Note on forward-looking statements: This document contains "forward-looking statements" within the meaning of federal securities laws, including RevPAR, profit margin and earnings trends, estimates and assumptions; the number of lodging properties we expect to add to or remove from our system in the future; our expectations about investment spending; and similar statements concerning anticipated future events and expectations that are not historical facts. We caution you that these statements are not guarantees of future performance and are subject to numerous risks and uncertainties, including those we identify below and other risk factors that we identify in our most recent annual or quarterly report on Form 10-K or Form 10-Q. Risks that could affect forward-looking statements in this document include changes in market conditions; the continuation and pace of the economic recovery; supply and demand changes for hotel rooms; competitive conditions in the lodging industry; relationships with clients and property owners; and the availability of capital to finance hotel growth and refurbishment. Any of these factors could cause actual results to differ materially from the expectations we express or imply in this document. We make these forward-looking statements as of February 19, 2015. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Marriott International, Inc.
Fourth Quarter 2014
Earnings Conference Call Transcript[1]
February 19, 2015

Operator: Welcome to the Marriott International fourth quarter 2014 earnings conference call. Today's call is being recorded. At this time for opening remarks and introductions I would like to turn the call over to the president and chief executive officer, Mr. Arne Sorenson. Please go ahead.

Arne Sorenson: Good morning, everyone. Welcome to our fourth quarter 2014 earnings conference call. Joining me today are Carl Berquist, executive vice president and chief financial officer, Laura Paugh, senior vice president, investor relations and Betsy Dahm, senior director, investor relations.

As always, before we get into the discussion of our results, let me first remind everyone that many of our comments today are not historical facts and are considered forward-looking statements under federal securities laws. These statements are subject to numerous risks and uncertainties, as described in our SEC filings, which could cause future results to differ materially from those expressed in or implied by our comments. Forward-looking statements in the press release that we issued last night, along with our comments today, are effective only today, February 19, 2015, and will not be updated as actual events unfold. You can find a reconciliation of non-GAAP financial measures referred to in our remarks on our web site at www.marriott.com/investor.

2014 was a terrific year for Marriott. Worldwide comparable systemwide RevPAR rose nearly 7 percent; adjusted EBITDA rose 15 percent; and EPS increased 27 percent. The number of rooms in our lodging system grew by 7 percent gross. Over half of these new room openings were outside North America and over 40 percent were conversions from competitor brands or were M&A related.

[1] Not a verbatim transcript; extraneous material omitted and edited for clarity and misstatements.

Our room signings were even more impressive. We signed over 650 hotels with 100,000 new rooms in the year, more than triple the pace from 5 years ago, and we ended the year with nearly 240,000 rooms in our development pipeline. Every region… North America, the Caribbean and Latin America, Europe, the Middle East & Africa and Asia Pacific, each signed a record number of deals during the year, positioning us for great earnings growth in the future. Our development team, led by Tony Capuano, did an extraordinary job and we thank them all.

While our talented developers and the "rising demand and limited supply" macro story has certainly contributed to our recent growth… our success in 2014 was also rooted in a number of strategic decisions we made following the 2009 downturn.

First, and foremost, we chose to decentralize… putting important business decisions in the hands of continent executives who are close to the customer and the local market. Deep knowledge of the Middle East and Africa region enabled us to quickly seize the opportunity presented by the Protea brand. In the Asia Pacific region, our strong relationships with local owners allowed our regional development team to sign an extraordinary number of deals in just a few years. And in Europe, our local presence enabled us to find the right entry to the economy tier with the Moxy brand.

Around the world, we increased the number of brand platforms available for owners and franchisees… adding five brands in as many years, developing the Autograph and Moxy brands internally and acquiring AC Hotels, Gaylord and Protea... all of which helped fuel our unit growth and pipeline.

We also enhanced the value of our brands... introducing new and exciting guestroom designs, by transforming the Marriott lobby, introducing the Renaissance Navigator program and rolling out Courtyard Refreshing Business. We estimate our owners and franchisees have invested over $5 billion in renovations and repositionings over the last few years.

We committed capital strategically. Our EDITION brand growth clearly benefited from our decision to build three EDITION hotels on balance sheet. Two of these properties, in London and Miami, are already open and the New York EDITION at the Clock Tower building is scheduled to open in just a few months. Just last month, Travel & Leisure magazine named the Miami EDITION as one of 43 transformative hotels worldwide in its 10th annual editor choice award. With strong momentum, we now have a dozen EDITION properties open or in the pipeline. By the way, we closed on the sale of the Miami EDITION last night, and we expect the New York Clock Tower EDITION sale to close in the next several months.

We enhanced and improved our already powerful above-property platforms. We introduced new languages and new functionality on Marriott.com and we launched Marriott mobile. Our site remains an incredibly low cost, high value, booking channel for our hotels. Last year, we booked over $10 billion in property revenue on Marriott.com, nearly 20 percent of that coming through mobile. We also rolled out mobile check-in and check-out to virtually all of our worldwide hotels, well ahead of the competition.

We strengthened Marriott Rewards to better target young travelers and introduced Ritz-Carlton Rewards to the luxury space. We introduced new redemption options, embraced social media and leveraged technology to provide instant gratification to millennial travelers. In 2014, we announced free Wi-Fi for Rewards members to great acclaim. Last year, Rewards membership topped 49 million members worldwide and contributed ½ of our worldwide occupancy. In 2014, 60 percent of new Rewards members were Next Generation travelers and 40 percent of new members live outside North America.

We also improved our business structure. With the spinoff of timeshare in 2011, we dramatically increased return on invested capital, and retained a significant royalty stream from Marriott Vacations Worldwide.

Last and most important, we delivered stronger hotel financial results and higher owner and franchisee satisfaction… both essential for continued unit growth. Since 2009, worldwide systemwide RevPAR has increased by more than 30 percent, margins have improved dramatically, and owners and franchisees as a whole have rarely been happier.

In five years, we increased our fee revenue by nearly 60 percent, doubled our adjusted operating margin, and dramatically improved earnings per share. The results of all of these are impressive.

And this year offers even more opportunities.

Our 2015 earnings guidance reflects rooms growth of roughly 7 percent gross, or 6 percent net of deletions. We expect conversions will contribute roughly 15 percent of our room expansion. Upon completion of the Delta transaction, we'll pick up another 10,000 rooms.

In light of our accelerating development, you may be concerned about new industry supply. While supply growth impacts some markets, STR estimates U.S. market supply overall increased by only 0.9 percent in 2014 and expects it will increase by only 1.3 percent in 2015. In this low supply growth environment, we are driving market share. We currently have a 10 percent share of rooms in North America but 26 percent of the under-construction market. In fact, Marriott has more hotel rooms under construction in North America than any other company.

Five years ago, at ALIS, we introduced the Autograph brand, a flexible lifestyle brand combining unique style and identity with the advantages of powerful above property systems and marketing. In recent years, hotels joining the brand saw double-digit improvement in RevPAR index. Today, Autograph has more than 75 properties with 17,000 rooms worldwide and we expect to have more than 100 Autograph hotels open by the end of this year.

Our Moxy brand was designed to capture the rapidly growing number of millennial travelers. The brand launched in Europe in 2014 and at this year's ALIS conference, we announced the introduction of Moxy to urban markets in North America. Today, our development pipeline includes 16 Moxys under development in Europe and five already in the U.S. Just last month, we approved two Moxy deals for Manhattan. We expect to have 150 Moxy hotels open worldwide by 2023.

Our first AC by Marriott hotel in North America opened in New Orleans in 2014. Hotel owners love this stylish, cosmopolitan brand. We already have nearly 60 AC hotels under development worldwide including roughly 45 projects underway in North America.

Our three largest limited-service brands, Courtyard, Residence Inn and Fairfield have over 2,200 hotels and 260,000 rooms in the United States but are just starting aggressive expansion abroad. Today, more than 50 percent of Courtyard's worldwide development pipeline is outside the U.S. We are adding Fairfields in Mexico and India and launching Residence Inns in Europe and the Middle East. As large as they are, these brands still have plenty of runway worldwide.

Last month, we announced an agreement to acquire the 10,000-room Delta Hotels brand in Canada. Upon completion, this transaction will significantly increase our full-service market share in Canada and provide another new brand platform for growth worldwide.

We are very optimistic about the long term. As the world becomes more integrated, global travel continues to grow. The World Travel Organization estimates that the number of international arrivals has more than doubled in the past 20 years to 1.1 billion visits in 2014. In November, the United States and China reached a reciprocal agreement that extends visa validity terms from 1 year to 10 years for short-term business and leisure visitors, significantly reducing the red tape for frequent travelers. This visa extension allows flexibility for the traveler and makes the U.S. and China more attractive destinations. In 2014, our U.S. hotels reported a 20 percent increase in guests coming from Greater China. It's this kind of statistic which demonstrates that we truly are in a new golden age of travel.

Now I'd like to turn the call over to Carl for a review of the fourth quarter and our expectations for 2015.

Carl Berquist: Thanks, Arne.

We were very pleased with our fourth quarter results. Diluted earnings per share totaled $0.68, 4 cents ahead of the midpoint of our $0.62 to $0.66 guidance. Compared to the midpoint of our guidance, stronger than expected results among our owned and leased hotels added roughly 1 cent; higher than expected termination fees added about a penny; while a favorable one-time interest true up added about 2 cents.

In North America, continued economic growth drove North American systemwide RevPAR up nearly 7 percent. We saw strong RevPAR growth in San Francisco, the Pacific Northwest and our Florida resorts.

Among our systemwide full-service brands, transient demand was strong and hotels in nearly half of our top 20 markets increased retail RevPAR by double-digit percentages.

Systemwide North America group RevPAR rose 6 percent in the quarter, 4 percent in our full-service hotels alone, reflecting less favorable holiday timing on the heels of a very strong third quarter. Looking ahead, in the first quarter of 2015, group revenue pace for our company-operated full-service hotels is up 6 percent, while our full year 2015 group pace is up 5 percent. Meeting planners are bullish, booking windows are lengthening and future room rates are strengthening. In fact, in the fourth quarter, room revenue for managed group business booked for all future periods increased 9 percent.

Room rates are moving higher. In 2015, we expect special corporate room rates from continuing accounts will increase 5 to 6 percent. Once again this year, we are bidding on fewer accounts in order to increase available inventory for higher rated retail business.

We remain bullish about demand trends in North America. Consumer confidence is up and we are approaching record occupancy rates in our hotels. To be sure, the strong dollar will likely discourage international travel to some gateway cities in the U.S. But across our U.S. system, international guests make up only about 5 percent of our roomnights. So we don't see this as a significant headwind to our U.S. operations. All in all, we expect North American systemwide RevPAR will increase 5 to 7 percent in both the first quarter and the full year 2015.

In our Caribbean and Latin America region, constant dollar RevPAR rose 8 percent in the fourth quarter. Strong leisure business and good group demand drove results in the Caribbean and Mexico.

Brazil's results are likely to remain weak due to the soft economy, as well as a tough comparison to last year's World Cup, but we remain bullish about that country's long term-growth potential. We expect constant dollar RevPAR growth in the Caribbean and Latin America region will increase at a mid-single-digit rate in 2015. In 2014, we earned roughly 4 percent of our worldwide fees in the Caribbean and Latin America region.

RevPAR in Europe rose 3 percent in the quarter on a constant dollar basis, benefitting from good group attendance, strong holiday demand in Germany and Austria, and easy comparisons to the prior year's poor weather. At the same time, results were constrained by weak lodging demand in Russia. Looking ahead to 2015, we expect the London market will benefit from strong group business and the impact of the Rugby World Cup late in the year. Although the broad European economy is soft, roughly 30 percent of our European lodging demand comes from outside Europe with about 20 points from North America and 6 points from Asia. With a continued strong dollar and our concentration in attractive gateway cities, we could see upside from a good American tourist season this summer. We expect 2015 RevPAR will increase at a low single-digit rate in Europe. In 2014, 7 percent of our fees came from the region.

In the Middle East and Africa, constant dollar RevPAR increased 15 percent in the fourth quarter. RevPAR growth was strong in Egypt, including both business travel to Cairo and leisure travel to the Red Sea. In Africa, our Protea hotels are on Marriott.com and we've completed systems integration at a third of the properties. For 2015, we expect constant dollar RevPAR in the Middle East and Africa region will increase at a high single-digit rate. In 2014, 3 percent of our fee revenue came from the region.

RevPAR in the Asia Pacific region increased 3 percent on a constant dollar basis in the fourth quarter. In Japan, U.S. arrivals increased as the weakened Yen made the country more affordable to international travelers. RevPAR in Greater China increased slightly reflecting strong Shanghai demand offset by the disruption from political demonstrations in Hong Kong. In 2015, we expect demand will remain strong in Shanghai and improve in Hong Kong yielding a mid-single-digit growth rate for the region. In 2014, the Asia Pacific region accounted for 9 percent of our fee revenue with about 5 points coming from Greater China alone.

Across all regions, our systemwide international hotels reported 5 percent higher constant dollar RevPAR growth in the fourth quarter, but only a modest increase in RevPAR on an actual currency basis. Including the impact of hedges, currency moves reduced our pretax earnings by about $5 million in the quarter and $12 million for the full year. In addition, we booked an $11 million charge earlier in 2014 due to the Venezuelan Bolivar's devaluation.

Our operations outside the United States contributed roughly 25 percent of our fees in 2014. Each year, we programmatically hedge to minimize the impact of currency moves, usually a few quarters prior to the start of the year. For 2015, we estimate a 1 percent change in the value of the dollar in all our markets, net of hedges, would change our adjusted EBITDA by roughly $3 million for the full year.

Property level margin performance across our system was outstanding in the fourth quarter. Comparable company-operated house profit margins increased 110 basis points in North America and 90 basis points worldwide. Higher room rates and continued productivity gains drove our results.

For 2015, new accounting rules for the lodging industry require service charges to be included in property revenue. While we would have estimated worldwide house profit margins would increase roughly 90 basis points worldwide in 2015, adjusting for the impact of this accounting change, we estimate our reported margins will increase roughly 60 basis points. We do not expect a material impact on hotel profitability or fee revenue from the accounting change.

Worldwide, fee revenue totaled $430 million in the fourth quarter, an 11 percent growth rate reflecting higher RevPAR and unit growth. For the full year 2014, incentive fees increased 18 percent with more than half of our hotels worldwide paying incentive fees, up from 38 percent in 2013.

For full year 2015, we expect fee revenue will increase 9 to 11 percent with incentive fees increasing at a low double-digit rate. Fee revenue growth will likely be constrained by unfavorable foreign exchange rates, lower deferred fee recognition, and the impact of renovations. We estimate foreign exchange alone is likely to reduce total fee revenue by $15 to $20 million in 2015.

We expect 2015 owned, leased and other, net of direct expenses, will be roughly flat to 2014 results reflecting stronger results at renovated hotels and higher credit card branding fees, offset by the impact of property renovations, lower residential branding fees, lower termination fees and roughly $5 million of unfavorable foreign exchange.

We expect 2015 general and administrative costs will decline to $635 million to $645 million, reflecting modestly higher core admin costs offset by lower legal costs and an easy comparison to the 2014 Bolivar revaluation. We also expect G&A to reflect a roughly $5 million favorable foreign exchange impact in 2015.

Net interest expense should increase to roughly $135 million reflecting a senior note offering in the fourth quarter of 2014, lower capitalized interest with the completion of the 3 EDITION hotels and higher overall debt balances.

We expect interest income will increase reflecting our $100 million mezzanine loan on the Atlantis hotel which we funded in the fourth quarter of 2014.

We expect 2015 fully diluted EPS will total $3.00 to $3.12, an increase of 18 to 23 percent and adjusted EBITDA will increase 13 to 16 percent. Remember, this guidance excludes the pending Delta acquisition. We expect the P&L impact of Delta to be a little noisy in 2015 due to the integration and transaction costs and the like, but the transaction should be modestly accretive in 2016.

Our RevPAR sensitivity is unchanged. We estimate that a 1 point change in our RevPAR outlook across our system in 2015, assuming it was evenly distributed, would be worth about $20 million in fees and roughly $5 million on the owned and leased line for the full year.

Investment spending could total $600 to $800 million in 2015, including about $125 million in maintenance spending and $135 million for the Delta acquisition. In 2015, we plan to renovate several owned and leased hotels and begin construction of a Fairfield Inn in Brazil. We expect asset sales and loan repayments will total roughly $600 to $650 million, including the sale of the Miami Beach EDITION & Residences and the New York EDITION. As a result, we expect cash returned to shareholders in 2015 will total at least as much as we returned in 2014.

For the first quarter, we expect fee revenue will increase at a mid-teens rate with higher relicensing and application fees. While group pace is strong, full-service RevPAR growth in North America is likely to be a bit lighter than later in the year due to property renovation schedules and the recent Northeast snowstorms. We expect owned, leased and other revenue, net of expenses, will increase more than 20 percent with the addition of the Protea leased hotels and higher credit card branding fees. G&A should increase in the first quarter reflecting higher brand initiatives and hotel development expenses. However, first quarter G&A will also benefit from a roughly $12 million net favorable impact to our legal expenses associated with certain litigation resolutions. All in all, we expect EPS to total $0.68 to $0.72 in the first quarter.

We appreciate your interest in Marriott. So that we can speak to as many of you as possible, we ask that you limit yourself to one question and one follow up. We'll take questions now.

QUESTION AND ANSWER SESSION:

Felicia Hendrix - Barclays Capital: Hi, good morning. Thank you for taking my questions. Arne -- clearly, Arne for you, where we are in the cycle certainly favors the select service hotels. Just wondering, with luxury and upper-upscale RevPAR lagging since last year, what are you doing at those chain scales to boost RevPAR growth? Or is it just simply a function of the cycle?

Arne Sorenson: Yes, that's a good question. I think the biggest reason for the difference between the upscale numbers and the upper-upscale numbers is really about group. Obviously we've seen group demand build nicely over the course of the last 12 or 18 months; and I think if anything we see that demand continuing to build and as a consequence should get quite a bit better.

Having said that, as we've talked in prior calls, I think in a building rate environment, transient tends to grow faster than group. And that is the case even if group is quite healthy. Obviously one of the shortcomings of a RevPAR-dominated statistic when you look at our industry is it does not include non-rooms revenue that's associated with group business. If you include that I think you get probably a truer sense about what's going on.

I know a couple of folks have asked questions about whether luxury, for example, lagging some of the other brands is an early sign maybe of getting to the maturity of the cycle. We don't believe that to be the case. We've poked at it in every way that we possibly can, and we don't think there's either logic nor data to support a conclusion that there are any big conclusions that ought to be drawn by the difference between luxury or upper-upscale RevPAR and the upscale RevPAR.

Felicia Hendrix - Barclays Capital: Helpful, thank you. Then, Carl, you were just talking -- giving us a lot of details about SG&A; appreciate that. You grew it slightly in 2014 and you're projecting a 2 percent to 4 percent decline in 2015; and you gave us the reasons why.

If you look back to your Investor Day in September, you provided a 2017 goal of about $710 million. I'm just wondering: is that goal still part of your three-year outlook? Because that would imply a mid-single-digit CAGR in 2016 and 2017, which is significantly higher than what you've done recently.

Carl Berquist: Yes, I think when we did our Investor Day, that wasn't -- I wouldn't look at that as a forecast as much as we were putting goalposts out there with certain percentages. We are very focused on G&A costs and managing our costs down.

As I mentioned, we have some favorability coming in 2015 with FX as well as lower legal costs that are helping us. But let there be no mistake, we are very focused on G&A to keep those costs flat or growing at a minimum amount.

Felicia Hendrix - Barclays Capital: Okay. So the goalposts that you gave us kind of implied a 3 percent to 4 percent CAGR. If we're just trying to model out further, should we use a low single-digit CAGR going forward?

Arne Sorenson: I don't think we want to give you a new 2017 model at this point, Felicia. But I think you got what you've got to make some judgments.

Felicia Hendrix - Barclays Capital: Okay. Thanks a lot.

Shaun Kelley - BofA Merrill Lynch: Hey, good morning, everyone. I just wanted to dig in on the incentive management fees a little bit more. I think, Carl, in your prepared remarks you said low double digit for kind of 2015 as an initial outlook. So could you help us understand that a little bit better from two regards: one, should we expect some of the select service portfolios to be moving into the money, I guess, if you will, in 2015?

Then second, we heard from a big owner of Marriott Hotels earlier today that they were successful in renegotiating some contracts as it related to incentive management fees. I'm curious if that's at all a drag for you, and if you could just give a little bit more color on what that means from Marriott's perspective.

Carl Berquist: Sure. I think there's a couple things that are affecting the incentive fee. FX, as I pointed out in my prepared remarks, a little bit of a headwind. We've got some renovations going on at some big hotels in the U.S., full-service hotels that are great incentive payers; that will get a little bit pull back there.

Last year the World Cup in Brazil generated a lot of incentive fees. That's a little headwind there. But -- and we got some deferred fees in 2014 that won't repeat.

I think your question about the portfolios of limited-service, you could see, as in 2014, we had 50 percent of our hotels paying incentive fees; and that was up from 38 percent the previous year. So you are beginning to see some of those portfolios move in.

They are not generating a lot of dollars yet. They are just starting to come in, into the paying. But as RevPAR continues to grow, you will see those limited-service ones contribute more.

Arne Sorenson: How about the house portfolio, Carl? Have we had a recent renegotiation…?

Carl Berquist: Well, we have -- every now and then we talk about a hotel or some negotiations, but nothing that moves the needle.

Arne Sorenson: Yes.

Shaun Kelley - BofA Merrill Lynch: Great. Thank you very much.

Joel Simkins - Credit Suisse: Yes, hey. Good morning, everyone. Quick question for you. Obviously you've tacked on Delta here; that follows on the heels of Protea. How should we be thinking about your future appetite for tuck-in acquisitions? Are there any geographic holes you guys feel like you are missing at this point?

Arne Sorenson: Oh, there is a big world out there. And I think in some respects this is also a repeat of what we said the last few quarters: I think if you had asked us at any time in the last few years whether we would have added this many brands, we would have probably discouraged you from thinking we would do it. And we wouldn't have identified AC in Spain or Protea in South Africa or Delta in Canada as being companies that we had necessarily targeted.

But we are really pleased with all of them. And I think what we've found is acquisitions that seem to be priced in a way that allows us to get to creating economic value and earnings accretion fairly quickly, and priced well below our company valuation given to us by market. So you see that accretion quite quickly.

And in every instance we found deals that give us a new platform for growth. That's the real silver lining here. We are not going out simply to acquire additional rooms to drive our rooms count; but we are really going out to try and either develop brands internally, which is cheaper in some respects but harder in some respects, because you start at zero, obviously, in terms of current distribution. Or acquire. But in either instance, hopefully have a platform that will continue to drive substantial unit growth, new incremental unit growth for those platforms, which is what really delivers the great value. I think when you look out through our pipeline we see something like 25 percent to 30 percent of the rooms that we are working on already which are being pursued in platforms that we didn't have just a few years ago.

Joel Simkins - Credit Suisse: That's very helpful. We obviously -- just as a follow-up -- know very much about what's going on in the select service climate here domestically in terms of unit growth. What are you seeing right now in lending activity for, let's say, chunkier urban hotels or resorts per se?

Carl Berquist: I think you are starting to see some of the big major banks get back into the lending market for big hotels. But it's a very small number and it's very targeted for construction financing.

And then I would also say it's related to whether it's a convention hotel or something involved with a municipality close by. The other thing I would say is it's a long lead time for those hotels, especially the full-service urban ones. We're seeing those lead times really stretch out to get those things open.

Arne Sorenson: It is still the case that the full-service development which is being pursued in the U.S. today is a very small volume of new build deals. And they tend to be deals that have -- often they are big convention hotels; so you think about the Marriott Marquis in McCormick Place in Chicago; or we've got a Marriott Marquis in Houston which is under development. The cities have both been involved in helping to put those deals together and to make them happen.

We are not seeing a lot a full-service development which is happening independently from forces like that. So you end up with banks I think getting -- opening up a bit for financing existing hotels in the full-service space, but not enough activity in new build to really be able to say that they are open for that kind of business.

Joel Simkins - Credit Suisse: That's very helpful. Thank you.

Robin Farley - UBS: Great, thanks. Two questions. One is, you have Asian RevPAR in your guidance kind of accelerating in 2015. Is that just easier comparisons in Hong Kong? Or is China actually accelerating underneath that Asia-Pac guidance overall?

Arne Sorenson: You know, Asia Pacific is a big market. I think we'll see, hopefully, knock on wood, easier comparisons in places like Hong Kong and Thailand. Thailand was rough in the first part of 2014 because of political demonstrations, and it's much more stable today than it was then.

We wouldn't expect a meaningfully different kind of performance in China in 2015 from what we saw in 2014. Although to be fair, the quarters got weaker in China in 2014; and so we enter 2015 with maybe a somewhat lower trend line, but still a mid-single-digits RevPAR growth would be our guess. You roll all those things together and maybe it gets a little bit better in 2015 than it was in 2014.

Robin Farley - UBS: Okay, great. Thanks. Then my follow-up, the guidance for asset sales of $600 million to $650 million, are you expecting additional asset sales outside of the New York and Miami EDITIONs?

Carl Berquist: Oh, yes. We have a small Courtyard in Europe that we have on the market, so we will sell that. We will also collect some notes that come due in 2015, and that helps us as well in that total recycled number of $600 million to $650 million.

Robin Farley - UBS: Okay, great. Thank you.

Steve Kent - Goldman Sachs: Hi. Good morning. Two questions. First, just give us a sense for moving to dividends from buybacks on your capital allocation front. Especially as -- if you look historically at your stock and its multiple, you're near or above your previous high. So I'm just trying to understand the rationale of buybacks versus dividends and the way you and your Board are thinking about it.

And then just as an aside, you mentioned that 9,000 of the 46,000 rooms added in 2014 were from competitor brands, conversions. What are the brands? What brands are typically deciding to convert to Marriott? How do you target more of those conversions over time? And are they across all price points for you?

Arne Sorenson: Those are all good questions. Let's start with dividends versus share repurchases. This is a conversation we continue to have not just with our Board but also with all of you in the investment community.

I think, obviously, buying back stock is an inherently more flexible approach than dividends. It allows us, in an industry that does have ups and downs, to calibrate much more instantly and also in a stage of our business where we are jumping at opportunities when they present in a way that's compelling.

Delta being the most recent example of that, with a $135 million roughly acquisition which will close in the next few months here. Share repurchase also allows us to flex up and down on a short-term basis in a way that accounts for the other investment activity that we've been making.

We hear from the Street over and over again a strong desire for us to continue to return capital to shareholders. We don't hear a strong desire that that be in the form of dividends as opposed to share repurchases. Not that individuals might have a view one way or another; but when we listen to the community as a whole, we don't hear a strong push either way.

Your question, obviously, focuses in essence on value and the valuation of the company. We closed yesterday at $81 or so. I think if you take our midpoint of an earnings release, that's probably a 26 EPS multiple, or 26 and change, which is higher than our 20-year average which we think of as being about a 22.

But obviously that multiple varies meaningfully whether we are in a growth stage of the cycle or some other stage of the cycle. And if you look at the kind of earnings growth which this business modeled in this way can produce -- with RevPAR growth, unit growth, cost control, and good capital discipline -- I think we see an EPS that can continue to grow in the 20 percent range hopefully here over the next couple of years. And I don't think that valuation is a troubling one in any respect.

So I think it's a long-winded way of saying I suspect we'll continue with the approach that we've taken over the last not just few years but probably last decade or more.

You asked about conversion of other brands, 9,000 rooms. I'm not sure I can pick them off the top of my head. I'm sure there are dozens of brands which are in there.

I did walk through a hotel yesterday which has not been converted yet, but was an Aloft and is becoming an AC Hotel, and will reopen as an AC Hotel by Marriott in the next 30 days or so. I think that's the first we've seen of that.

I know Laura is looking at a list. I don't know, Laura, whether you would --

Laura Paugh: I'm looking at a list of the fourth-quarter conversions and they are largely -- I mean, there's been a lot of Autographs added in the fourth quarter.

Arne Sorenson: Yes, so that's independent too.

Laura Paugh: Those are largely independent. We also saw some conversions into the Marriott brand and the Renaissance brand that were also independents. So in the fourth quarter it's probably the independents more.

Arne Sorenson: So the independents would probably be the biggest single chunk.

Laura Paugh: Yes.

Steve Kent - Goldman Sachs: Okay, thank you.

Harry Curtis - Nomura Securities: Good morning. Two quick questions. The $600 million that you expect to spend this year, you've already isolated maintenance and Delta, leaving you with $340 million to spend. One of your competitors mentioned that their growth -- that the investment cost to spur 6 percent to 7 percent growth was about $100 million for 2015.

Of that $340 million, how much do you think is being used to drive your unit growth outside of acquisitions?

Carl Berquist: Well, if you put in things like key money and that kind of stuff, it's obviously in there. We also have in there about, I don't know, $80 million to $100 million to finish the EDITION hotels that we are building.

I think as we grow with select service we don't need to put a lot of capital in to get new select service hotels or put it in. I think if you added it all up, it's probably $100-and-some-million that we'll spend in a year on key money and loans and all that. If you think about in 2014 we did the Atlantis mezz loan for $100 million, and that would count as capital in 2014.

So it's those kind of things, Harry, versus a set amount that you have to invest to keep the growth going.

Arne Sorenson: As Carl said, it is a small percentage of the total amount that we are investing, which is sort of run-of-the-mill support to our owners and franchisees and development deals. I don't think we've mentioned today, but we've got in the 2014 -- or 2015 spending, excuse me, not just the EDITION finish-up that Carl talked about, but we're building a couple of hotels in Brazil because we think they will give us a platform to leverage stronger growth in Brazil going forward. Those are fee ownership deals; and obviously we will turn around and recycle that capital before long.

We are renovating the -- we've got a leased hotel in the Caribbean that we are putting $30 million or $40 million in. We own the Charlotte Marriott, which we are reinventing to prove that we can take a 20-year-old Marriott Hotel and reinvent it and drive decent returns; and that's probably a $30 million or $40 million project.

We've got a number of those which we would not categorize at all as being regular support of the development world. In fact as our developers are out around the world competing with our principal competitors, we are absolutely convinced that we are not more aggressive in offering key money or other financial support to our prospective owners than our competitors are. In fact, just the reverse.

Harry Curtis - Nomura Securities: Okay, that clarifies that. Then the second question, focusing just in the U.S., is it a reasonable range to be using in the U.S. net room growth in 2015 of roughly

20,000 to 25,000 new rooms this year? And what percentage of that will come from conversions, and does it change much in 2016?

Arne Sorenson: The U.S. -- Laura can maybe pull these numbers out as we are talking. But the U.S., overwhelmingly the U.S. numbers are going to be driven by new build upscale hotels, usually in secondary markets -- secondary or even tertiary markets.

So think about the brands we've had for some time, Courtyard, Residence Inn, TownePlace, SpringHill Suites, and Fairfield; but also then the growth that we are going to be getting in the next few years from AC, particularly Moxy. I think the first will probably not open until 2017 is my guess; so I don't think that will drive significant openings.

Carl Berquist: Harry, probably about half the openings in 2015 will be in the U.S. The majority of those will be flex service. And the rest will be throughout the international area.

Harry Curtis - Nomura Securities: And what percent are likely to be conversions, of that?

Arne Sorenson: Remember, we have a hard time predicting conversions because they are not in our pipelines. I don't think we've got our 45,000-ish rooms to open next year broken down between conversions and new build hotels.

Harry Curtis - Nomura Securities: Okay. All right.

Arne Sorenson: There would be a few in the next few months undoubtedly that are in there. But we wouldn't be very aggressive in trying to predict a conversion, for example, happening in late 2015. We probably don't even have those discussions going yet.

Harry Curtis - Nomura Securities: Very good. That's helpful. Thank you.

David Loeb - Robert W. Baird & Co.: Good morning. Arne, a big picture follow-up to Joel's brand question: what's the optimal number of brands? You've successfully integrated brands like Renaissance in the past as a way to gain market share in crowded markets; and AC looks like a similar play in segmenting markets. But for Delta or future potential brand acquisitions, is there a diminishing return in terms of your ability to capture more of the travel of the Marriott Rewards customers?

Arne Sorenson: I don't think so. We've added -- we obviously have a good portfolio of brands, as many as anybody if not more; and we still drive 50 percent of our business through the Marriott Rewards customer base.

I think our pipeline of customers that we connect to these hotels are successful in most markets and with most hotels of driving an immediate lift, usually quite substantial. So in no respects do we believe that we have too many brands and we've gone past that point.

I think there are a couple of things to keep in mind. One is in this lifestyle space. We've obviously watched it for years. We've talked with you about what we started with Renaissance first and then EDITION, but now more recently with Autograph and AC and Moxy. And we think we now have five very strong brands in the lifestyle space, giving us a good stack across the segments in that area. Each one of those brands I think is resonating not just with customers but with our owners and franchisees and should have good growth prospects ahead, and I think will flavor the way our entire portfolio of brands is looked at.

You look at our recent acquisition of Delta, and it does very much stand on its own from a financial perspective with existing Canadian distribution, an existing Canadian pipeline that they have. But you look beyond that and we see an opportunity to compete in a space where we didn't really have a brand.

You see with Hilton and their Doubletree brand, or you see with Starwood and their Sheraton brand that they've got brands that participate in this part of the full-service market that have been successful. And we think there is something we can do with the Delta brand in that space as well.

Again I think as you look forward it's very hard to predict whether we'll find additional brands that are available on both attractive economic terms -- which is essential -- and attractive in strategic terms. So we're not simply going to add brands without a view about our ability to grow them longer term.

David Loeb - Robert W. Baird & Co.: Very helpful. A quick follow-up for Carl. How much gain on the Miami EDITION Residences is embedded in your guidance for 2015?

Carl Berquist: We're just assuming a breakeven on it.

David Loeb - Robert W. Baird & Co.: On the Residences part?

Carl Berquist: Yes, yes, just --

David Loeb - Robert W. Baird & Co.: Okay, thank you.

Joe Greff - JP Morgan: Good morning, everybody. You guys obviously have done a very good job on growing the footprint, growing the pipeline, and signing new contracts. As we look at your progress and efforts and other lodging companies that we follow, there seems to be sort of a divergence between the haves -- which of course you're one -- and then the have-nots.

So the question we have is: is that, the somewhat divergence, is that creating any heightened or incremental competition for new management or franchise contracts in the U.S. or outside the U.S.?

Arne Sorenson: Well, thank you for putting us with the haves, by the way; we appreciate that. I don't think so, no. I mean obviously we are in an intensely competitive industry and each of us want to better the other. There is no doubt about that.

I think one of the things that has been interesting is the companies have gotten to a -- collectively the big companies are a bit more stable and a bit longer term in their focus than they've probably ever been. And that drives I think more rational decisions in the way they compete for management contracts or franchise contracts.

If anything, if you said we're getting into an industry in which a relative fewer of us have that much more attractiveness to owners and franchisees, that probably would tend to drive towards a bit less intense competition as opposed to more. But having said that, I think the right way to think about this business is it's an intensely competitive business. It's competitive for the guests that are checking into our hotels as well as the owners and franchisees that we're partnered with.

Joe Greff - JP Morgan: Great, thank you. Carl, my follow-up for you: can you help us understand what's embedded in your 2015 guidance in terms of gross proceeds from asset sales? And obviously the $230 million from the Marriott in Miami Beach -- or rather the EDITION in Miami Beach. But can you help us understand what else is contemplated within your guidance? Thank you.

Carl Berquist: Yes, in the $600 million to $650 million that we are spending, we think we'll generate about $600 million to $650 million recycling obviously the two EDITIONs, Clock Tower and Miami, as well as a Residence. We closed a lot of the Residences in 2014; but we got about probably $50 million still coming over into 2015 from the Residences.

We will also -- like I said, we've got a small Courtyard on the market. We've got some notes that we are going to collect, all together probably in the range of about $30 million on the notes. We've got some preferred stock that comes due in 2015. So it's a myriad of smaller things, Joe, that just kind of add up to that $600 million to $650 million.

Joe Greff - JP Morgan: Thank you.

Thomas Allen - Morgan Stanley: Hey, good morning. The color around the amount of demand coming from locals both in the U.S. and Europe is really helpful. But just as you think about your now 49-million-member Rewards program, can you just talk about what percentage of your customers are U.S. versus international customers, and how to think about that driving your overall RevPAR and revenue performance across your portfolio? Thank you.

Arne Sorenson: Yes, it's a big globe out there. But I think one thing that can be said is in virtually every market the biggest customer is a local customer.

In the United States, for example, 95 percent of our business is U.S. business; 5 percent is inbound business. Now obviously, city by city it varies. We think probably New York in the U.S. is the most international city in terms of visitation. But the room nights are probably between 10 percent and 15 percent total, something like that.

Obviously, you go to different cities and you see some variance. Even in China in our hotels, the majority of our business, a heavy majority of our business is Chinese travel. It would be more mixed in a city like Shanghai than it would be in a Guangzhou or a Wuhan; but still across the country as a whole it's going to be mostly Chinese business.

You look at what's happening in that space, obviously all of us are focused on currency these days. Currency will hurt arrivals in a place like New York, almost for certainty. In fact, we think room night international arrivals to New York were down probably 3 percent in the fourth quarter of 2014. Conversely it will help for Americans, for example, traveling to London or Paris. We thought we saw increases in Paris in the fourth quarter of sort of a mid-single-digit percentage of American travelers.

The other thing that's happening though, besides foreign exchange and the impact that that has on the cost of visitation, is we've got this growing global middle class that is driving an increase in demand going into the top end of that funnel. So absent significant moves in foreign exchange we would expect many of the world's best destinations to continue to drive higher and higher international visitation.

Our Marriott Rewards membership becomes increasingly international in its mix. That's no surprise. It really follows with our opening hotels in those other markets, and it follows with the outbound travel from those markets.

So you look at a place like Japan, Japanese have obviously been huge global travelers for 25 or 30 years. And before we opened our first hotel in Japan we had a substantial number of Japanese members of the Marriott Rewards program because they came and stayed at our hotels in the United States when they came to the United States. Now that we have great momentum in adding hotels in Japan, we end up with the extra benefit of having those local customers that we can sign up when they are staying with us in our hotels in Japan as well as when they come to visit in the rest of the world.

I don't know if that answers all your question. I've sort of rambled on around it a bit, but we think net-net that currency may have some impact in the short term. Probably they will tend to offset each other, so we will have as much positive from folks going to Europe as we'll have negative from folks coming to the United States.

But longer-term we will continue to see an increase in the internationalization of our Rewards program and an increase in volume of international travel, period.

Thomas Allen - Morgan Stanley: That's perfect for what I was trying to get out of it. Then just a follow-up. You answered earlier about China how you're expecting similar mid-single-digit growth to what you saw in 2014. But one of your peers talked I think yesterday about seeing some green shoots in terms of improvements in the F&B environment there. Are you seeing anything, or are you hearing anything similar or seeing anything similar? Thank you.

Arne Sorenson: Well, we see -- if you look at -- our two biggest markets are Shanghai and Beijing. They are meaningfully different in the way they are performing. Shanghai is New York and Beijing is Washington.

As a consequence you see in Beijing lower RevPAR and lower F&B year-over-year performance than you do in Shanghai. Shanghai, even though we are now probably 25 or 26 hotels open -- I don't know precisely today as we speak; but with Ritz-Carlton, JW Marriott, and Marriott, I'm sure we're the biggest high-end operator in Shanghai by a lot. We saw RevPAR up in -- above the 5 percent range, probably 6 percent or 7 percent range.

And if anything, we see Shanghai continuing to perform well because there is still a lot happening in the commercial space in China, even with the government austerity drives for government spending.

If you ask narrowly, do we see green shoots based on government spending? I don't think so. Maybe they are there and can be discerned when we get at a little farther down the road. But at the moment our expectations at least would be that the government spending in our space will continue to have pressure on it.

Thomas Allen - Morgan Stanley: Thank you.

Ian Rennardson - Jefferies: Yes, thank you. Good afternoon. Just a quick question for Carl. What is behind the $13 million of interest income in Q4, please? Thank you.

Carl Berquist: $13 million of interest? I didn't hear your --

Arne Sorenson: That's your accretion true-up.

Carl Berquist: Oh, why we had the benefit?

Ian Rennardson - Jefferies: Yes.

Carl Berquist: It was a one-time interest accretion true-up. We had been recording too much interest on an accreting bond, and we adjusted that in the fourth quarter. It was about a $7 million benefit.

Ian Rennardson - Jefferies: Okay. Thank you very much.

Bill Crow - Raymond James: Good morning, guys. Nice quarter. Arne, how close do you think we are to getting -- hitting the high-water mark on the pipeline? In other words, when we get to that point where we're opening more rooms than we're adding. And all your new acquisitions notwithstanding, it seems like we've got to be getting somewhere close to that number.

Arne Sorenson: Getting close to the peak of the pipeline?

Bill Crow - Raymond James: Yes, where we'd start opening more rooms than adding new rooms to the pipeline.

Arne Sorenson: Yes, it's a good question. I don't think that that's near actually. I mean, for better or worse the longer RevPAR goes up and profitability of hotels improve, more projects pencil.

You can say for better or worse, because if you could have an omnipotent wisdom, I suspect at some point you would say: well, let's start to calibrate that back, simply because we know that there will be a correction coming at some point in time. But our industry doesn't really work that way.

So I would expect that the pipeline -- and again, this is sort of a U.S.-focused comment, I will confess to that. But I would expect that the pipeline in the U.S. will continue to grow. With each year we see mid-single or mid- to high-single-digit RevPAR growth and the enhanced profitability that goes with that.

You get to the rest of the world and I suspect -- by the way, each one of the last few years our team in China has warned that we may see fewer signings this year than they did in the prior year. Through 2014, they've been proven wrong; and we've continued to sign tremendous volume. But I suspect again that right now our expectations for 2015 would be China will sign fewer hotels; we'll bring fewer hotels into the pipeline than we brought in, in 2014. And it might be less than we open, although I doubt that still, because I think the openings are still to come and that's a multiyear thing.

In any event, you can see different dynamics in different countries based on this. I'm hopeful that longer term one of the advantages we'll have in the next downturn will be that we've got a big globe out there with growth that's coming from lots of different markets. And they're not all trading in tandem anymore.

So obviously you've got the U.S., which is dramatically stronger than much of the rest of the world. And if we could envision an environment in which U.S. growth tempered a bit and that would have some impact here, but that may or may not be duplicated in other markets in the world. And maybe we don't end up with the same kind of volatility we've had in the past.

Bill Crow - Raymond James: All right; that's helpful. Carl, just a housekeeping note. You talked about the Delta acquisition being accretive in 2016, but I think you said noisy in 2015. Is there any detail you could put behind that so that we are not surprised by headline result on these quarters?

Carl Berquist: Yes, we think with transition costs, transaction costs, and just implement and all that, it will probably cost us a couple pennies in 2015. That's not in our guidance, Bill. What we'll do is, as we incur those, we'll point them out to you as we hit those things. We're still obviously sharpening the pencil and finalizing all those estimates right now.

Bill Crow - Raymond James: Great. That's it for me. Thank you.

Vince Ciepiel - Cleveland Research Co.: Hi, good morning. My question is on peak guidance. You guys talked about 14 percent to 15 percent type growth in 1Q; it kind of implies 9 percent 2Q through 4Q.

Could you help quantify any of the year-over-year comp issues related to termination or deferred fees that might skew the growth rates in those two periods? And especially in light of you guys mentioned an FX headwind; I would think a lot of that or a good portion of that would show up in 1Q.

Arne Sorenson: Yes, I think in the first quarter we've got a positive, chunkier relicensing fee number which will come through the franchise fee line. As existing hotels sell, there are fees that are collected with the relicensing to the new buyer.

There's at least one meaningfully good-sized portfolio, maybe two, that will close in the first quarter, which will help us in Q1. So that may be offsetting what I think you are right about, which is that the FX impact on fees would be otherwise, we would guess, most significant in Q1.

Obviously if currencies stay where they are, by the time you get to Q4 the comparisons will get easier and easier. Certainly the full-year fee growth number is impacted by the FX by, I would think, something like $20 million to $25 million even.

We think $17 million is the fee number if you look compared to full-year 2014 actual currency. But if you look at where we expected currency to be when we released our third-quarter earnings, if anything the impact on fees is even a little bit more than that.

Laura Paugh: And we had it -- in the third quarter of 2014, we had a $15 million deferred fee that was recognized. So you've got a tough comparison in that quarter. And that was -- you can read more about that in the press release for Q3.

Arne Sorenson: Those would be the two biggest.

Laura Paugh: Yes.

Arne Sorenson: Yes.

Vince Ciepiel - Cleveland Research Co.: Great. That's helpful; thanks. And then second question also on fee guidance, maybe approaching it from a different perspective. You mentioned that incentive fees, which is largely international still, you expect to grow low double digits.

Your other two buckets, I think base is 70 percent domestic and franchise 90 percent. What type of growth rates are you guys thinking about to get to that 9 percent to 11 percent range for 2015? Thanks.

Arne Sorenson: Yes, we don't really have that handy. But clearly given the U.S. numbers we'll expect franchise fees to grow faster than managed fees. We have -- the hotels that were recently opened in 2014 and the hotels that will open in 2015 in the United States will skew heavily towards franchised select service and extended stay hotels; and managed portfolio by comparison will not be adding the same kind of unit growth.

So even though we would expect RevPAR numbers between managed hotels and franchised hotels to be roughly comparable, the unit growth impact to those things will be quite different. Then of course you get to the rest of the world, and there we'll see that the FX impact is most pronounced coming out of Europe, for example.

I don't have this in concrete terms for you today, but certainly the FX impact is likely to eat up the RevPAR growth and maybe even a fair measure of the new unit growth that would otherwise drive growth in both management and franchise fees. That will be much less the case in other regions around the world; but there will still be some FX impact.

Carl Berquist: There will be some. Canada.

Vince Ciepiel - Cleveland Research Co.: Great. Thanks very much.

Smedes Rose - Citigroup: Hi, thanks. I just wanted to ask you, for your Moxy brand, what are the per-key costs to develop that? Is that all new builds, or is that a conversion opportunity as well?

Arne Sorenson: The Moxy in Europe is all new builds. Our biggest partner there is Inter IKEA, which is an affiliate but not owned by or in any way directly affiliated with the IKEA retail network. But the folks who are owning those hotels and developing them bring a lot engineering skill and, as a consequence, are doing new build, often modular construction. The ex-land cost is in the EUR40,000 to EUR50,000 per room range, something like that.

In the United States we are going to be, I think, much more focused initially on center urban environments. As a consequence, the absolute cost numbers will be higher. The use of modular construction will be either nonexistent or certainly much rarer.

Carl Berquist: There will be a lot of adaptive reuse.

Arne Sorenson: A little hard to predict. So I don't -- I know we have signed a couple of deals in Manhattan. I'm sure the cost per room is well into the $100,000s; but I can't tell you off the top of my head what it is exactly.

Smedes Rose - Citigroup: Okay. Then just a housekeeping thing. What was the share count at the end of the quarter?

Carl Berquist: We will look that up for you.

Arne Sorenson: We'll come back to that. Let's take the next question, and we will throw that one back in if you will stay online.

Smedes Rose - Citigroup: Okay, thanks.

Chad Beynon - Macquarie Research: Hi, good morning. Thanks for taking my questions. Arne, in your prepared remarks, you mentioned that 60 percent of your new Rewards members have come from what you call the new-generation members. Any early sense of where the brand appeal is for this new group of travelers, and if there is an opportunity for any of your brands' RevPAR index to move up on the back of where this new group is staying? Thanks.

Arne Sorenson: Yes. We are obviously focused on them. We had a meeting last week where we brought our senior operators in from around the world, which is something we do every January to talk -- or every February to talk about priorities and things. We had a Millennial group in to work with us on the second day of the meeting.

I talked to every one of those folks as they left afterwards, and every one of them said: I hate that you call me a Millennial. I start with that only because I think it's -- we're all talking about Millennials or next-generation or whatever. They are not a monolithic group.

What we see is that there are 20-something- and 30-something-year-old professionals, consultants, road warriors that are already heavily invested in our brands. They are in many respects not that dissimilar from earlier generations of heavy travelers.

They may be more technologically connected; and obviously that's important to them. But they're maybe quite similar to earlier generations -- and quite different from some of their peers, who we tend to focus on more when we say they are technologically addicted maybe, they are focused on lifestyle, they are focused on food and beverage.

We think there are flavors of all of that there which is, of course, one of the reasons we have rolled out this new portfolio of lifestyle brands. And I think with it we will and are already finding that we are capturing their interest through both the hotels that we are opening and some of the great things we're doing in the marketing space. And we are committed through them, but also through all of our other vehicles to continue to drive index as well.

Chad Beynon - Macquarie Research: Okay, thanks.

Laura Paugh: In answer to the question about shares, we ended the year with 280 million shares, and about 6 million shares of dilution, which would take you for diluted shares at year-end to approximately 286 million.

Chad Beynon - Macquarie Research: Okay, and then one final one. Sorry, one final one that I had, just going back to the IMF fees. You outlined at your Investor Day that 20 percent of North American IMFs come from New York. I was wondering if your plus 6 percent group outlook for 1Q and plus 5 percent for 2015 holds true in an important market like New York, what your group outlook is given the additional supply we've seen.

And then that's it. Thanks.

Arne Sorenson: I don't have a group number for you for New York, but Q1 New York could well be negative. You've got Super Bowl; you've got snowstorms; and you've got supply.

When we look at our New York numbers -- and this is not group only, but whole hotel numbers -- we would expect New York to be a few hundred basis points south of the rest of the U.S., and probably the first quarter to be meaningfully the weakest quarter of the four.

Carl Berquist: Yes, if you compare on the group side -- I don't have the number -- but if you just think last year had the Super Bowl, which would be heavy group and not this year, you have a very tough comp relative to group business in the first quarter.

Arne Sorenson: Okay. Thank you all very much. We appreciate your time and attention this morning and look forward to welcoming you into our hotels around the world. Get on the road and travel. Hope to see you soon.