

CHOICE HOTELS
INTERNATIONAL



DAVID WHITE

Chief Financial Officer

March 2008





DISCLAIMER

Certain matters discussed in this presentation constitute forward-looking statements within the meaning of the federal securities law. Generally, our use of words such as “expect,” “estimate,” “believe,” “anticipate,” “will,” “forecast,” “plan,” “project,” “assume” or similar words of futurity identify statements that are forward-looking and that we intend to be included within the Safe Harbor protections provided by Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements are based on management’s current beliefs, assumptions and expectations regarding future events, which in turn are based on information currently available to management. Such statements may relate to projections for the company’s revenue, earnings and other financial and operational measures, company debt levels, payment of stock dividends, and future operations. We caution you not to place undue reliance on any forward-looking statements, which are made as of the date of this presentation. Forward-looking statements do not guarantee future performance and involve known and unknown risks, uncertainties and other factors.

Several factors could cause actual results, performance or achievements of the company to differ materially from those expressed in or contemplated by the forward-looking statements. Such risks include, but are not limited to, changes to general, domestic and foreign economic conditions; operating risks common in the lodging and franchising industries; changes to the desirability of our brands as viewed by hotel operators and customers; changes to the terms or termination of our contracts with franchisees; our ability to keep pace with improvements in technology utilized for reservations systems and other operating systems; fluctuations in the supply and demand for hotels rooms; and our ability to manage effectively our indebtedness. These and other risk factors are discussed in detail in the Risk Factors section of the company’s Form 10-K for the year ended December 31, 2007, filed with the Securities and Exchange Commission on February 29, 2008. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.



CHOICE HOTELS INTERNATIONAL – A SNAPSHOT

- #2 U.S. hotel company by hotels open
- Worldwide – more than 5,500 hotels open representing over 450,000 rooms
- Scale and distribution created by focus on core competency – providing services for hotel operators, selling hotel rooms and selling hotel franchises
- Significant growth opportunities remain
 - Domestic and international unit growth
 - New brands – Cambria Suites and extended stay brands
- Track record of delivering shareholder value



SUCCESSFUL, PROVEN BUSINESS MODEL

- Pure-play lodging franchisor
 - Highest returning model in the industry
 - Growth in a wide variety of economic conditions and industry cycles
 - High margin, high cash flow model with low continuing capital requirements
 - Difficult to duplicate – significant scale and initial capital requirements
 - Highly-skilled, experienced in this area



INVESTMENT THESIS

- Strong, growing operating business
 - Large market share & fee base – with opportunities to expand
 - Predictable, profitable growth in variety of lodging & economic environments
 - High margins + low capital intensity generates high ROICs
 - Substantial size, scale and distribution – represents competitive advantage
 - Long-term franchise contracts – represent barrier to entry
- Significant free cash flow generation / capital allocation opportunities
 - Utilization focused on returns for shareholders
 - Creates opportunities
 - Investments in profitable growth – organic, acquisitions, new concepts, brand extensions
 - Return excess to shareholders – share repurchases, dividends
- Capital structure – strong balance sheet, low financial leverage provide opportunity to enhance returns



10 WELL RECOGNIZED & SEGMENTED BRANDS

Limited Service



Full Service



Economy



Mid-Scale



Upscale



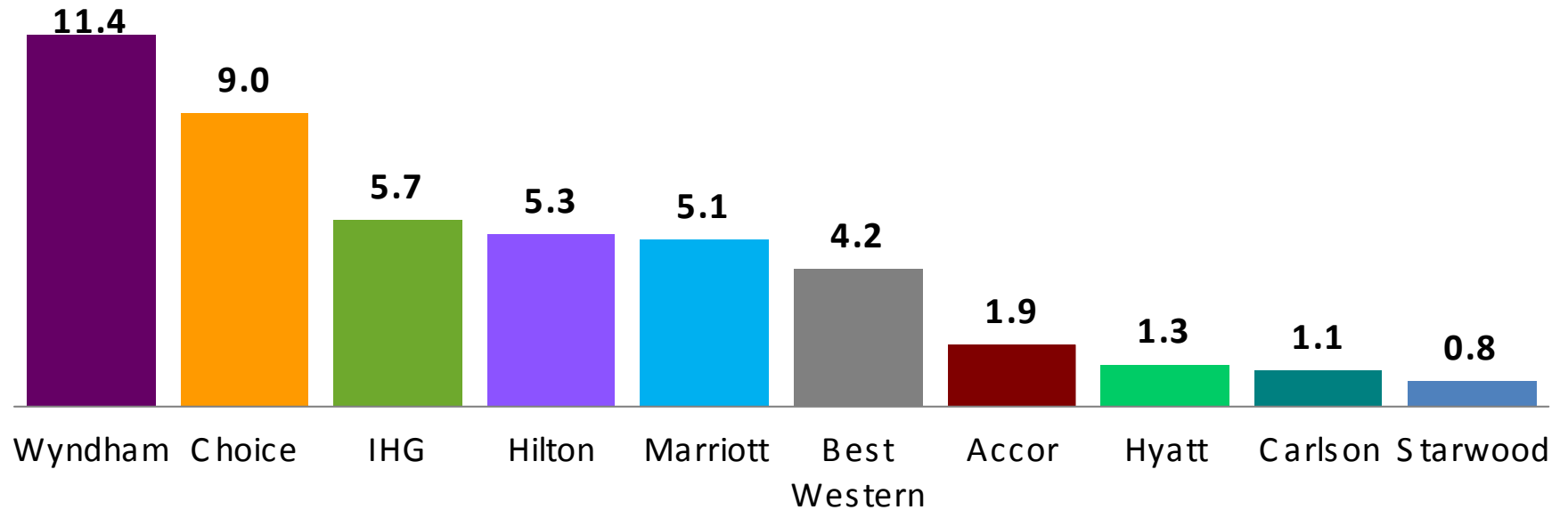
CHOICE BRANDS SERVE LARGE, MIDDLE AMERICA DEMOGRAPHIC

	U.S. Population	Hotel Industry	Choice Hotels' Guests	Wal-Mart Shoppers
Median Household Income	\$48,000	\$78,000	\$67,000	\$61,000
Average Age	47 years	49 years	50 years	47 years
Education (% College Graduates)	27%	47%	42%	24%
% Leisure Room-nights	N/A	57%	67%	N/A
<u>Employment</u>				
Professional/Executive/Manager	21%	37%	32%	22%
Other Profession	44%	41%	42%	35%
Retired/Homemaker/Student/Not Employed	35%	22%	26%	43%
Child in Household	31%	32%	32%	33%
<u>Gender</u>				
Men (male solo if travelers)	49%	26%	23%	44%
Women (female solo if travelers)	51%	12%	9%	56%
Couples without kids (travelers only)	N/A	32%	36%	N/A
Couples with kids/Other adults (travelers only)	N/A	30%	31%	N/A



ONE OF THE LARGEST HOTELIERS

Market Share – Percentage of Hotels Open



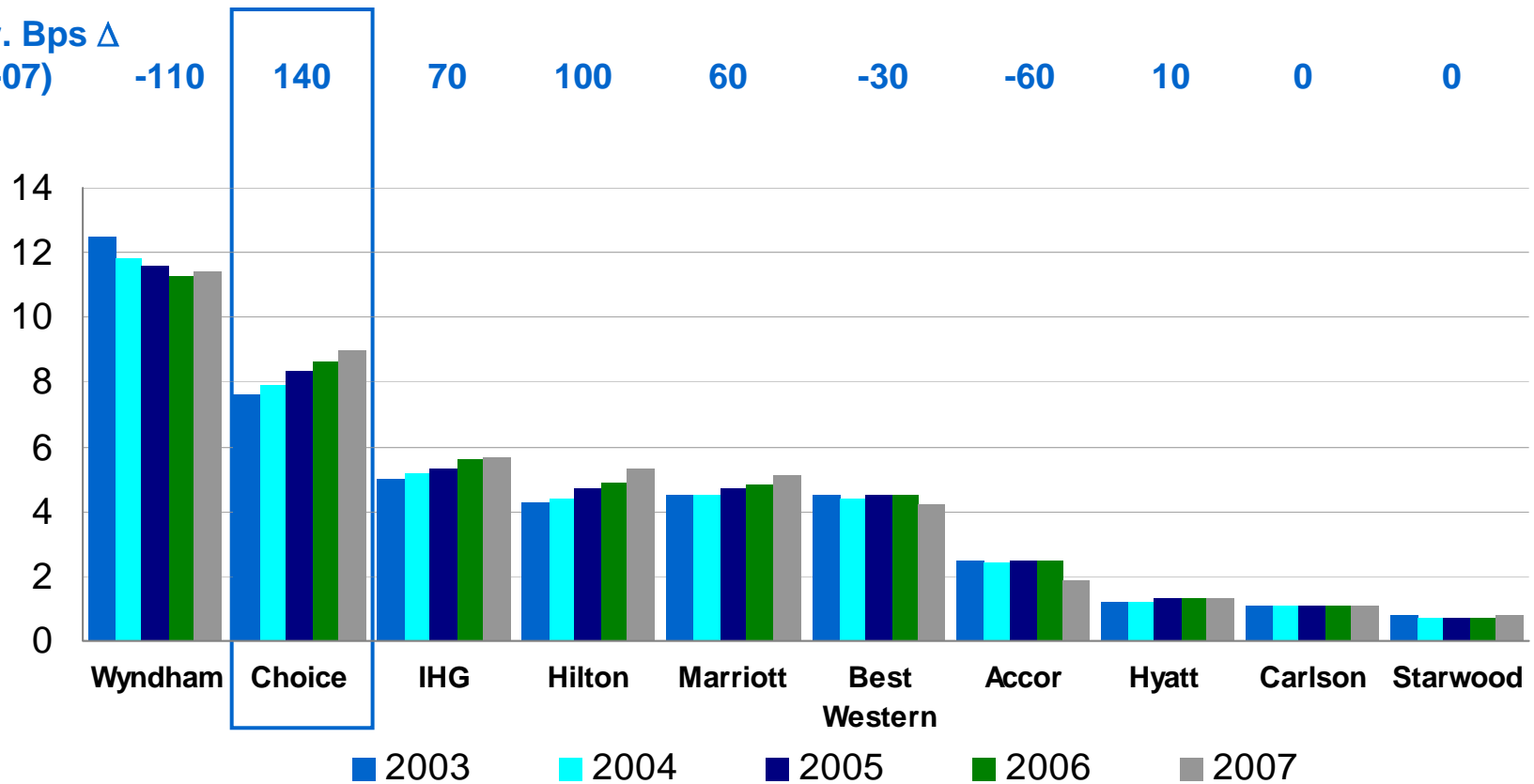
U.S. Hotel Market Share – Leading Hotel Companies



LEADING GAINER OF MARKET SHARE

Domestic Market Share

4 yr. Bps Δ
(03-07)





SIZE, SCALE & DISTRIBUTION

- Lowers costs and increases revenues for owners
- Enables highly-valued capabilities
 - Brand awareness
 - National marketing
 - Reservations
 - Services
 - Technologies
- Franchising model is difficult to duplicate
 - Scale required to duplicate reasonable returns for shareholders
 - Capital required to generate scale
 - Long term contracts & scale are barriers to entry
 - Successful, proven business model





SIGNIFICANT CORE COMPETENCIES DRIVE RESULTS

Prudent and focused brand management.....

1997



2007



Enhancing Existing Brands

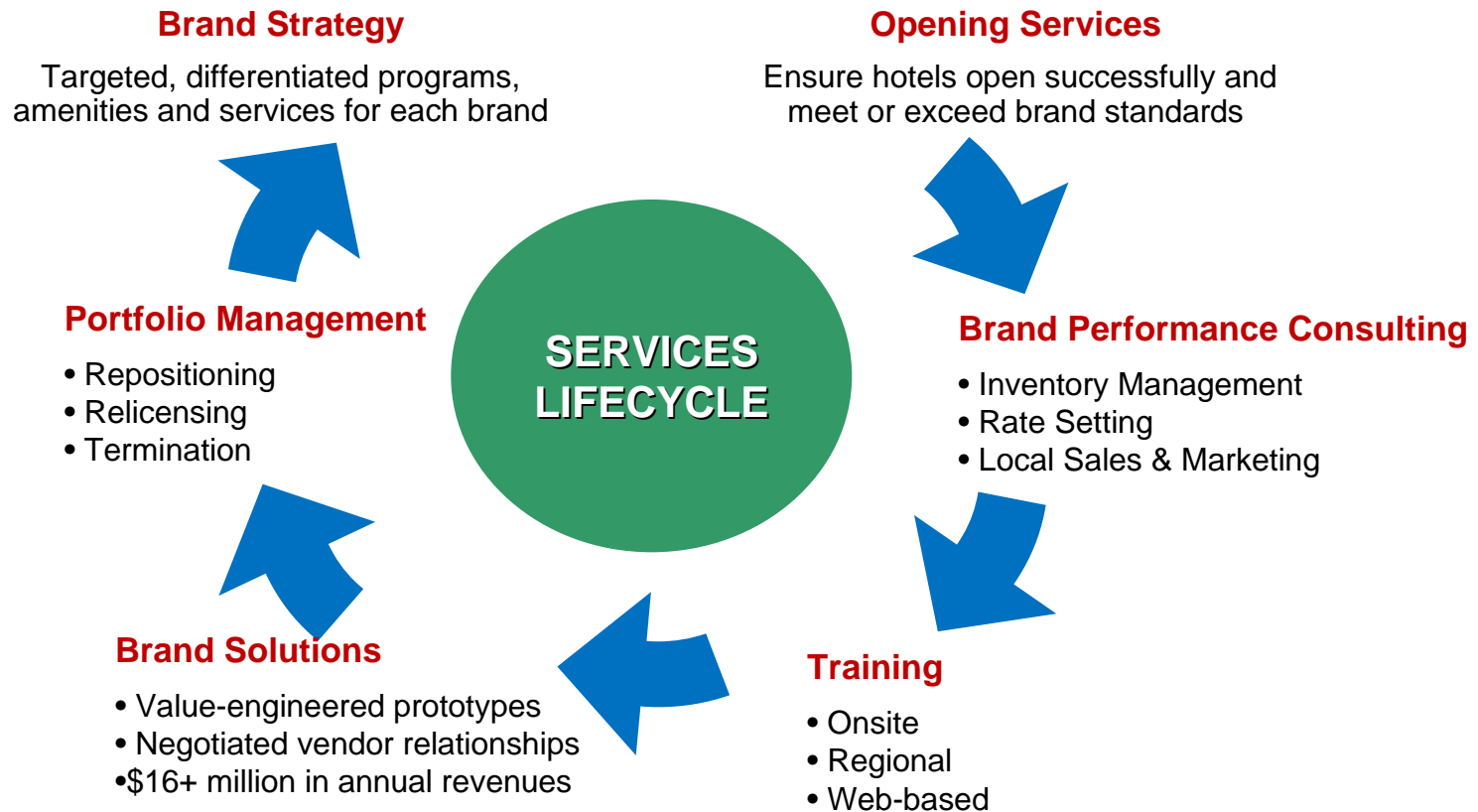
Creating/Acquiring Brands
Entering Segments

.....Positions Choice well for continued profitable growth



SIGNIFICANT CORE COMPETENCIES DRIVE RESULTS

DELIVER EXCEPTIONAL SERVICES THAT IMPROVE BRANDS AND HOTEL PERFORMANCE

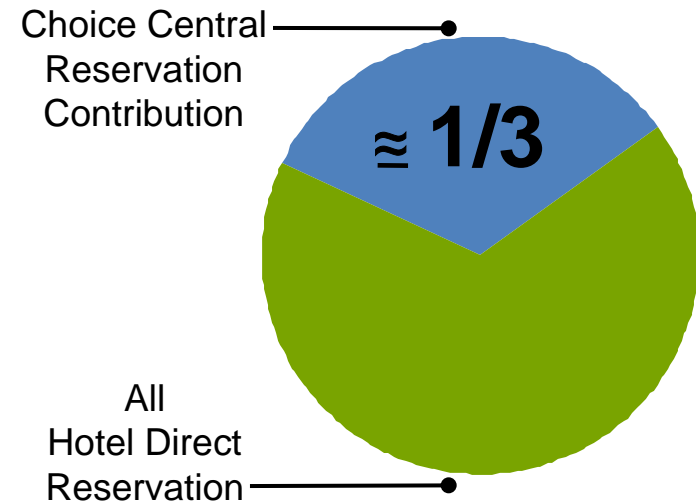
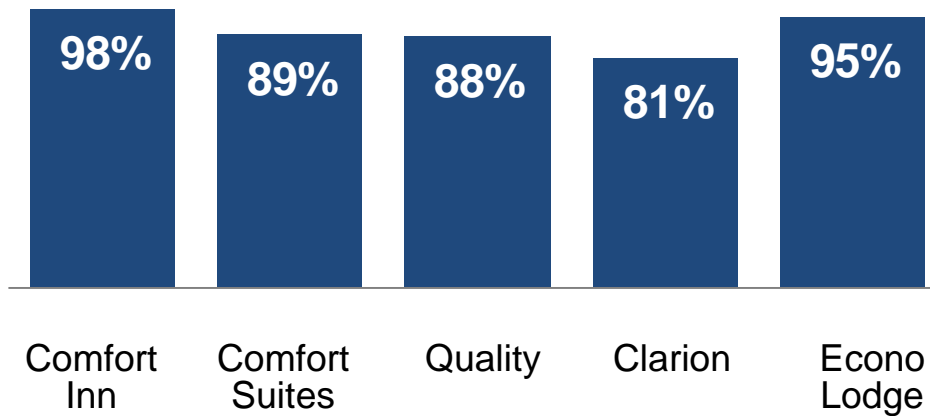




SIGNIFICANT CORE COMPETENCIES DRIVE RESULTS

SELLING HOTEL ROOMS

Brand Awareness



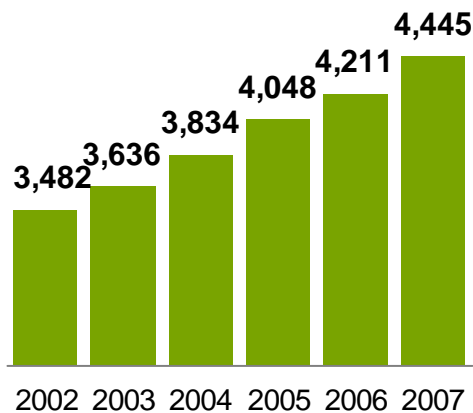
- **Brand Awareness & Reservations Delivery = Key Value Proposition For Hoteliers**
 - **+\$300 million in annual marketing & reservation fees**
 - **Choice Privileges has over 6 million members (2 million new members in 2 years)**



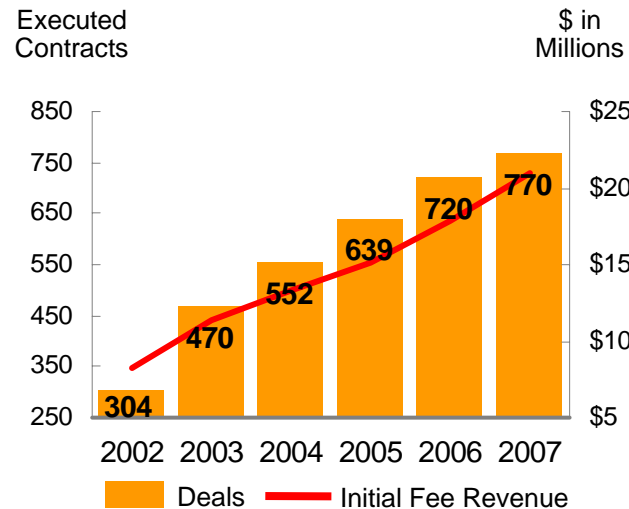
SIGNIFICANT CORE COMPETENCIES DRIVE RESULTS

EXCEPTIONAL DEVELOPMENT TEAMS
FOCUSED ON SELLING HOTEL FRANCHISES

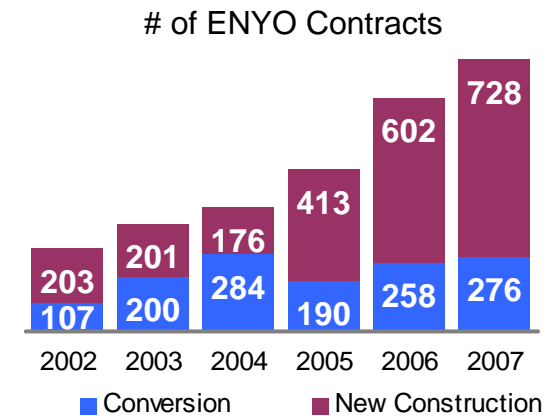
**Domestic Franchises
Open**



**Franchise Development
(New Contracts Sold)**



**Year-End
Domestic Pipeline**



- Track record of unit growth across a range of industry and economic cycles



UNRELENTING FOCUS ON FRANCHISEE ROI

Our Vision: To generate the highest return on investment of any hotel franchise

Our Mission: Deliver a franchise success system of strong brands, exceptional services, vast consumer reach, and size, scale and distribution that delivers guests, satisfies guests, and reduces costs for our hotel owners



Our Passion: Customer profitability



OUR STRATEGY FOR MAXIMIZING FINANCIAL & SHAREHOLDER PERFORMANCE

- Strategically grow our brands
- Improve brands, brand recognition, business delivery and franchisee profitability
- Seek external growth opportunities that improve or leverage our core business and competencies
- Allocate significant capital generated to “Highest & Best” use to maximize shareholder returns



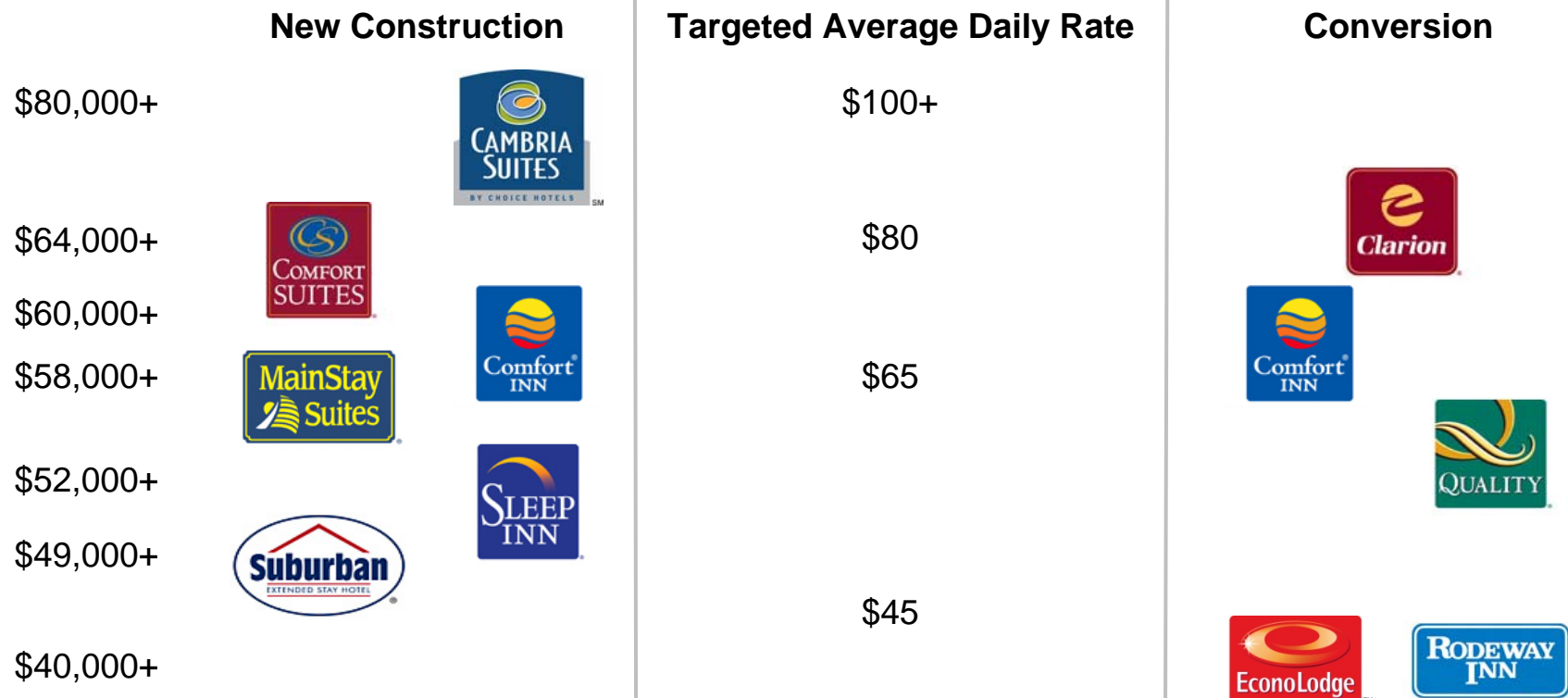
SIGNIFICANT UNIT AND ROOM GROWTH OPPORTUNITIES REMAIN

- Conversions – Approximately 1.5 million independent rooms in United States
- New Builds – PwC forecasts 2008 industry-wide room supply growth of 2%
- Competitor portfolio management strategies create additional conversion opportunities
- Brand proliferation/contraction “cycle”



DEVELOPMENT OPPORTUNITIES FOR HOTELIERS AT VARIOUS PRICE POINTS

Targeted per Room Investment*



* Excludes cost of land



LIMITED SERVICE BRANDS – GROWTH OPPORTUNITIES



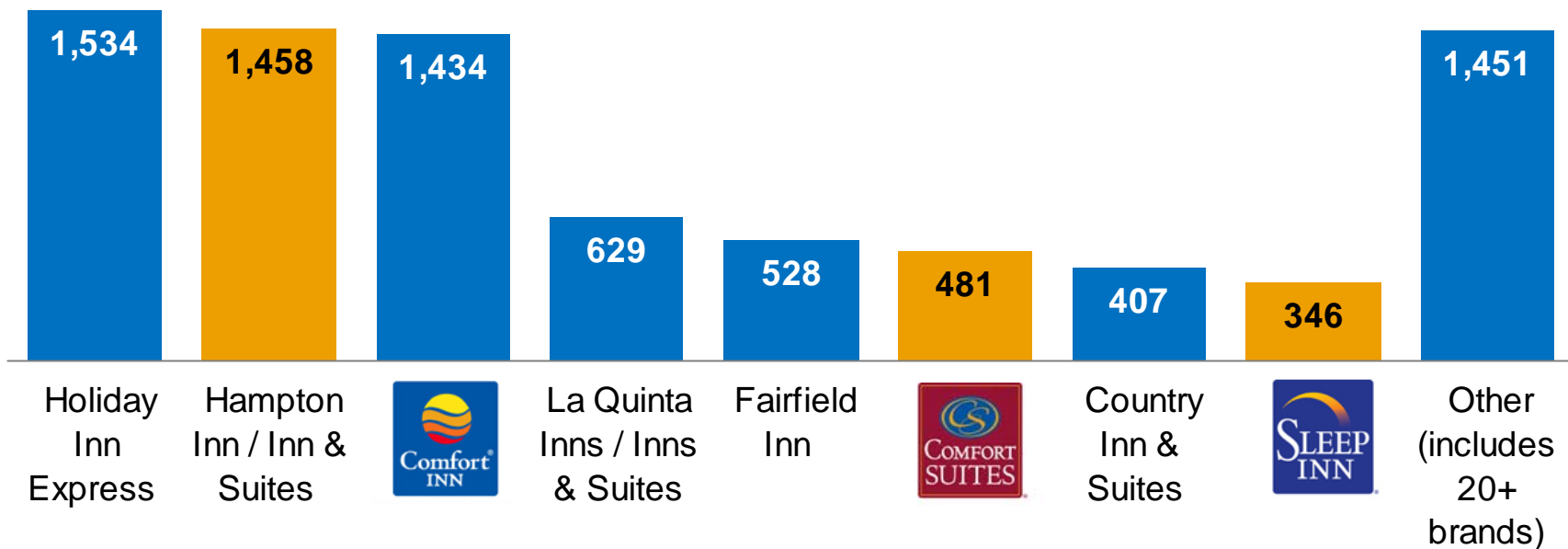
Strategic portfolio management

- Comfort Inn drives growth opportunities for other Choice brands
- Refresh the Comfort Inn system:
 - Replacement/upgrade strategy for Comfort Inn
 - Strong demand for Comfort Inn & Suites
 - High-quality conversion candidates
- Comfort Suites & Sleep Inn:
 - Protect exceptional guest experience
 - Maintain strong share of new construction pipeline



MID-SCALE LIMITED SERVICE -- LARGE AND GROWING SEGMENT

Domestic Hotels





CONVERSION BRANDS – GROWTH OPPORTUNITIES



- Strong demand and market potential for Quality Inn, Clarion and Clarion Collection
 - Quality: “sweet spot” in lower mid-scale segment
 - Choice portfolio management process drives opportunity
 - Competitor system product movements
 - Distribution opportunities for high-quality boutique properties
- Large, fragmented economy market:
 - Independents seeking strong distribution access
 - Proliferation of smaller, weaker brands
 - Repositioning opportunity for Choice and competitor products



SIGNIFICANT GROWTH OPPORTUNITIES IN LARGE CONVERSION MARKET

Domestic Hotels

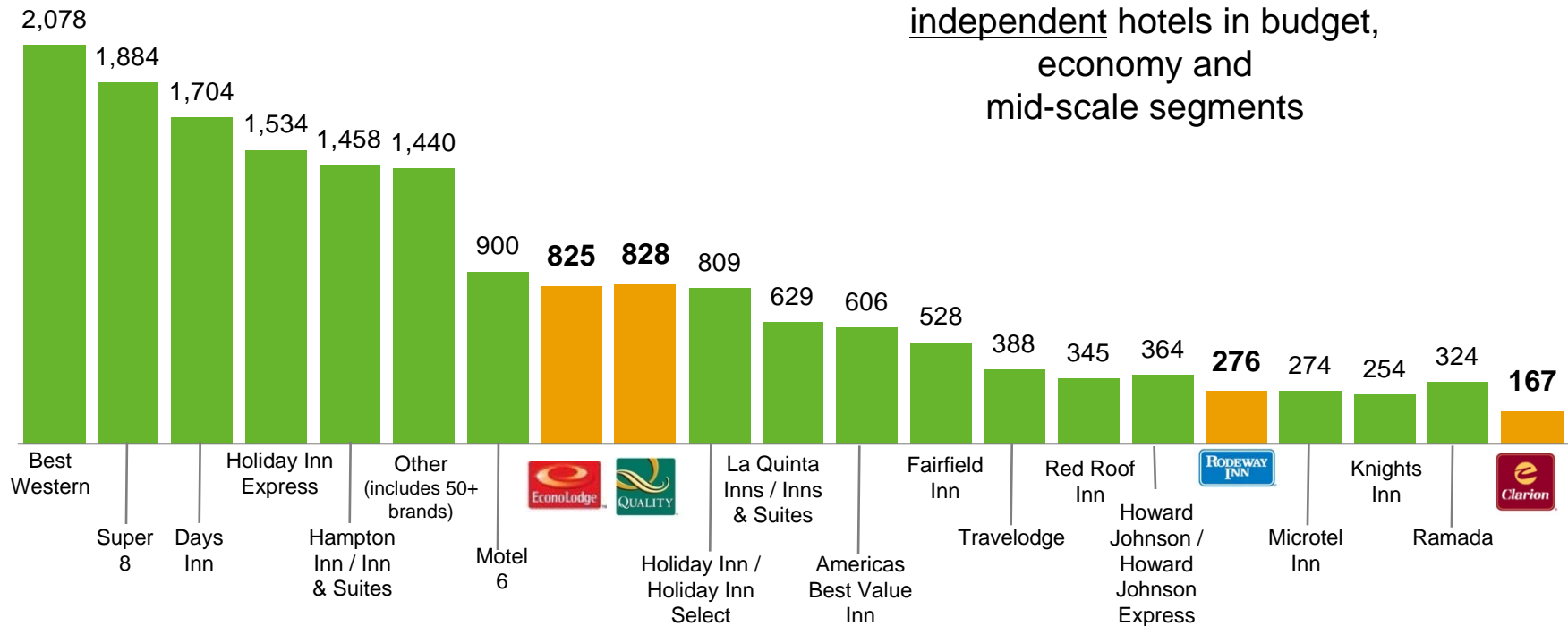


Chart does not include 16,000+ independent hotels in budget, economy and mid-scale segments



CHOICE EXTENDED STAY BRANDS

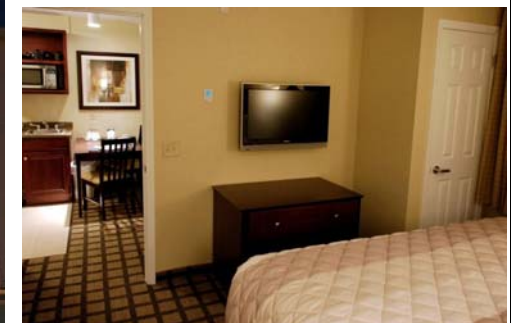
MainStay Suites

- A casual extended stay hotel offering at-home comfort and convenience. Residential-style amenities such as a fully equipped kitchen and task-friendly work space, designed with long-term stays in mind



Suburban Extended Stay

- A temporary housing solution offering the essentials of home including well equipped kitchens, all at affordable rates for nightly or extended stays





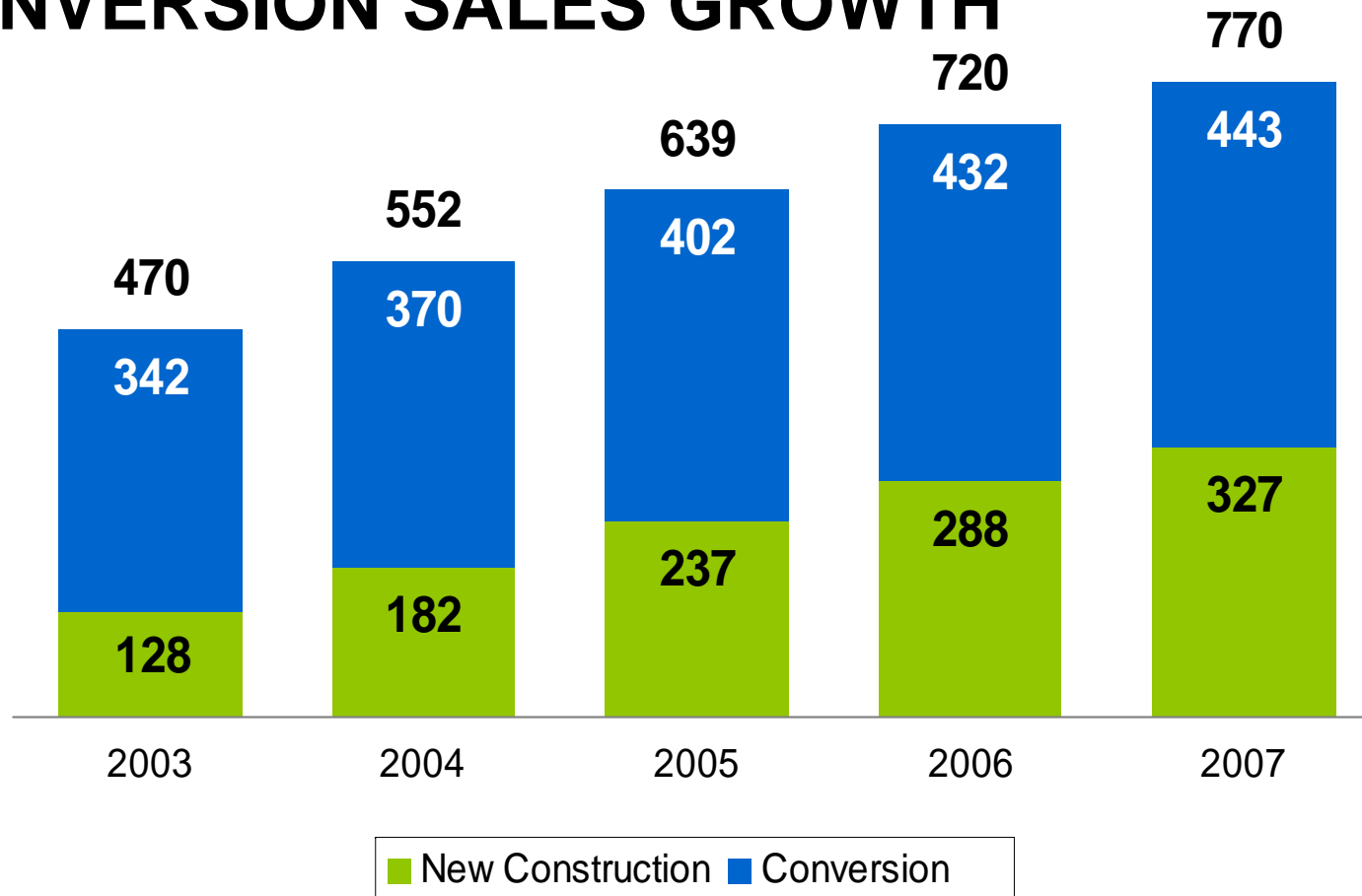
CAMBRIA SUITES BRAND – UPSCALE, SELECT SERVICE MARKET OPPORTUNITY

- All-suites brand
 - 100% new construction
 - Guest suites 25% larger than standard hotel rooms
 - Very attractive per-key development cost
 - Targeted ADR of \$100 - \$140
- 65 Contracts – In 28 states and Canada – executed since January 2005 launch
- Boise (airport), Appleton, Green Bay (Lambeau field) and Minneapolis (Mall of America) properties open
- Positioned favorably against established brands and new market entrants



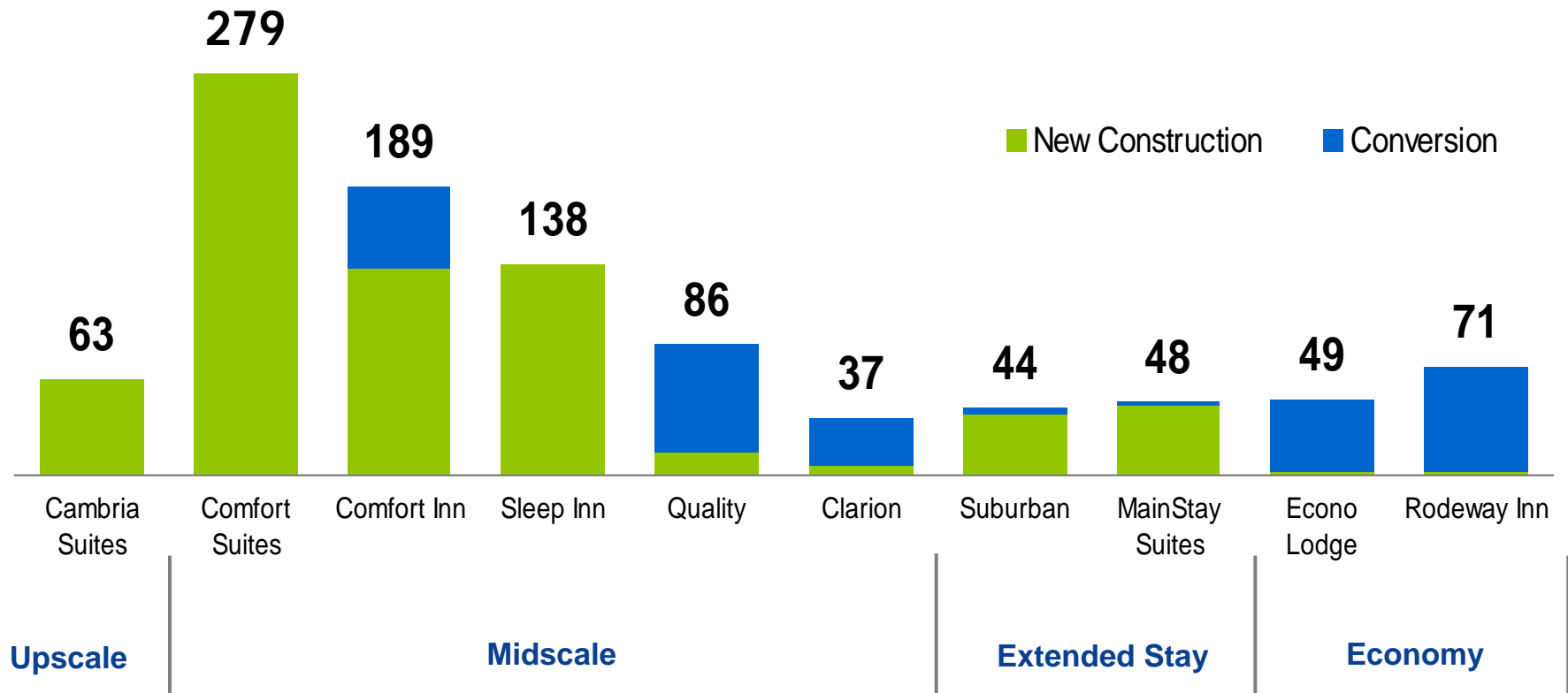


STRONG NEW CONSTRUCTION & CONVERSION SALES GROWTH





DOMESTIC PIPELINE EXPANDED TO 1,004 HOTELS





INTERNATIONAL OPERATIONS



552 hotels

22% of Comfort portfolio



115 hotels

41% of Clarion portfolio



382 hotels

31% of Quality portfolio



24 hotels

6% of Sleep Inn portfolio

- 1,100+ properties
- 32 countries on 5 continents
- Large global “pure hotel franchising” business
- Consistent, conservative growth



INTERNATIONAL BUSINESS MODELS

Choice pursues two business models:

Direct 3rd Party Franchising

- Larger markets
- Potential to achieve scale
- Large pool of quality conversion properties
- Established global travel markets
- Cultural acceptance of franchising model
- Managed through local Choice-controlled infrastructure

Master Franchising

- Smaller markets
- Difficult to achieve scale
- Limited conversion opportunities
- Relevance of management capabilities and asset control
- High quality master partners
- No local infrastructure



BUILDING GLOBAL BRANDS

- Build domestic brand equity
 - Build brand awareness
 - High quality assets
 - Enhance value proposition
 - Consumers
 - Franchisees
- Leverage Choice's global reach
 - Increasing reservations delivery
 - Globalization of key marketing programs – Choice Privileges
 - Access to Choice's global customer base

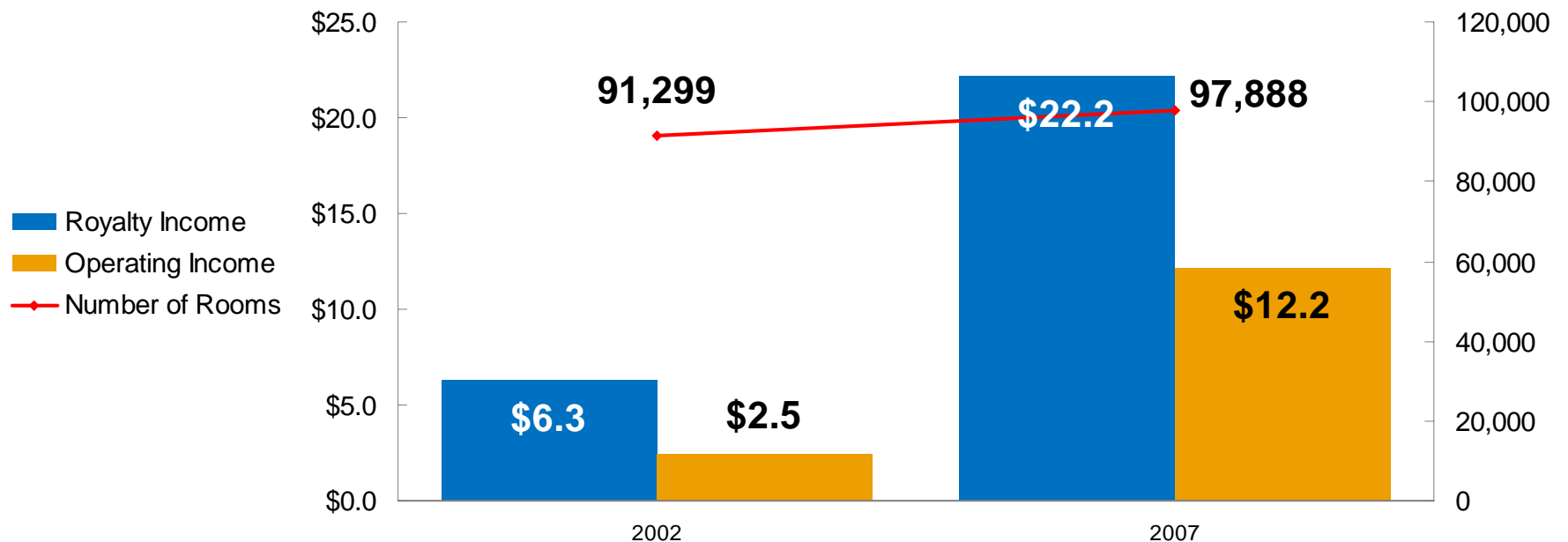
GROWING PRESENCE IN WORLD'S MAJOR TRAVEL MARKETS





PROFITABLE, GLOBAL GROWTH

- Profitable, consistent growth
- Contract-based business consistent with U.S. business models



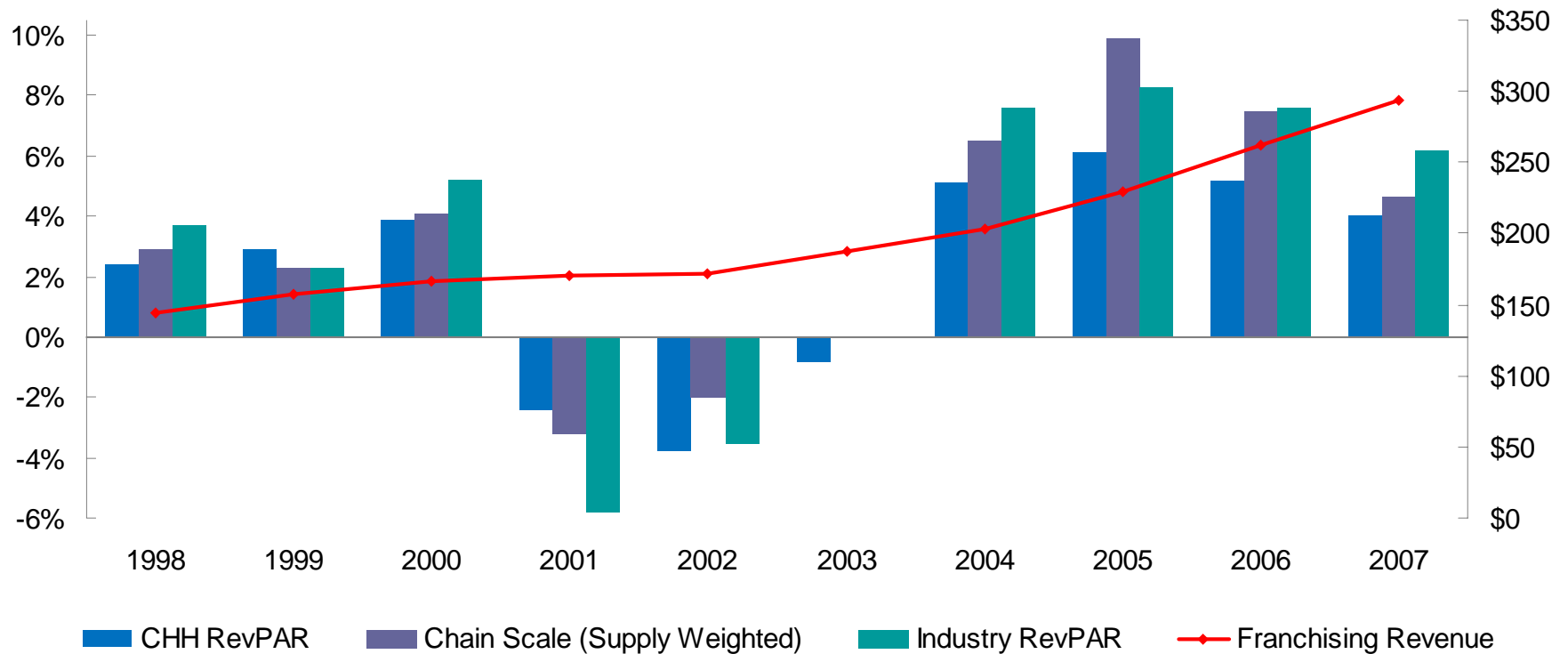


Financial Overview



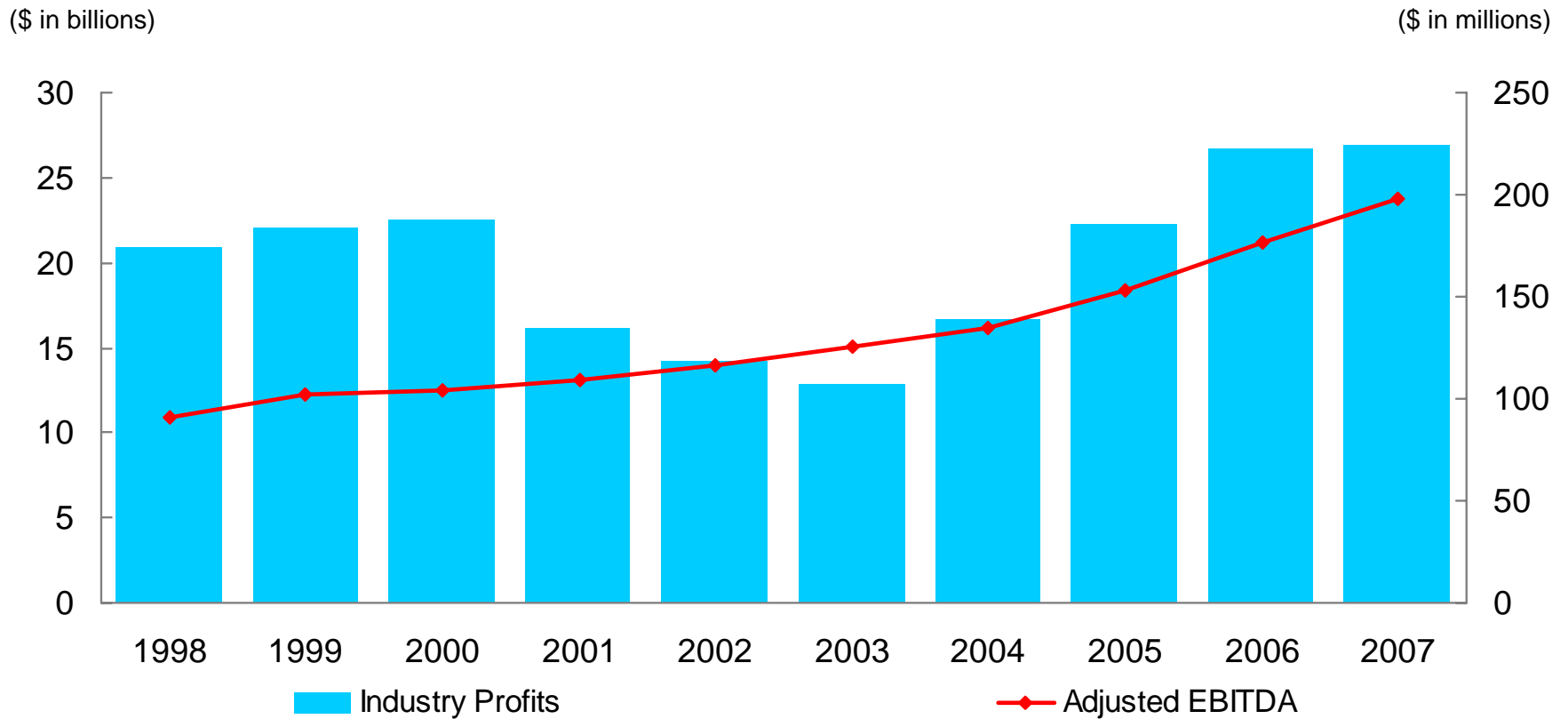
REVENUE GROWTH IN +/- REVPAR ENVIRONMENTS

(\$ in millions)



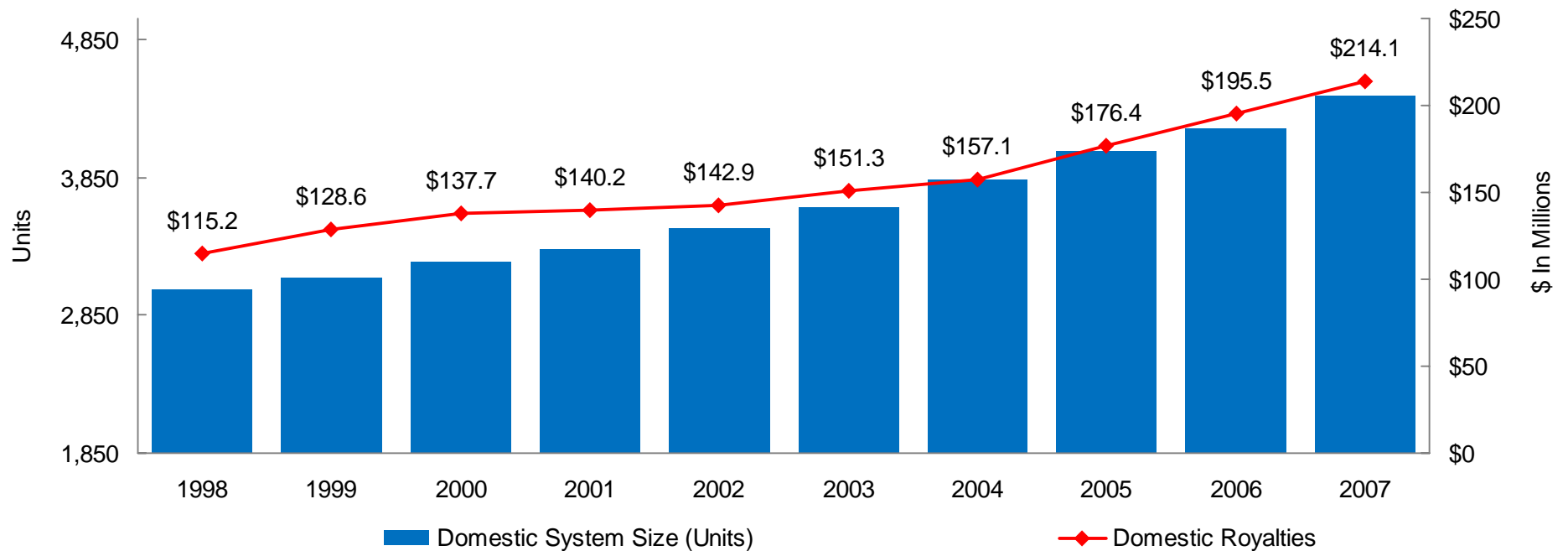


EBITDA GROWTH IN +/- LODGING ENVIRONMENT



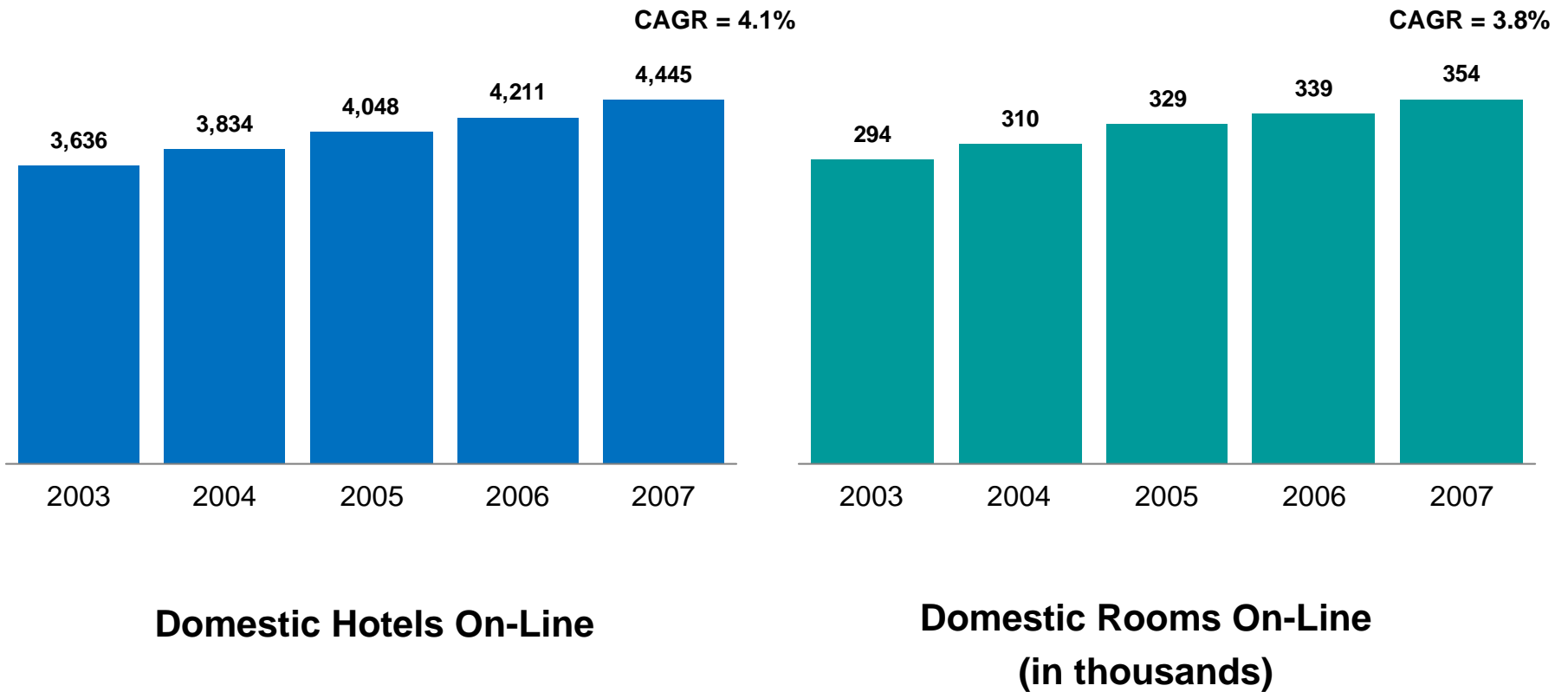


UNIT GROWTH ENABLES ROYALTY GROWTH IN VARIOUS ECONOMIC CLIMATES





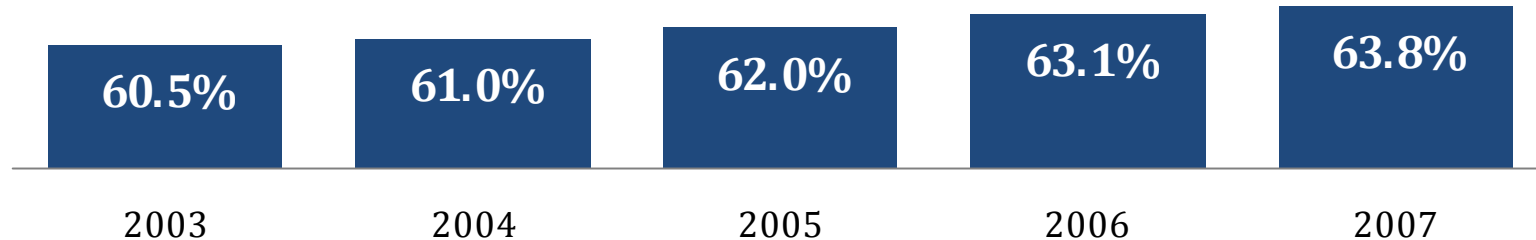
STRONG, STEADY FRANCHISE SYSTEM GROWTH





FRANCHISING MARGINS EXPANDED WHILE INVESTING IN GROWTH OPPORTUNITIES

Adjusted Franchising Margins



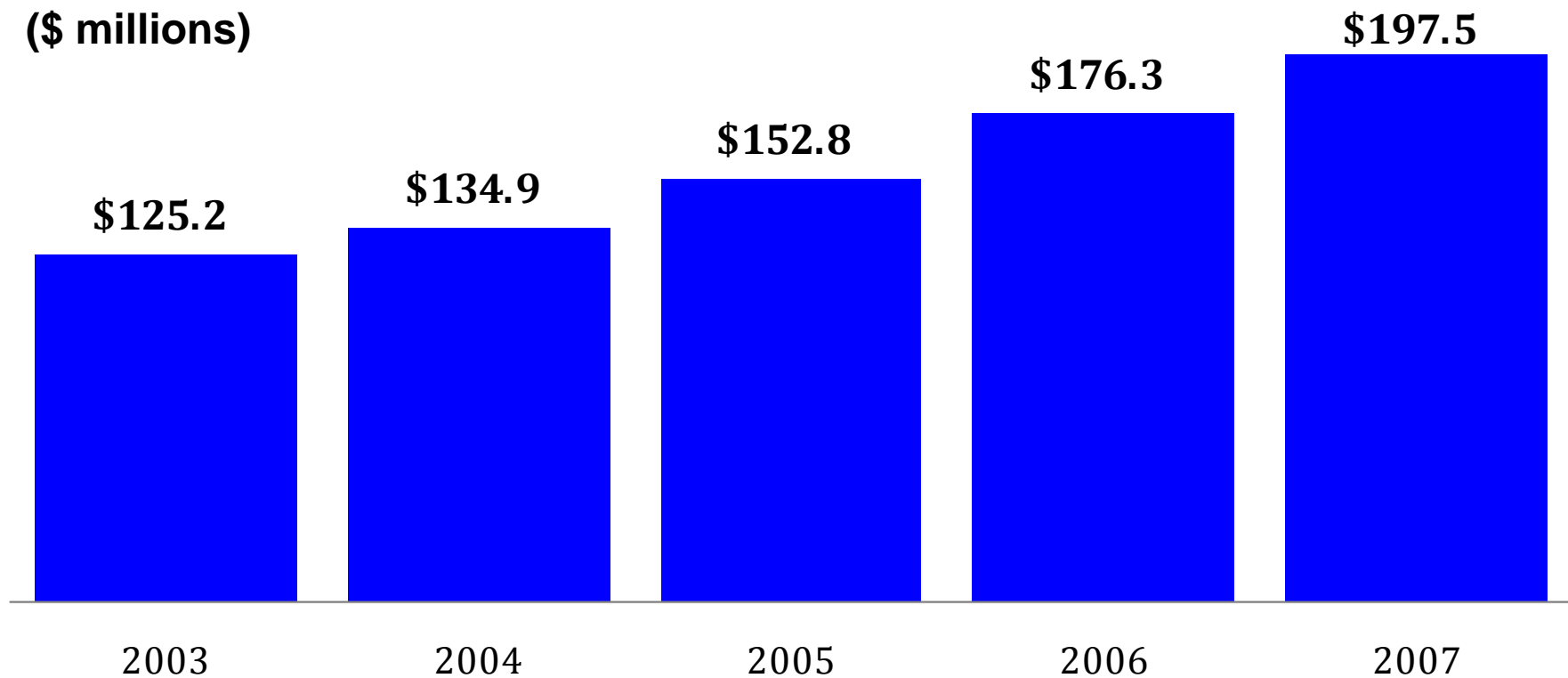
“Investments” in Emerging Brands, International, Corporate Development Activities Impact SG&A And Franchising Margins

Create Opportunities For Incremental Profitable Revenue Growth



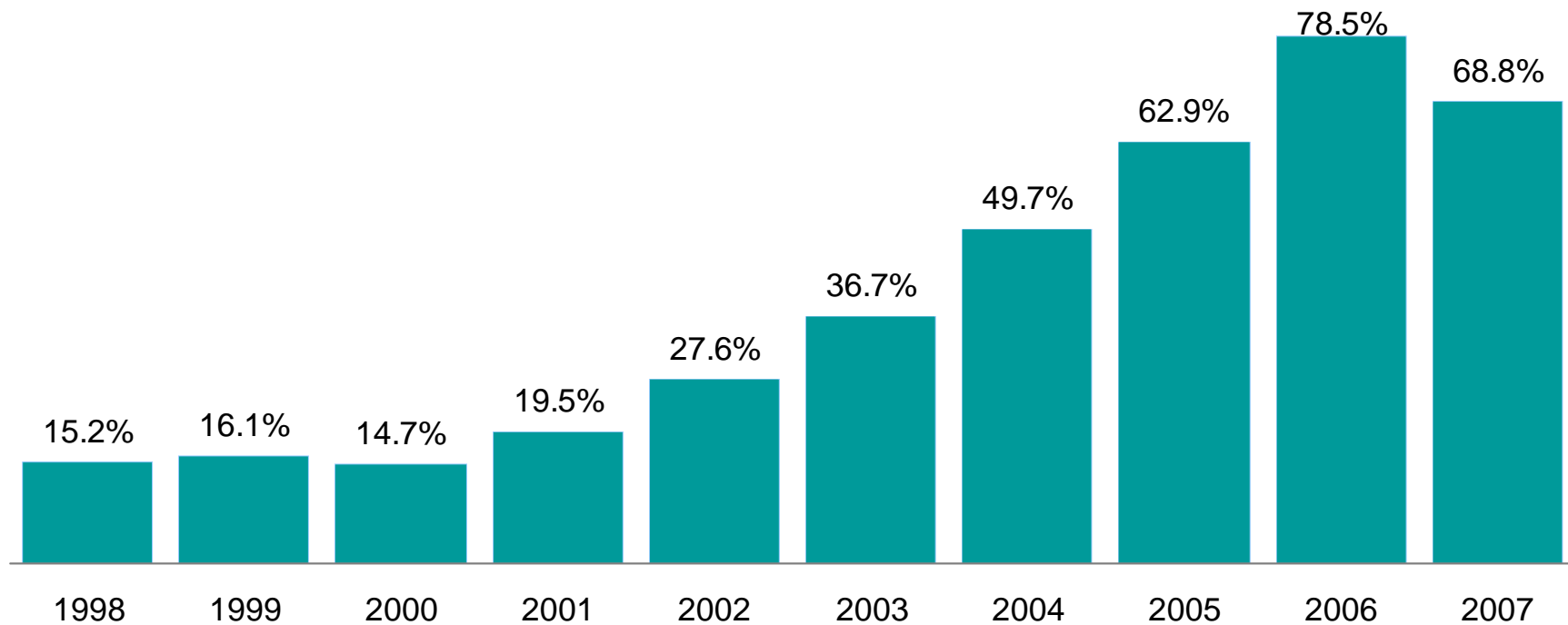
STRONG AND GROWING ADJUSTED EBITDA

(\$ millions)





CAPITAL “LIGHT” MODEL GENERATES STRONG RETURNS ON INVESTED CAPITAL





TRACK RECORD OF STRONG EARNINGS PER SHARE GROWTH

Adjusted Diluted Earnings Per Share





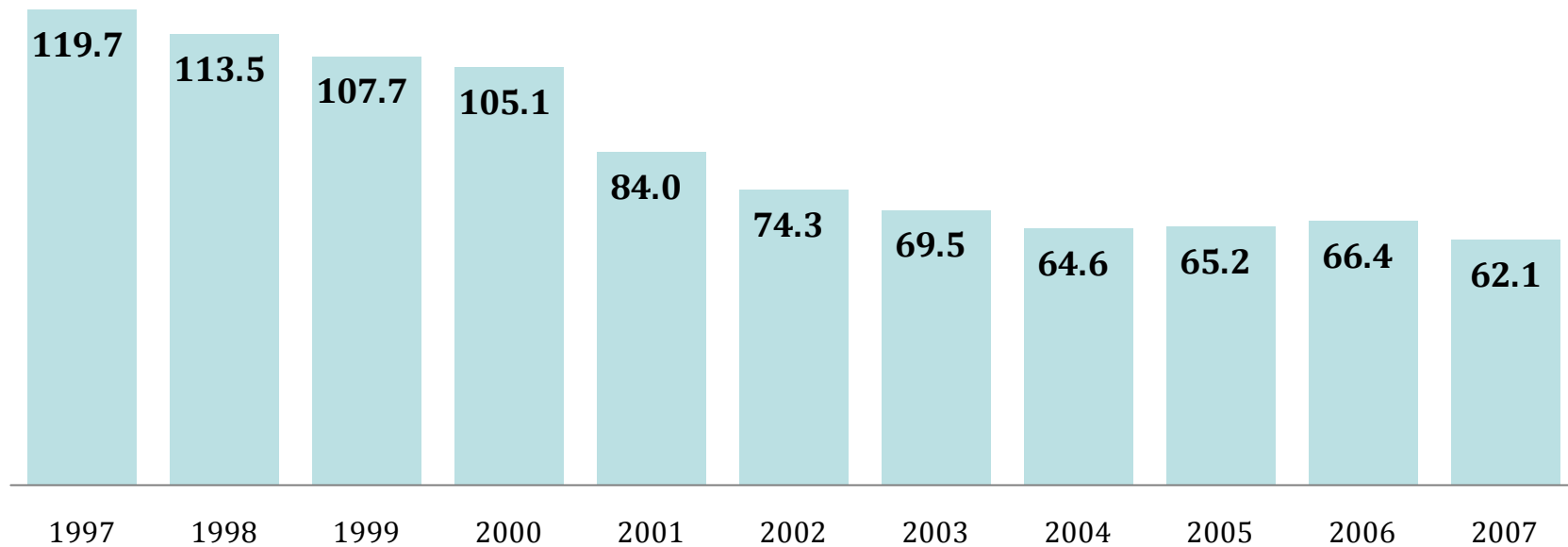
LONG-TERM CAPITAL ALLOCATION AND STRUCTURE PRIORITIES

- Cumulative free cash flows – nearly \$1 billion since 1997
 - Strong, steady free cash flows create opportunities to create value for long-term shareholders
- Maintain optimal debt level over time
 - +/- leverage based on “highest and best use of capital”
 - Investment grade – better pricing / terms, access to capital, demonstrates financial strength to prospective franchisees
- Invest in profitable growth opportunities that leverage core competencies
- Return excess capital to shareholders
 - Strong, steady growing dividends
 - Opportunistic and accretive share repurchases



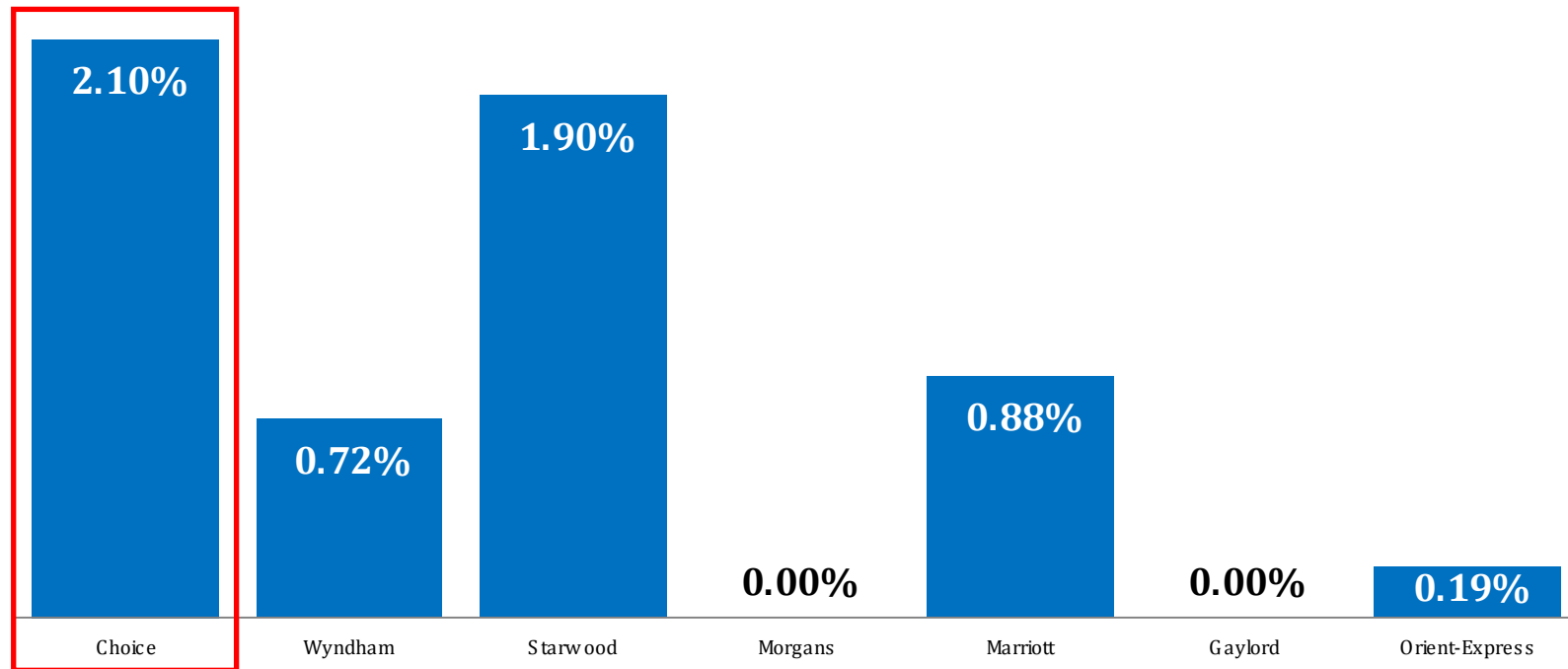
NEARLY 1/2 OF COMMON SHARES REPURCHASED SINCE '97 SPIN-OFF

Common Shares Outstanding (As of December 31)





HIGH DIVIDEND YIELD COMPARED TO OTHER LODGING C-CORPS





ROYALTY FEE “LEVERS”

Domestic Royalty Impact		Estimated Impact on '08 Royalties	Estimated Impact on '08 Diluted EPS ^{1,2}
RevPAR Improvement	1% =	\$2,388,000	\$0.02
	5% =	\$11,940,000	\$0.12
New Franchise Growth	1% (46 units) =	\$2,399,000	\$0.02
	5% (230 units) =	\$11,995,000	\$0.12
Improvement in Royalty Rate	1 bps increase =	\$549,000	\$0.005
	5 bps increase =	\$2,745,000	\$0.03

(1) Assumes outstanding diluted shares of 63,268,204

(2) Assumed tax rate of 37.75%



WHY CHOICE?

- Pure-play lodging franchisor
- Highest returning model in the industry
- Profitable growth in a wide variety of economic conditions and industry cycles
- Substantial size, scale and distribution – difficult to duplicate
- Highly-skilled and experienced management team
- Focused on returning value to shareholders



Appendix

Reconciliation of Non-GAAP Financial Measurements to GAAP



DISCLAIMER

Adjusted franchising margins, adjusted earnings before interest depreciation and amortization (EBITDA), adjusted net income, adjusted diluted earnings per share, franchising revenues, net operating profits after taxes (NOPAT), return on invested capital (ROIC) and free cash flows are non-GAAP financial measurements. These financial measurements are presented as supplemental disclosures because they are used by management in reviewing and analyzing the company's performance. This information should not be considered as an alternative to any measure of performance as promulgated under accounting principles generally accepted in the United States (GAAP), such as operating income, net income, diluted earnings per share, total revenues or net cash provided by operating activities. The calculation of these non-GAAP measures may be different from the calculation by other companies and therefore comparability may be limited. The company has included the following appendix which reconcile these measures to the comparable GAAP measurement.



FRANCHISING REVENUES AND ADJUSTED FRANCHISING MARGINS

(\$ amounts in thousands)	Year Ended December 31, 2007	Year Ended December 31, 2006	Year Ended December 31, 2005	Year Ended December 31, 2004	Year Ended December 31, 2003
Total Revenues	\$ 615,494	\$ 539,903	\$ 472,098	\$ 423,382	\$ 380,357
Adjustments:					
Marketing and Reservation	(316,827)	(273,267)	(237,822)	(215,906)	(189,710)
Product Sales	-	-	-	-	-
Hotel Operations	(4,692)	(4,505)	(4,293)	(3,729)	(3,565)
Franchising Revenues	\$ 293,975	\$ 262,131	\$ 229,983	\$ 203,747	\$ 187,082
Operating Income	\$ 185,199	\$ 166,625	\$ 143,750	\$ 124,983	\$ 113,946
Adjustments					
Hotel Operations	(1,451)	(1,311)	(1,068)	(725)	(842)
Executive Termination Benefits	3,690	-	-	-	-
Product Sales	-	-	-	-	-
Impairment of Friendly Investment	-	-	-	-	-
Net	\$ 187,438	\$ 165,314	\$ 142,682	\$ 124,258	\$ 113,104
Adjusted Franchising Margin	63.8%	63.1%	62.0%	61.0%	60.5%



FRANCHISING REVENUES AND ADJUSTED FRANCHISING MARGINS (CONTINUED)

(\$ amounts in thousands)	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2000	Year Ended December 31, 1999	Year Ended December 31, 1998
Total Revenues	\$ 365,562	\$ 341,428	\$ 352,841	\$ 324,203	\$ 165,474
Adjustments:					
Marketing and Reservation	(190,145)	(168,170)	(185,367)	(162,603)	-
Product Sales	-	-	-	(3,871)	(20,748)
Hotel Operations	(3,331)	(3,215)	(1,249)	-	(1,098)
Franchising Revenues	\$ 172,086	\$ 170,043	\$ 166,225	\$ 157,729	\$ 143,628
Operating Income	\$ 104,700	\$ 73,577	\$ 92,427	\$ 94,170	\$ 85,151
Adjustments					
Hotel Operations	(385)	(714)	(640)	-	35
Executive Termination Benefits	-	-	-	-	-
Product Sales	-	-	-	12	(1,216)
Impairment of Friendly Investment	-	22,713	-	-	-
Net	\$ 104,315	\$ 95,576	\$ 91,787	\$ 94,182	\$ 83,970
Adjusted Franchising Margin	60.6%	56.2%	55.2%	59.7%	58.5%



RETURN ON INVESTED CAPITAL

(\$ in millions)	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
	December 31,	December 31,	December 31,	December 31,	December 31,	December 31,	December 31,	December 31,	December 31,	December 31,
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Operating Income (a)	\$85.2	\$94.2	\$92.4	\$96.3	\$104.7	\$113.9	\$125.0	\$143.8	\$166.6	\$185.2
Tax Rate(a)	41.7%	39.5%	39.0%	35.0%	36.5%	36.1%	35.1%	33.0%	27.4%	36.0%
After-Tax Operating Income	49.7	57.0	56.4	62.6	66.5	72.8	81.1	96.3	121.0	118.5
+ Depreciation & Amortization	6.7	7.7	11.6	12.5	11.3	11.2	9.9	9.1	9.7	8.6
- Maintenance CAPEX	6.7	7.7	11.6	12.5	11.3	11.2	9.9	9.1	9.7	8.6
Net Op. Profit After-tax (NOPAT)	\$49.7	\$57.0	\$56.4	\$62.6	\$66.5	\$72.8	\$81.1	\$96.3	\$121.0	\$118.5
Total Assets	398.2	464.7	484.1	321.2	316.8	267.3	263.4	265.3	303.3	328.4
- Current Liabilities	64.7	88.7	93.8	71.2	84.3	102.2	102.1	120.3	139.8	147.5
Invested Capital	333.6	375.9	390.3	250.0	232.5	165.1	161.3	145.0	163.5	180.9
Return on Average Invested Capital	15.2%	16.1%	14.7%	19.5%	27.6%	36.7%	49.7%	62.9%	78.5%	68.8%

(a) Operating income and tax rate for the year ended December 31, 2001 have been adjusted to exclude the effect of a \$22.7 million impairment charge related the write-off of the company's investment in Friendly Hotels.



FREE CASH FLOWS

(\$ in thousands)	Year Ended December 31, 2007	Year Ended December 31, 2006	Year Ended December 31, 2005	Year Ended December 31, 2004	Year Ended December 31, 2003	Year Ended December 31, 2002
Net Cash Provided by Operating Activities	\$ 146,135	\$ 153,928	\$ 133,588	\$ 108,908	\$ 115,304	\$ 99,018
Net Cash Provided(Used) by Investing Activities	(21,260)	(17,331)	(24,531)	(14,544)	27,784	(14,683)
Free Cash Flows	<u>\$ 124,875</u>	<u>\$ 136,597</u>	<u>\$ 109,057</u>	<u>\$ 94,364</u>	<u>\$ 143,088</u>	<u>\$ 84,335</u>



FREE CASH FLOWS (CONTINUED)

(\$ in thousands)	Year Ended December 31, 2001	Year Ended December 31, 2000	Year Ended December 31, 1999	Year Ended December 31, 1998
Net Cash Provided by Operating Activities	\$ 101,712	\$ 53,879	\$ 65,040	\$ 38,952
Net Cash Provided(Used) by Investing Activities	<u>87,738</u>	<u>(16,617)</u>	<u>(36,031)</u>	<u>(9,056)</u>
Free Cash Flows	<u><u>\$ 189,450</u></u>	<u><u>\$ 37,262</u></u>	<u><u>\$ 29,009</u></u>	<u><u>\$ 29,896</u></u>



ADJUSTED EBITDA

(\$ in thousands)	Year Ended December 31, 2007	Year Ended December 31, 2006	Year Ended December 31, 2005	Year Ended December 31, 2004	Year Ended December 31, 2003
Operating Income	\$ 185,199	\$ 166,625	\$ 143,750	\$ 124,983	\$ 113,946
Adjustments					
Executive Termination Benefits	3,690	-	-	-	-
Product Sales	-	-	-	-	-
Impairment of Friendly investment	-	-	-	-	-
Depreciation and Amortization	8,637	9,705	9,051	9,947	11,225
Adjusted EBITDA	\$ 197,526	\$ 176,330	\$ 152,801	\$ 134,930	\$ 125,171



ADJUSTED EBITDA (CONTINUED)

(\$ in thousands)	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2000	Year Ended December 31, 1999	Year Ended December 31, 1998	Year Ended December 31, 1997
Operating Income	\$ 104,700	\$ 73,577	\$ 92,427	\$ 94,170	\$ 85,151	\$ 77,068
Adjustments						
Executive Termination Benefits	-	-	-	-	-	-
Product Sales	-	-	-	12	(1,216)	(1,037)
Impairment of Friendly investment	-	22,713	-	-	-	-
Depreciation and Amortization	11,251	12,452	11,623	7,687	6,710	9,173
Adjusted EBITDA	\$ 115,951	\$ 108,742	\$ 104,050	\$ 101,869	\$ 90,645	\$ 85,204



ADJUSTED DILUTED EARNINGS PER SHARE

	Year Ended December 31, 2007	Year Ended December 31, 2006	Year Ended December 31, 2005	Year Ended December 31, 2004	Year Ended December 31, 2003
(In thousands, except per share amounts)					
Net Income	\$ 111,301	\$ 112,787	\$ 87,565	\$ 74,345	\$ 71,863
Adjustments:					
Loss(Gain) on Extinguishment of Debt	-	217	-	433	-
Executive Termination Benefits, Net of Taxes	2,310	-	-	-	-
Resolution of Provisions for Income Tax Contingencies	(349)	(12,791)	(4,855)	(1,182)	-
Income Tax Expense Incurred Due to Foreign Earnings Repatriation	-	-	1,192	-	-
Loss(Gain) on Sunburst Note Transactions	-	-	-	-	(3,383)
Impairment of and Equity Losses in Friendly Hotels PLC Investment	-	-	-	-	-
Adjusted Net Income	\$ 113,262	\$ 100,213	\$ 83,902	\$ 73,596	\$ 68,480
Weighted Average Shares Outstanding-Diluted	65,331	67,050	66,336	69,000	73,349
Diluted Earnings Per Share	\$ 1.70	\$ 1.68	\$ 1.32	\$ 1.08	\$ 0.98
Adjustments:					
Loss(Gain) on Extinguishment of Debt	-	-	-	0.01	-
Executive Termination Benefits, Net of Taxes	0.04	-	-	-	-
Resolution of Provisions for Income Tax Contingencies	(0.01)	(0.19)	(0.08)	(0.02)	-
Income Tax Expense Incurred Due to Foreign Earnings Repatriation	-	-	0.02	-	-
Loss(Gain) on Sunburst Note Transactions	-	-	-	-	(0.05)
Impairment of and Equity Losses in Friendly Hotels PLC Investment	-	-	-	-	-
Adjusted Diluted Earnings Per Share (EPS)	\$ 1.73	\$ 1.49	\$ 1.26	\$ 1.07	\$ 0.93



ADJUSTED DILUTED EARNINGS PER SHARE (CONTINUED)

(In thousands, except per share amounts)	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2000	Year Ended December 31, 1999	Year Ended December 31, 1998
Net Income	\$ 60,844	\$ 14,327	\$ 42,445	\$ 57,155	\$ 55,305
Adjustments:					
Loss(Gain) on Extinguishment of Debt	-	-	-	-	(7,232)
Executive Termination Benefits, Net of Taxes	-	-	-	-	-
Resolution of Provisions for Income Tax Contingencies	-	-	-	-	-
Income Tax Expense Incurred Due to Foreign Earnings Repatriation	-	-	-	-	-
Loss(Gain) on Sunburst Note Transactions	-	-	4,721	-	-
Impairment of and Equity Losses in Friendly Hotels PLC Investment	-	37,166	7,532	-	-
Adjusted Net Income	\$ 60,844	\$ 51,493	\$ 54,698	\$ 57,155	\$ 48,073
Weighted Average Shares Outstanding-Diluted	80,114	89,144	106,506	111,334	119,096
Diluted Earnings Per Share	\$ 0.76	\$ 0.16	\$ 0.40	\$ 0.51	\$ 0.46
Adjustments:					
Loss(Gain) on Extinguishment of Debt	-	-	-	-	(0.06)
Executive Termination Benefits, Net of Taxes	-	-	-	-	-
Resolution of Provisions for Income Tax Contingencies	-	-	-	-	-
Income Tax Expense Incurred Due to Foreign Earnings Repatriation	-	-	-	-	-
Loss(Gain) on Sunburst Note Transactions	-	-	0.04	-	-
Impairment of and Equity Losses in Friendly Hotels PLC Investment	-	0.42	0.07	-	-
Adjusted Diluted Earnings Per Share (EPS)	\$ 0.76	\$ 0.58	\$ 0.51	\$ 0.51	\$ 0.40