in the totals on the face of the financial statements with changes in fair value recognized in reported stockholders' equity as a net increase (decrease) in net assets. Some Board members believe fair value should be presented parenthetically in the statement of financial position. The basis for conclusions and the alternative views describe the reasons for those views. Do you believe the default measurement attribute for financial instruments should be fair value? If not, why? Do you believe that certain financial instruments should be measured using a different measurement attribute? If so, why?*

Response – As previously discussed, we support fair value as the measurement attribute for financial instruments for financial institutions. However, we support the development of a separate financial reporting model for financial instruments held by non-financial institutions that would require financial instruments to be reported at fair value only when management's intent for the instrument is to realize its fair value by entering into a transaction that would transfer the financial instrument.

We believe that the proposed update would require us to change the way we account for many of our financial instruments from amortized cost to fair value. We do not believe that instruments held for the collection or payment of contractual cash should be reported using a fair value model as the use of this model is inconsistent with business strategy. Reporting these types of instruments at fair value could be misleading to investors because it may not reflect our intent to hold the instrument for collection or payment of contractual cash flows rather than to sell or settle it with a third party. This model will also cause greater earnings volatility due in part to market fluctuations that may or may not be realized base on our strategy.

Mr. Russell Golden
September 21, 2010
Page 4 of 6

We support the continued use of Accounting Standards Codification Topic 825 (legacy SFAS 107) disclosures for fair value of those financial instruments for which an entity's intent is to hold the instrument for collection or payment of contractual cash flows.

Question 38 – *The proposed guidance would require an entity to recognize a credit impairment immediately in net income when the entity does not expect to collect all contractual amounts due for originated financial asset(s) and all amounts originally expected to be collected for purchased financial asset(s).*

The IASB Exposure Draft, Financial Instruments: Amortized Cost and Impairment (Exposure Draft on impairment), would require an entity to forecast credit losses upon acquisition and allocate a portion of the initially expected credit losses to each reporting period as a reduction in interest income by using the effective interest rate method. Thus, initially expected credit losses would be recorded over the life of the financial asset as a reduction in interest income. If an entity revised its estimate of cash flows, the entity would adjust the carrying amount (amortized cost) of the financial asset and immediately recognize the amount of the adjustment in net income as an impairment gain or loss.

Do you believe that an entity should immediately recognize a credit impairment in net income when an entity does not expect to collect all contractual amounts due for originated financial asset(s) and all amounts originally expected to be collected for purchased financial asset(s) as proposed in this Update, or do you believe that an entity should recognize initially expected credit losses over the life of the financial instrument as a reduction in interest income, as proposed in the IASB Exposure Draft on impairment?

Response – We believe that the approach proposed by the IASB Exposure Draft whereby an entity should recognize initially expected credit losses over the life of the financial instrument as a reduction in interest income is appropriate and consistent with the guidance in the *Proposed Accounting Standards Update, Revenue Recognition (Topic 605)*.

Question 40 – *For a financial asset evaluated in a pool, the proposed guidance does not specify a particular methodology to be applied by individual entities for determining historical loss rates. Should a specific method be prescribed for determining historic loss rates? If yes, what specific method would you recommend and why?*

Response – We support the use of historical loss rates to estimate credit impairments but believe that it would be difficult to develop a prescribed model that can be used by preparers in all industries. We believe that the determination of historical loss rates should be a matter of policy and management should be permitted to determine a methodology based on the specifics of the industry and the particular instrument.

Mr. Russell Golden
September 21, 2010
Page 5 of 6

Question 46 – *The proposed guidance would require that in determining whether a credit impairment exists, an entity consider all available information relating to past events and existing conditions and their implications for the collectibility of the cash flows attributable to the financial asset(s) at the date of the financial statements. An entity would assume that the economic conditions existing at the end of the reporting period would remain unchanged for the remaining life of the financial asset(s) and would not forecast future events or economic conditions that did not exist at the reporting date. In contrast, the IASB Exposure Draft on Impairment proposes an expected loss approach and would require an entity to estimate credit losses on basis of probability-weighted possible outcomes.*

Do you agree that an entity should assume that economic conditions existing at the reporting date would remain unchanged in determining whether a credit impairment exists, or do you believe that an expected loss approach that would include forecasting future events or economic conditions that did not exist at the end of the reporting period would be more appropriate? Are both methods operational? If not, why?

Response – No, we do not agree that an entity should assume that economic conditions existing at the reporting date would remain unchanged in determining whether a credit impairment exists. Instead, we believe that an expected loss approach that would include forecasting future events or economic conditions that did not exist at the end of the reporting period would provide more decision-useful information. Accordingly, we support the use of market participant assumptions when determining credit impairments.

Question 47 – *The proposed guidance would require that an appropriate historical loss rate (adjusted for existing economic factors and conditions) be determined for each individual pool of similar financial assets. Historical loss rates would reflect cash flows that the entity does not expect to collect over the life of the financial assets in the pool. Would such an approach result in a significant change in practice (that is, do historical loss rates typically reflect cash flows that the entity does not expect to collect over the life of the financial assets in the pool or some shorter period)?*

Response – For the financial assets originated in our Timeshare segment, including loans to timeshare owners and non-recourse debt associated with these loans, existing guidance requires the use of historical default curve information in developing appropriate collectability reserves. We do not believe that the guidance contained within the exposure draft will result in a significant change in practice for these financial instruments.

Question 56: *Do you believe that modifying the effectiveness threshold from highly effective to reasonably effective is appropriate? Why or why not?*

Response - Yes, we agree that modifying the effectiveness threshold from highly effective to reasonably effective is appropriate as it will allow for additional transactions to qualify for hedge accounting. However, we believe that additional implementation guidance should be provided

Mr. Russell Golden
September 21, 2010
Page 6 of 6

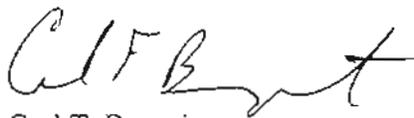
by FASB. We note that in paragraph BC 220 "The Board decided not to define reasonably effective for purposes of determining when hedge accounting could be applied and when it could not be applied. The Board believes that it is necessary to use judgment when determining whether a hedging relationship is reasonably effective." While not promulgated in the accounting literature, a widely used reference in current practice relative to effectiveness is the 80-120 metric under which hedges are considered to only qualify for hedge accounting if the results from the derivative are expected to fall within a range of between 80 percent and 120 percent of the associated changes of the item being hedged. We think it would be useful if the FASB included guidance consistent with the guidance found in Appendix B of the 2008 Exposure Draft to assist preparers and auditors in complying with a 'reasonably effective' criterion. Without more specific guidance from FASB, audit firms and/or regulatory bodies may develop interpretations regarding the assessment of hedge effectiveness, which would result in diversity in practice, thereby limiting comparability. Further, without additional implementation guidance, preparers may find it necessary to perform quantitative assessments to avoid questions regarding judgment involved in qualitative assessments.

Question 61: Do you foresee any significant operational concerns or constraints in calculating ineffectiveness for cash flow hedging relationships? If yes, what constraints do you foresee and how would you alleviate them?

Response - We believe that FASB should provide additional implementation guidance regarding paragraph 118 of the proposed guidance concerning what constitutes "a reasonable period of time" for the purpose of assessing effectiveness. Without more specific guidance from FASB, audit firms and/or regulatory bodies may develop interpretations regarding assessing effectiveness, which would result in diversity in practice, thereby limiting comparability.

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 and
Chief Financial Officer
(Principal Financial Officer)