

Marriott International, Inc. Corporate Headquarters 10400 Fernwood Road Bethesda, MD 20817

October 21, 2010

Technical Director Financial Accounting Standards Board 401 Merritt 7 PO Box 5116 Norwalk, Connecticut 06856-5116 Carl T Berguist Executive Vice President & Chief Financial Officer 301/380-4326 301/380-4414 Fax carl berguist@marriott.com

Subject: File Reference No. 1820-100, Proposed Accounting Standards Update, Revenue Recognition

Dear Sir/Madam:

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 third quarter, we operated 3,518 properties (611,566 rooms). Additionally, our Timeshare segment includes the development, marketing, operation, and sale of timeshare, fractional ownership, and residential properties worldwide.

We appreciate the opportunity to comment on the Proposed Accounting Standards Update, Revenue Recognition ("the Proposal"). We support the Financial Accounting Standard Board's effort to provide financial statement users with a common revenue standard for U.S. GAAP and IFRS and to clarify the principles for recognizing revenue. However, we have conceptual concerns about several of the principles included in the Proposal, including the measurement of revenue for our management and franchise agreements, accounting for contract acquisition costs and the satisfaction of performance obligations for our Timeshare business.

Measurement of Revenue for Management and Franchise Agreements

While we agree with the rights and obligations focus of the Proposal, the application of certain mechanics prescribed may result in answers that do not achieve the overall objectives of the Proposal. In addition, we are concerned about how we would apply the proposed revenue recognition model to our long term management and franchise agreements and the subjectivity involved in determining the transaction price. For example, our typical management and franchise agreements have an average term of twenty years or more and typically consist of a base fee component (usually a percentage of property-level gross revenues) and an incentive management fee component (measured as a percentage of available cash flows after the owner's priority). We believe that the performance obligation inherent in our arrangements would meet the continuous transfer of goods and services principles stated in paragraph 32 of the Proposal. A literal read of the definition of transaction price in paragraph 35 of the Proposal would require us to estimate all of the fee streams on day one and recognize them ratably over the life of the contract, resulting in revenue recognition that does not match the underlying economics.

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performance obligations, or cash flows associated with the underlying management agreements. While we believe we have sufficient history to reasonably estimate the probability-weighted present values of all the fees we expect to collect over the term of the management or franchise agreement, we believe that this estimate would be subjective.

For illustration purposes, we view a twenty-year management agreement as twenty individual one year performance obligations. In fact, a typical management agreement generally contains a provision allowing the owner of the hotel to terminate the agreement if certain yearly performance metrics are not satisfied. For each year, we consider our performance obligation to be satisfied continuously over that year as the hotel owner receives the benefit of the services provided by us. Our management agreements generally mandate that base management fees be calculated and remitted to us on a four week basis, while incentive fees are generally calculated and remitted to us on a quarterly basis, with an annual true-up if needed. Once calculated and remitted to us, both the base management and incentive management fees (after the annual true-up) are not subject to return to the hotel owner.

Accordingly, we feel that revenue recognition for management and franchise agreements should be based on the amounts due under the contract for each particular period as such recognition is in accordance with the satisfaction of the performance obligation and it would match the economics of the agreement.

Contract Acquisition Costs

Marriott is an operator and franchisor of hotels and related lodging facilities. We operate and franchise hotels under numerous separate brand names. The primary way we develop and grow our business is by entering into long term management and/or franchise agreements with hotel owners. Marriott often makes payments to owners to acquire these management or franchise contracts. These payments usually take the form of an up-front cash payment ("key money") or they may consist of loans, which are often made to the owners at below market rates. In most cases, the cash is used by the hotel owner to make improvements to the property, which results in increased future revenues to the hotel owner and therefore higher base and incentive fees to Marriott. We consider these costs to be costs incurred to acquire the management and franchise agreements that are both direct and incremental, and we capitalize and amortize these costs on a straight-line basis over the initial term of the agreements.

Any change to our ability to capitalize the contract acquisition costs would be a fundamental change to our business model and would severely hamper the future development of our lodging facilities. We find that the guidance provided in the Proposal regarding the treatment of these costs is not comprehensive enough and does not sufficiently address the myriad of fact patterns that the business world, in particular the hospitality industry, faces. We believe that the discussion of only certain acquisition costs creates more confusion, rather than provide more clarity. We believe that the current Proposal should only focus on revenue recognition, and the accounting for any costs should be addressed in a separate comprehensive project that covers all costs and/or asset accounting.

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Satisfaction of Performance Obligations for our Timeshare Business

Within our Timeshare segment, as of September 10, 2010, we had 41 timeshare properties in active sales and, where appropriate, under ASC 978, we apply percentage of completion accounting to recognized revenue from sales contracts as developments are constructed. However, the application of the performance obligation approach outlined in the Proposal when recognizing revenue for real estate timesharing transactions would effectively eliminate the use of the percentage of completion method for profit recognition. We object to this outcome of the proposed model as the current accounting more accurately reflects the underlying economics of the transaction. We believe that the costs incurred to construct timeshare developments are a reliable basis for measuring progress and for determining revenue to be recognized, as this methodology generates results that most accurately reflect the economic arrangement between the parties. Construction of the unit under contract with the buyer represents fulfillment of our performance obligation over time, and the percentage of completion method is best reflective of the earnings process, especially in light of the ability of our specific timeshare customers to cancel their contract only if we, as the developer, do not deliver the unit. The proposed revenue recognition rules would delay recognition of profits on timesharing transactions and, for both the timeshare and condominium development industries, may change the way that companies do business because earnings and returns on invested capital would be delayed. We support the continued use of percentage of completion for profit recognition for certain real estate development activities, including timeshare, because activities during the construction period create a tangible real estate asset to be sold under the terms of a binding contract and expenditures and development activities are performed on behalf of buyers under binding contracts to take title to the real estate upon closing.

We have discussed the proposed changes with some of our investors, analysts and users of our financial statements. They do not believe that the proposed rules would provide more clarity or transparency, but rather would create more confusion. In fact, if we did recognize revenue based on the principles in the Proposal, our users would likely require us to provide supplemental information on a periodic basis that would enable them to reconcile the cash collected to the revenue recognized from the underlying management and franchise agreements.

Thank you for the opportunity to provide comments on the Proposal. 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)