May 30, 2013

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

Subject: File Reference No. 2012-260, Proposed Accounting Standards Update — Financial Instruments—Credit Losses (Subtopic 825-15)

Dear Sir/Madam:

Marriott International, Inc. ("Marriott") is a worldwide hospitality company with operations in four business segments: North American Full-Service Lodging; North American Limited-Service Lodging; International Lodging; and Luxury Lodging. At the end of our 2013 first quarter, our system included 3,822 properties (663,163 rooms), and we had assets with a carrying value of over $6.5 billion.

We appreciate the opportunity to comment on the Proposed Accounting Standards Update—Financial Instruments—Credit Losses (Subtopic 825-15) ("the Proposal"). Our financial assets that we believe are within the Proposal’s scope totaled $1,332 million at the end of the 2013 first quarter and consisted of current accounts receivable of $1,026 million, current and long-term notes receivable of $223 million, and other long-term receivables of $83 million. We support the Financial Accounting Standard Board’s effort to provide financial statement users with more decision-useful information about the expected credit losses on financial assets and other commitments to extend credit held by a reporting entity at each reporting date. However, we have conceptual concerns about some of the principles included in the Proposal.

By removing the probable threshold, the Proposal would no longer require a specific triggering event to recognize credit losses. As a result, companies would be required to measure the allowance for expected credit losses each reporting period based on an estimate of contractual cash flows that they do not expect to collect, using inputs including historical experience, then current conditions, and reasonable and supportable forecasts. Developing these inputs, particularly reasonable and supportable forecasts, would require significant judgment and could lead to a wide diversity in the amount and timing of reserves recognized, which would be inconsistent with the Proposal’s objective. Furthermore, reporting entities would direct their time and effort toward the mechanics of calculating the allowance for expected losses for all of their
financial assets each reporting period and would potentially divert attention away from monitoring riskier individual financial assets requiring additional reserves due to specific triggering events. We propose maintaining the probable threshold as it exists currently in U.S. GAAP because the timing of reserve recognition more closely correlates with the timing of when reporting entities incur losses and we believe provides a better estimate of actual losses the reporting entities expect to incur as it is based on actual events triggering the loss rather than subjective estimates.

We also believe that the cost of calculating allowances for expected credit losses following the guidance in the Proposal would provide no benefit to investors. To illustrate our point, consider the Proposal’s impact on calculating the allowance for expected credit losses for current trade accounts receivable. For many entities, particularly commercial entities, current trade accounts receivable primarily reflects receivables that will be collected within a timeframe shorter than a quarterly reporting period. Our current accounts receivable of $1,026 million as of the end of our 2013 first quarter reflected accounts receivable that were predominantly collected within 30 days. Furthermore, they primarily consisted of receivables due from hotel owners with whom we have management and franchise agreements. These receivables include reimbursements of costs we incurred on behalf of managed and franchised properties (with an offset to cost reimbursement revenue in accordance with ASC 605-45 Principal Agent Considerations). We routinely collect these accounts receivable due to our rights under the management and franchise agreements. In the rare instances where we write them off, we historically have already identified the risk of loss which is unique and specific to the asset and we have established a specific reserve as part of our existing impairment assessment process. Under the Proposal, we would be required to incorporate at least one credit loss outcome in our calculation of the allowance for expected credit losses for our current accounts receivable each reporting period. Because these receivables are substantially collected by the time we would have to update this calculation the following reporting period, we believe the cost of calculating an allowance for all current trade accounts receivable each reporting period would provide no benefit to investors.

The remainder of our comments focus on specific concerns to certain questions in the Proposal.

**Question 2 – The proposed amendments would remove the initial recognition threshold that currently exists in U.S. GAAP and, instead, view credit losses as an issue of “measurement” as opposed to an issue of “recognition” because the credit losses relate to cash flows that are already recognized on the balance sheet. Do you believe that removing the initial recognition threshold that currently exists in U.S. GAAP so that credit losses are recognized earlier provides more decision-useful information?**

No, we do not believe that removing the initial recognition threshold that currently exists in U.S. GAAP so that credit losses are recognized earlier provides more decision-useful information. The current requirement that a triggering event must occur for a reserve to be recognized, properly correlates the timing of reserve recognition with the timing of when the loss is incurred. As noted above, the proposed method would likely result in greater diversity in the timing and amount of reserve recognition due to the subjective nature of the inputs used in calculating the reserve and the ability to manipulate the calculation to achieve a desired reserve outcome.
Technical Director  
May 30, 2013  
Page 3 of 3

**Question 24** – How much time would be needed to implement the proposed guidance? What type of system and process changes would be necessary to implement the proposed guidance.

We would need at least one year to implement the proposed guidance, reflecting our efforts to collect historical data, particularly where none is available, and develop a reasonable, supportable and auditable approach to estimating credit losses. Our biggest challenge would be to develop a method for calculating the allowance for expected credit losses for our current accounts receivable, where our risk of loss has historically been minimal. Under the Proposal, we would be required to incorporate a supportable risk of credit loss for *all* of these receivables, which would be a significant process change as we currently use specific identification to calculate reserves for the few receivables we have difficulty collecting.

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