Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk CT 06256-5116
Attn: Technical Director – File Reference No. 1890-100

Re: FASB Exposure Draft on Effective Dates and Transition Methods

February 1, 2011

Dear Sir or Madam,

Hyatt Hotels Corporation ("HHC") appreciates the opportunity to provide comments to the Financial Accounting Standards Board ("FASB") on the Effective Dates and Transition Methods Discussion Paper dated October 19, 2010. HHC, headquartered in Chicago, is a leading global hospitality company with a proud heritage of making guests feel more than welcome. Thousands of members of the Hyatt family in 45 countries strive to make a difference in the lives of the guests they encounter every day by providing authentic hospitality. The Company's subsidiaries manage, franchise, own and develop hotels and resorts under the Hyatt(R), Park Hyatt(R), Andaz(R), Grand Hyatt(R), Hyatt Regency(R), Hyatt Place(R) and Hyatt Summerfield Suites(R) brand names and have locations under development on five continents. Hyatt Vacation Ownership, Inc., a Hyatt Hotels Corporation subsidiary, develops and operates vacation ownership properties under the Hyatt Vacation Club(R) brand.

As of September 30, 2010, the Company's worldwide portfolio consisted of 447 properties which generated $3.3 billion of revenue in 2009. As of December 31, 2009, HHC had approximately 45,000 employees at our corporate offices, divisional offices, owned and managed hotels and residential and vacation ownership properties. Approximately 25% of those employees were either represented by a labor union or had terms of employment that were determined under a labor agreement. In addition to our 45,000 employees we have more than 80,000 associates employed by certain third-party owners and franchisees of our hotels. Our associates are not included in the 45,000 figure above because we do not directly employ them. Subsequent to our November 2009 initial public offering HHC has had securities registered with the SEC and traded on the NYSE under the ticker symbol ‘H’.

We considered transition matters as outlined in the discussion paper in light of the following four recently published exposure drafts: Revenue Recognition, Leases, Financial Instruments and Comprehensive Income. Based upon our preliminary reviews, the exposure drafts on financial instruments and comprehensive income are expected to have less of an impact on our financial reporting process.

Our primary concerns related to transition matters and effective dates are:

- The scope of the lease exposure draft, which, by way of including all material and immaterial leases related to assets that are core to business function as well as ancillary in nature, will create
a significant burden both upon initial adoption and for ongoing compliance purposes. The proposed accounting in the exposure draft will require additional processes that we do not believe add value to our financial disclosures. We suggest separating the treatment of assets that are core to a company’s business from those that are ancillary in nature and excluding the ancillary assets from the scope of the exposure draft. This would alleviate the significant burden and increased time commitment anticipated in the adoption process without sacrificing the intent of the new standard.

- Retrospective adoption of the Revenue standard will create a significant burden for us as well as many others both within and outside of our industry. The requirement to separate historical performance obligations that were previously combined and allocating value to the sale of real estate where the gain was previously deferred due to continuing involvement are exercises that require precise estimates and market based data that would be very difficult to obtain retrospectively. We therefore request that prospective adoption be considered for the Revenue Recognition Exposure Draft.

HHC is supportive of the Boards’ efforts to converge the accounting standards discussed within the Memorandum of Understanding and are grateful for the opportunity to comment. We look forward to understanding how the FASB has incorporated feedback into the proposed standards.

Sincerely,

Randa Saleh
Senior Vice President and Corporate Controller
Appendix – Responses to selected questions

Q1. Please describe the entity (or the individual) responding to this Discussion Paper. For example:

   e. Please describe the degree to which each of the proposed new standards will likely affect you and the factors driving that effect (for example, preparers of financial statements might explain the frequency or materiality of the transactions to their business and investors might explain the significance of the transactions to the particular industries or sectors they follow).

   The proposed standards will have a significant impact on the process we undertake to prepare our financial statements. Please see below for how we anticipate each proposed new standard to impact our financial reporting process:

   o Leases: We estimate our lease portfolio to contain between 500 and 1,000 active leases that will need to be capitalized and analyzed on an ongoing basis. We lease assets that are core to our business such as land and building facilities used for hotel operations as well as ancillary assets, which are individually immaterial, such as vehicles, audio-visual equipment and copy machines. A small number of our leases, primarily those related to land and buildings comprise the majority of our lease expense and the majority of our leases are individually immaterial and are frequently entered into or amended by either Corporate or a Hotel location. The exposure draft requires our individually immaterial leases need to be evaluated and capitalized under the new standard. We do not believe the benefits outweigh the costs of analyzing these leases and disagree with the application of the new standard to these immaterial leases. We do, however, appreciate that defining materiality is not appropriate within a standard. We would like to suggest that the new guidance apply only to leased assets which are in-line with an entity’s core business (i.e. a hotel lease for a hospitality company) and exclude leases that are an ancillary cost of doing business (i.e. a copy machine). As it is currently written, a change to lease accounting will impact us based upon both the materiality of our leases and the frequency of these transactions.

   o Revenue recognition: We have spent significant time assessing this exposure draft and issued a comment letter to you on October 22, 2010 expressing our concerns with particular emphasis on management fees under long-term contracts. If the exposure draft changes the recognition of revenue under long-term service contracts to require an estimate of total transaction price and an allocation of total revenue to deliverables, then this exposure draft will create a significant up-front analysis of the contract and additional ongoing monitoring. Long-term service contracts are frequently entered into by Hyatt and impact all levels of our operations. Currently, revenue recognition under our service contracts is based on a percentage of actual gross revenue at a hotel and is a relatively straight-forward calculation that involves little to no estimation. Additionally, the exposure draft eliminates the deferral of revenue on real estate sales when there is on-going involvement. As we currently defer our real estate gains in the event there is continuing involvement, this would reflect a change our process and would require a material adjustment upon retrospective adoption.

   o Financial Instruments and Other Comprehensive Income: We do not expect these exposure drafts to have a significant impact on our reporting process.
Q2. Focusing only on those proposals that have been published as Exposure Drafts (accounting for financial instruments, other comprehensive income, revenue recognition, and leases):

At this time, we do not believe that we have sufficient final guidance and conclusions on the proposed exposure drafts in order to respond to this question.

Q3. Do you foresee other effects on the broader financial reporting system arising from these new standards? For example, will the new financial reporting requirements conflict with other regulatory or tax reporting requirements? Will they give rise to a need for changes in auditing standards?

We believe that the exposure drafts will have a far reaching impact although we are not currently aware of any conflicts they may have with regulatory or tax reporting requirements. From our perspective the most significant impact to the broader financial reporting system will be driven by the level of subjectivity around estimates expected to result from implementation of the Lease and Revenue Recognition exposure drafts. These estimates will inevitably require additional audit work, disclosure and discussion with analysts and other stakeholders and we expect that specialists will be engaged in developing and reviewing estimates which will increase the time and costs involved. Furthermore, we expect the work surrounding these estimates will not only exist at the inception of a new agreement, but throughout the life of an agreement when changes in estimates occur. We expect that additional guidance or interpretation will be needed to assist in determining when a change in estimate is reasonable or when it needs to be considered for treatment as a reclassification or restatement or correction of an error. These changes may result in changes to auditing standards in order to address the increased use of management judgment in determining reasonable estimates and could increase costs associated with the increased use of specialists.

Q4. In the context of a broad implementation plan covering all the new requirements, do you agree with the transition method as proposed for each project? If not, what changes would you recommend and why? In particular, please explain the primary advantages of your recommended changes and their affect on the cost of adapting to the new reporting requirements.

Leases: The guidance currently proposes only a simplified retrospective approach which we disagree with. We believe that the exposure draft should allow for the option of full retrospective application and that companies should be allowed to between the proposed modified retrospective model or a full retrospective model. Additionally, companies should have the option to apply a full retrospective approach to certain classes of leases while applying the simplified retrospective approach to other classes. Full retrospective application would result in increased comparability between periods and would allow for income statement recognition to benefit from the natural offsetting impact that would occur over the life of the leases as if they had been accounted for in accordance with the exposure draft from inception. If adoption of the new standard is required using the proposed simplified retrospective model, the first income statement period will reflect the highest possible expense for each lease, which will significantly distort the income statement. The full retrospective model, however, would capture leases in all stages of the lease term, resulting in a more appropriate income statement impact that is comparable year-over-year. Based upon the lease portfolio at a given company there may or may not be a material difference to the income statement in the years following adoption and we note that full retrospective adoption is likely to be a more onerous process, but believe that the decision should rest with the company. Allowing companies to separate their lease population and apply a meaningful transition method to subsets will allow for more efficient and effective process. Detailed disclosure should be required to ensure that comparability is maintained.

Revenue Recognition: We believe that full retrospective application of the revenue recognition exposure draft will provide useful comparative data. However, we have concerns about how to best estimate
transaction price and relative fair value of deliverables for contracts that were entered into historically and have been partially delivered. Additional illustrative guidance would be helpful in this respect.

Alternatively, we believe that prospective adoption would be an appropriate transition method for the Revenue Recognition Exposure Draft. Our primary concern, and the reason we support prospective adoption, is in relation to the sale of real estate where there is continuing involvement. The exposure draft requires gain recognition at the time of sale rather than deferral of any part of the gain. To apply this exposure draft retrospectively would mean recognizing deferred gains in retained earnings upon adoption and not within the income statement as currently forecasted. Prospective treatment ensures recognition of both historical and future transactions within the income statement which is important to financial statement preparers and users given the nature and materiality of these transactions.

Others: We do not have concerns regarding the financial instruments or comprehensive income exposure drafts as we do not expect to be significantly impacted by the financial instruments exposure draft and do not believe that the adoption of the comprehensive income exposure draft will be onerous.

Q5. In thinking about an overall implementation plan covering all of the standards that are the subject of this Discussion Paper:

a. Do you prefer the single date approach or the sequential approach? Why? What are the advantages and disadvantages of your preferred approach? How would your preferred approach minimize the cost of implementation or bring other benefits? Please describe the sources of those benefits (for example, economies of scale, minimizing disruption, or other synergistic benefits).

We prefer the single date approach. There are some known linkages between the exposure drafts and it is possible as we implement these standards that additional linkages will be discovered. A single adoption date will provide clarity between the old and new forms of financial reporting and will allow the transition to the new standards to be performed once. Any transition disclosure could detail the impact of adoption in one location within the financial statements, even if offsetting, with hopes of providing clarity to the financial statement user. Having this disclosure presented once in a comprehensive manner would act as a resource going forward to support comparability. We are concerned that a sequential approach would create confusion as financial data and disclosure related to transition would be incrementally layered and make it difficult to understand comparable data.

b. Under the sequential approach, how should the new standards be sequenced (or grouped) and what should the mandatory effective dates for each group be? Please explain the primary factors that drive your recommended adoption sequence, such as the impact of interdependencies among the new standards.

If a sequential approach were adopted we suggest separating those exposure drafts that have an impact on underlying financial data and those that impact disclosure only, such as the exposure draft on Comprehensive Income. The adoption of disclosure only standards could be deferred until such time as the financial data has been revised and reported in accordance with the new standards to allow financial statement users the opportunity to understand how the financial data has been revised in a format that is familiar.

d. Do you think another approach would be viable and preferable? If so, please describe that approach and its advantages.

We are currently not aware of a preferable approach.
Q6. Should the Board give companies the option of adopting some or all of the new standards before their mandatory effective date? Why or why not? Which ones? What restrictions, if any, should there be on early adoption (for example, are there related requirements that should be adopted at the same time)?

We do not believe that the Board should give the option of early adoption for any of the new standards.

As a preparer of financial information it is important to us that our data be comparable to other companies within our industry. A choice of adoption dates for standards as significant and pervasive as the Revenue and Lease exposure drafts may create a situation whereby some industry competitors want to early adopt and others cannot due to resource constraints, therefore diminishing comparability. The Revenue and Lease exposure drafts are most significant to HHC; however, we imagine that other companies would feel similarly about the fair value exposure draft.

We do not believe that early adoption of the exposure draft on Comprehensive Income would significantly compromise comparability as the presentation required by the exposure draft is a current disclosure option and therefore early adoption should be allowed.

Q7. For which standards, if any, should the Board provide particular types of entities a delayed effective date? How long should such a delay be and to which entities should it apply? What would be the primary advantages and disadvantages of the delay to each class of stakeholders (financial statement preparers, financial statement users, and auditors)? Should companies eligible for a delayed effective date have the option of adopting the requirements as of an earlier date?

We have no comment on this question.

Q8. Should the FASB and IASB require the same effective dates and transition methods for their comparable standards? Why or why not?

The FASB and IASB should require the same effective dates and transition methods to ensure that companies that have historically followed different guidance will be comparable soon after transition. It is our belief that financial statement users are currently able to compare, with limited effectiveness, industry participants who follow IASB standards to those that follow FASB standards. If one group is to transition to these exposure drafts before the other it will be very difficult to compare as these standards have a pervasive impact on reporting. Similar effective dates and transition methods will also ensure that the inevitable transition concerns or questions from stakeholders should be addressed simultaneously by all industry participants regardless of their historical accounting standards. Particularly, we believe that it would be inappropriate for certain companies to precede others in the adoption of the Lease exposure draft as it will have a significant impact on the financial statements of companies who lease significant assets. If adoption was not consistent it would be difficult, if not impossible, to compare performance using asset or income based metrics due to the requirement of the Lease exposure draft to capitalize all leases on the balance sheet and recognize interest and amortization expense on these leases, thereby increasing the impact to the income statement in the early years following adoption.

Q9. How does the Foundation’s ongoing evaluation of standards setting for private companies affect your views on the questions raised in this Discussion Paper?

Not applicable.