

carrying value of the properties to their estimated fair value. See the Restructuring Costs and Other Charges footnote. These properties generated sales of \$42 million, \$42 million, and \$37 million and operating profits of \$1 million, \$2 million, and \$2 million in 2001, 2000 and 1999, respectively.

INTANGIBLE ASSETS

	2001	2000
<i>(\$ in millions)</i>		
Management, franchise and license agreements	\$ 847	\$ 861
Goodwill	1,245	1,245
Other	19	7
	2,111	2,113
Accumulated amortization	(347)	(280)
	\$1,764	\$1,833

We amortize intangible assets on a straight-line basis over periods of three to 40 years. Intangible amortization expense totaled \$73 million in 2001, \$64 million in 2000 and \$62 million in 1999.

SHAREHOLDERS' EQUITY

Eight hundred million shares of our Class A Common Stock with a par value of \$.01 per share are authorized. Ten million shares of preferred stock, without par value, are authorized, 200,000 shares have been issued, 100,000 of which are for the Employee Stock Ownership Plan (ESOP) and 100,000 of which are for Capped Convertible Preferred Stock. As of December 28, 2001, 109,223 shares were outstanding, 29,124 of which relate to the ESOP and 80,099 of which are Capped Convertible Preferred Stock.

On March 27, 1998, our Board of Directors adopted a shareholder rights plan under which one preferred stock purchase right was distributed for each share of our Class A Common Stock. Each right entitles the holder to buy 1/1000th of a share of a newly issued series of junior participating preferred stock of the Company at an exercise price of \$175. The rights will be exercisable 10 days after a person or group acquires beneficial ownership of 20 percent or more of our Class A Common Stock, or begins a tender or exchange for 30 percent or more of our Class A Common Stock. Shares owned by a person or group on March 27, 1998, and held continuously thereafter, are exempt for purposes of determining beneficial ownership under the rights plan. The rights are nonvoting and will expire on the tenth anniversary of the adoption of the shareholder rights plan, unless exercised or previously redeemed by us for \$.01 each. If we are involved in a merger or certain other business combinations not approved by the Board of Directors, each right entitles its holder, other than the acquiring person or group, to purchase common stock of either the Company or the acquirer having a value of twice the exercise price of the right.

As of December 28, 2001, we had been authorized by our Board of Directors to repurchase an additional 13.5 million shares of our Class A Common Stock.

During the second quarter of 2000 we established an employee stock ownership plan solely to fund employer contributions to the profit sharing plan. The ESOP acquired 100,000 shares of special-purpose Company convertible preferred stock

(ESOP Preferred Stock) for \$1 billion. The ESOP Preferred Stock has a stated value and liquidation preference of \$10,000 per share, pays a quarterly dividend of 1 percent of the stated value, and is convertible into our Class A Common Stock at any time based on the amount of our contributions to the ESOP and the market price of the common stock on the conversion date, subject to certain caps and a floor price. We hold a note from the ESOP, which is eliminated upon consolidation, for the purchase price of the ESOP Preferred Stock. The shares of ESOP Preferred Stock are pledged as collateral for the repayment of the ESOP's note, and those shares are released from the pledge as principal on the note is repaid. Shares of ESOP Preferred Stock released from the pledge may be redeemed for cash based on the value of the common stock into which those shares may be converted. Principal and interest payments on the ESOP's debt are expected to be forgiven periodically to fund contributions to the ESOP and release shares of ESOP Preferred Stock. Unearned ESOP shares are reflected within shareholders' equity and are amortized as shares of ESOP Preferred Stock are released and cash is allocated to employees' accounts. The fair market value of the unearned ESOP shares at December 28, 2001 and December 29, 2000, was \$263 million and \$676 million, respectively.

Accumulated other comprehensive income of \$50 million and \$44 million at December 28, 2001 and December 29, 2000, respectively, consists primarily of foreign currency translation adjustments.

INCOME TAXES

Total deferred tax assets and liabilities as of December 28, 2001 and December 29, 2000, were as follows:

	2001	2000
<i>(\$ in millions)</i>		
Deferred tax assets	\$ 481	\$ 471
Deferred tax liabilities	(353)	(399)
Net deferred taxes	\$ 128	\$ 72

The tax effect of each type of temporary difference and carryforward that gives rise to a significant portion of deferred tax assets and liabilities as of December 28, 2001, and December 29, 2000, were as follows:

	2001	2000
<i>(\$ in millions)</i>		
Self-insurance	\$ 50	\$ 65
Employee benefits	162	169
Deferred income	35	45
Other reserves	52	13
Frequent guest program	58	65
Timeshare operations	(28)	(33)
Property, equipment and intangible assets	(157)	(213)
Other, net	(44)	(39)
Net deferred taxes	\$ 128	\$ 72

At December 28, 2001, we had approximately \$34 million of tax credits that expire through 2021.

We have made no provision for U.S. income taxes, or additional foreign taxes, on the cumulative unremitted earnings of