

Choice Hotels Reports Full-Year 2007 Diluted EPS of \$1.70; Domestic Unit Growth of 5.6%

New Domestic Hotel Franchise Contracts Up 7% To A Record 770 For Full-Year 2007

PRNewswire-FirstCall
SILVER SPRING, Md.

Choice Hotels International, Inc., today reported the following highlights for the fourth quarter and full-year 2007:

- Diluted earnings per share ("EPS") for full-year 2007 were \$1.70 compared to \$1.68 for full-year 2006. Diluted EPS for fourth quarter 2007 were \$0.44, a 19% increase compared to \$0.37 for the same period in 2006. Full-year 2007 results include termination benefits expense totaling \$3.7 million (approximately \$0.04 diluted EPS) resulting from previously announced separations of certain executive officers.
- Adjusted diluted EPS for full-year 2007 were \$1.70, a 14% increase compared to adjusted diluted EPS of \$1.49 for full-year 2006. Adjusted diluted EPS for fourth quarter 2007 were \$0.44, a 22% increase compared to adjusted diluted EPS of \$0.36 for the same period of 2006. Adjusted diluted earnings per share exclude reductions of income tax expense related to reversal of income tax contingency provisions of approximately \$0.01 and \$0.19 per share for the fourth quarter and full-year 2006, respectively.
- Operating income increased 11% to \$185.2 million for full-year 2007, compared to \$166.6 million in the same period of the prior year. Operating income for fourth quarter 2007 increased 21% to \$48.1 million compared to \$39.9 million for fourth quarter 2006.
- Earnings before interest, taxes and depreciation ("EBITDA") for full-year 2007 increased 10% to \$193.8 million from \$176.3 million in 2006. EBITDA for fourth quarter 2007 was \$50.3 million, an increase of 19% compared to \$42.3 million for fourth quarter 2006.
- Franchising revenues and total revenues increased 12% and 14%, respectively for full-year 2007 compared to the same period in 2006. Franchising revenues increased 14% and total revenues increased 19% for fourth quarter 2007 compared to the same period of 2006.
- Franchising margins for full-year 2007 were 62.5% compared to 63.1% for the same period of 2006. Franchising margins for full-year 2007 reflect the impact of \$3.7 million of termination benefits for certain executive officers and the commencement of direct franchising operations in continental Europe.
- Domestic unit growth increased 5.6 percent for full-year 2007.
- Domestic system-wide revenue per available room (RevPAR) increased 4.0% for full-year 2007 and 4.7% for fourth quarter 2007 compared to the same periods in 2006. Domestic RevPAR for the company's mid-scale without food and beverage brands (Comfort Inn, Comfort Suites and Sleep Inn), which represent approximately half of the company's domestic rooms online, increased 5.2% for both full-year and fourth quarter 2007.
- New domestic hotel franchise contracts for full-year 2007 increased 7% to a record 770. Fourth quarter new domestic hotel franchise contracts increased 13% to 301 compared to fourth quarter 2006.
- The number of domestic hotels under construction, awaiting conversion or approved for development increased 17% to 1,004 hotels representing 79,342 rooms; the worldwide pipeline increased 18% to 1,093 hotels representing 87,982 rooms.

"2007 was another very strong year for the company, as we continued to successfully execute our strategy of profitably growing our franchise system and domestic market share of branded hotel rooms,"

said Charles A. Ledsinger, Jr., vice chairman and chief executive officer. "We achieved another record year for new domestic hotel franchise contract sales, which highlights our ability to attract owners to our family of ten powerful brands by leveraging our size, scale, and distribution to deliver guests and create opportunities for our franchisees to achieve exceptional returns on their investment."

Items Affecting Comparability

Fourth Quarter 2006 Acquisition of Continental Europe Franchising Operations

During the fourth quarter of 2006, the company terminated the master franchising agreement covering continental Europe and acquired the direct franchising operations in this region from the former master franchisor. As a result of the acquisition, franchising revenues and selling, general and administrative costs for the three months ended December 31, 2007 increased approximately \$0.5 million and \$0.7 million, respectively, compared to fourth quarter 2006. Franchising revenues and selling, general and administrative costs for the full-year 2007 increased approximately \$3.3 million and \$3.3 million, respectively, compared to the same period in 2006.

Outlook for 2008

The company's first quarter 2008 diluted EPS is expected to be \$0.26. The company expects full year 2008 diluted EPS of \$1.87. Earnings before interest, taxes, depreciation and amortization ("EBITDA") for full-year 2008 is expected to be approximately \$207 million. These estimates include the following assumptions.

- The company expects net domestic unit growth of approximately 5% in 2008;
- RevPAR is expected to increase approximately 2% for first quarter 2008 and approximately 3% for full-year 2008;
- The effective royalty rate is expected to increase 4 basis points for full-year 2008;
- All figures assume the existing share count and an effective tax rate of 36% for first quarter 2008 and 36.5% for full-year 2008

Use of Free Cash Flow

The company has consistently used its free cash flow (cash flow from operations less capital expenditures) generated from its operations to return value to shareholders, primarily through share repurchases and dividends.

For the year ended December 31, 2007, the company paid \$40.1 million of cash dividends to shareholders. The annual dividend rate per common share is \$0.68.

For the three months ended December 31, 2007, the company purchased approximately 0.8 million shares of its common stock at an average price of \$36.16 for a total cost of \$28.7 million under its share repurchase program.

For the year ended December 31, 2007, the company purchased approximately 4.9 million shares of its common stock at an average price of \$37.47 for a total cost of \$184 million. At December 31, 2007, the company had authorization to purchase up to an additional 3.2 million shares under the share repurchase program. Repurchases will continue to be made in the open market and through privately negotiated transactions subject to market and other conditions. No minimum number of shares has been fixed. Since Choice announced its stock repurchase program on June 25, 1998, the company has repurchased 38.6 million shares of its common stock for a total cost of \$895.9 million through December 31, 2007. Considering the effect of a two-for-one stock split in October 2005, the company has repurchased 71.5 million shares under the share repurchase program at an average price of \$12.52 per share.

The company expects to continue to return value to its shareholders through a combination of share repurchases and dividends, subject to market and other conditions.

Conference Call

Choice will conduct a conference call on Wednesday February 13, 2008 at 9:30 a.m. EST to discuss the company's fourth quarter and full-year results. The call-in number to listen to the call is 1-800-230-1092. International callers should dial 612-332-0107. The conference call also will be Web cast simultaneously via the company's Web site, www.choicehotels.com. Interested investors and other parties wishing to access the call on the Web should go to the Web site and click on the Investor Info link. The Investor Information page will feature a conference call microphone icon to access the call.

The audio of the call will be archived and available on www.choicehotels.com beginning at 11:30 a.m. EST on February 13 and will be available through March 13 by calling 1-800-475-6701, access code 905026. International callers should dial 320-365-3844 and enter access code 905026.

About Choice Hotels

Choice Hotels International franchises more than 5,500 hotels, representing more than 450,000 rooms, in the United States and 37 countries and territories. As of December 31, 2007, 1,004 hotels are under development in the United States, representing 79,342 rooms, and an additional 89 hotels, representing 8,640 rooms, are under development in more than 15 countries and territories. The company's Comfort Inn, Comfort Suites, Quality, Sleep Inn, Clarion, Cambria Suites, MainStay Suites, Suburban Extended Stay Hotel, Econo Lodge and Rodeway Inn brands serve guests worldwide.

Additional corporate information may be found on Choice Hotels Web site, which may be accessed at www.choicehotels.com.

Forward-Looking Statements

Certain matters discussed in this press release 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 press release. 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, 2006, filed with the Securities and Exchange Commission on March 1, 2007. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Statement Concerning Non-GAAP Financial Measurements

Franchising revenues, franchising margins, adjusted diluted EPS and EBITDA 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 total revenues, operating margins, diluted EPS and operating income. The company's calculation of these measurements may be different from the calculation used by other companies and therefore comparability may be limited. The company has included an exhibit accompanying this release that reconciles these measures to the comparable GAAP measurement.

Choice Hotels International, Inc. Exhibit 1
 Consolidated Statements of Income
 (Unaudited)

Three Months Ended December 31,
 Variance

2007 2006 \$ %

(In thousands, except per share amounts)

REVENUES:

Royalty fees	\$60,623	\$54,271	\$6,352	12%
Initial franchise and relicensing fees	11,907	9,530	2,377	25%
Brand solutions	3,680	3,092	588	19%
Marketing and reservation	89,963	73,098	16,865	23%
Hotel operations	1,207	1,163	44	4%
Other	1,595	1,345	250	19%
Total revenues	168,975	142,499	26,476	19%

OPERATING EXPENSES:

Selling, general and administrative	27,855	26,316	1,539	6%
Depreciation and amortization	2,227	2,370	(143)	(6%)
Marketing and reservation	89,963	73,098	16,865	23%
Hotel operations	839	829	10	1%
Total operating expenses	120,884	102,613	18,271	18%

Operating income 48,091 39,886 8,205 21%

OTHER INCOME AND EXPENSES:

Interest expense	4,087	2,807	1,280	46%
Interest and other investment (income) loss	1,106	(942)	2,048	(217%)
Equity in net income of affiliates	(393)	(315)	(78)	25%
Loss on extinguishment of debt	-	-	-	NM
Total other income and expenses, net	4,800	1,550	3,250	210%

Income before income taxes 43,291 38,336 4,955 13%
 Income taxes 15,344 13,707 1,637 12%
 Net income \$27,947 \$24,629 \$3,318 13%

Weighted average shares outstanding-
 basic 62,086 65,728

Weighted average shares outstanding-
 diluted 63,109 67,171

Basic earnings per share \$0.45 \$0.37 \$0.08 22%

Diluted earnings per share \$0.44 \$0.37 \$0.07 19%

Twelve Months Ended December 31,
 Variance

2007 2006 \$ %

(In thousands, except per share amounts)

REVENUES:

Royalty fees	\$236,346	\$211,645	\$24,701	12%
Initial franchise and relicensing fees	33,389	29,629	3,760	13%
Brand solutions	16,283	13,945	2,338	17%
Marketing and reservation	316,827	273,267	43,560	16%
Hotel operations	4,692	4,505	187	4%
Other	7,957	6,912	1,045	15%
Total revenues	615,494	539,903	75,591	14%

OPERATING EXPENSES:

Selling, general and administrative	101,590	87,112	14,478	17%
Depreciation and amortization	8,637	9,705	(1,068)	(11%)
Marketing and reservation	316,827	273,267	43,560	16%
Hotel operations	3,241	3,194	47	1%
Total operating expenses	430,295	373,278	57,017	15%

Operating income 185,199 166,625 18,574 11%

OTHER INCOME AND EXPENSES:

Interest expense	14,293	14,098	195	1%
Interest and other investment (income) loss	(1,750)	(2,041)	291	(14%)
Equity in net income of affiliates	(1,230)	(1,052)	(178)	17%
Loss on extinguishment of debt	-	342	(342)	(100%)
Total other income and expenses, net	11,313	11,347	(34)	(0%)

Income before income taxes	173,886	155,278	18,608	12%
Income taxes	62,585	42,491	20,094	47%
Net income	\$111,301	\$112,787	\$(1,486)	(1%)

Weighted average shares outstanding-
basic 64,213 65,387

Weighted average shares outstanding-
diluted 65,331 67,050

Basic earnings per share \$1.73 \$1.72 \$0.01 1%

Diluted earnings per share \$1.70 \$1.68 \$0.02 1%

Choice Hotels International, Inc. Exhibit 2
Consolidated Balance Sheets

(In thousands, except per share amounts)

December 31, December 31,
2007 2006
(Unaudited)

ASSETS

Cash and cash equivalents	\$46,377	\$35,841
Accounts receivable, net	40,855	41,694
Deferred income taxes	2,387	1,790
Investments, employee benefit plans, at fair value	1,002	-
Other current assets	15,330	7,757
Total current assets	105,951	87,082

Fixed assets and intangibles, net	141,679	144,124
Receivable -- marketing fees	6,782	6,662
Investments, employee benefit plans, at fair value	33,488	31,529
Other assets	40,484	33,912
Total assets	\$328,384	\$303,309

LIABILITIES AND SHAREHOLDERS' DEFICIT

Current portion of long-term debt	\$-	\$146
Other current liabilities	147,516	139,645
Total current liabilities	147,516	139,791
Long-term debt	272,378	172,390
Deferred compensation & retirement plan obligations	43,132	40,101
Other liabilities	22,419	13,407
Total liabilities	485,445	365,689
Common stock, \$0.01 par value	621	664
Additional paid-in-capital	86,243	81,689
Accumulated other comprehensive income (loss)	346	(772)
Treasury stock, at cost	(798,110)	(627,311)
Retained earnings	553,839	483,350
Total shareholders' deficit	(157,061)	(62,380)
Total liabilities and shareholders' deficit	\$328,384	\$303,309

Choice Hotels International, Inc. Exhibit 3
Consolidated Statements of Cash Flows
(Unaudited)

(In thousands) Twelve Months Ended December 31,

2007 2006
CASH FLOWS FROM OPERATING ACTIVITIES:

Net income	\$111,301	\$112,787
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	8,637	9,705
Provision for bad debts	905	(163)
Non-cash stock compensation and other charges	11,392	10,644
Non-cash interest and other (income) loss	29	(1,576)
Loss on extinguishment of debt	-	342
Dividends received from equity method investees	1,245	1,095
Equity in net income of affiliates	(1,230)	(1,052)

Changes in assets and liabilities, net of acquisitions:

Receivables	671	(3,007)
Receivable - marketing and reservation fees, net	11,997	19,049
Accounts payable	13,466	6,888
Accrued expenses and other	(5,364)	(7,631)
Income taxes payable/receivable	(5,395)	2,857
Deferred income taxes	(7,651)	(17,214)
Deferred revenue	1,493	15,036
Other assets	(2,559)	(1,724)
Other liabilities	7,198	7,892

NET CASH PROVIDED BY OPERATING ACTIVITIES 146,135 153,928

CASH FLOWS FROM INVESTING ACTIVITIES:

Investment in property and equipment	(11,963)	(7,707)
Acquisitions, net of cash acquired	(343)	(826)
Purchases of investments, employee benefit plans	(8,686)	(10,515)
Proceeds from sales of investments, employee benefit plans	6,049	3,728
Issuance of notes receivable	(7,395)	(2,433)
Collections of notes receivable	1,806	868
Other items, net	(728)	(446)

NET CASH USED IN INVESTING ACTIVITIES (21,260) (17,331)

CASH FLOWS FROM FINANCING ACTIVITIES:

Principal payments of long-term debt	(422)	(146)
Net borrowings (repayments) pursuant to revolving credit facility	100,199	(101,500)
Debt issuance costs	-	(477)
Excess tax benefits from stock-based compensation	6,209	12,699
Purchase of treasury stock	(185,935)	(1,365)
Dividends paid	(40,139)	(35,386)
Proceeds from exercise of stock options	5,749	8,498

NET CASH USED IN FINANCING ACTIVITIES (114,339) (117,677)

Net change in cash and cash equivalents	10,536	18,920
Cash and cash equivalents at beginning of period	35,841	16,921

CASH AND CASH EQUIVALENTS AT END OF PERIOD \$46,377 \$35,841

CHOICE HOTELS INTERNATIONAL, INC. Exhibit 4
 SUPPLEMENTAL OPERATING INFORMATION
 DOMESTIC HOTEL SYSTEM
 (UNAUDITED)

For the Twelve Months Ended
 December 31, 2007

Average Daily
 Rate Occupancy RevPAR

Comfort Inn	\$77.14	63.1%	\$48.70	
Comfort Suites	87.23	65.5%	57.11	
Sleep	69.67	62.5%	43.52	
Midscale without Food & Beverage		78.23	63.5%	49.70
Quality	70.30	54.2%	38.09	
Clarion	80.86	51.7%	41.79	
Midscale with Food & Beverage		72.74	53.6%	38.97
Econo Lodge	54.40	48.0%	26.10	
Rodeway	53.24	47.6%	25.32	
Economy	54.14	47.9%	25.93	
MainStay	70.04	68.5%	47.98	
Suburban	40.13	67.3%	27.01	
Extended Stay	47.10	67.6%	31.83	
Total	\$72.07	57.9%	\$41.75	

For the Twelve Months Ended
 December 31, 2006

Average Daily
 Rate Occupancy RevPAR

Comfort Inn	\$73.08	63.0%	\$46.06	
Comfort Suites	82.93	67.0%	55.59	
Sleep	66.44	62.4%	41.43	
Midscale without Food & Beverage		74.18	63.7%	47.26
Quality	66.89	55.3%	37.01	
Clarion	78.98	51.2%	40.41	
Midscale with Food & Beverage		69.76	54.3%	37.87
Econo Lodge	53.09	47.7%	25.31	
Rodeway	51.66	45.8%	23.66	
Economy	52.83	47.3%	24.99	
MainStay	67.26	69.4%	46.66	

Suburban	38.30	72.4%	27.73
Extended Stay	43.81	71.8%	31.46
Total	\$68.71	58.4%	\$40.13

Change

	Average Daily			
	Rate	Occupancy	RevPAR	
Comfort Inn	5.6%	10 bps	5.7%	
Comfort Suites	5.2%	(150)bps	2.7%	
Sleep	4.9%	10 bps	5.0%	
Midscale without Food & Beverage		5.5%	(20)bps	5.2%
Quality	5.1%	(110)bps	2.9%	
Clarion	2.4%	50 bps	3.4%	
Midscale with Food & Beverage		4.3%	(70)bps	2.9%
Econo Lodge	2.5%	30 bps	3.1%	
Rodeway	3.1%	180 bps	7.0%	
Economy	2.5%	60 bps	3.8%	
MainStay	4.1%	(90)bps	2.8%	
Suburban	4.8%	(510)bps	(2.6%)	
Extended Stay	7.5%	(420)bps	1.2%	
Total	4.9%	(50)bps	4.0%	

For the Three Months Ended
December 31, 2007

	Average Daily			
	Rate	Occupancy	RevPAR	
Comfort Inn	\$77.45	63.9%	\$49.47	
Comfort Suites	86.32	64.1%	55.29	
Sleep	70.10	61.4%	43.03	
Midscale without Food & Beverage		78.31	63.5%	49.76
Quality	69.86	53.4%	37.28	
Clarion	82.27	52.3%	43.04	
Midscale with Food & Beverage		72.68	53.1%	38.61
Econo Lodge	54.33	47.7%	25.89	
Rodeway	52.17	46.7%	24.37	
Economy	53.82	47.4%	25.52	
MainStay	70.40	70.7%	49.77	
Suburban	40.65	64.6%	26.24	
Extended Stay	48.50	66.1%	32.04	
Total	\$72.16	57.6%	\$41.58	

For the Three Months Ended
December 31, 2006

	Average Daily			
	Rate	Occupancy	RevPAR	
Comfort Inn	\$73.14	63.5%	\$46.46	
Comfort Suites	82.35	66.1%	54.42	
Sleep	66.04	62.5%	41.29	
Midscale without Food & Beverage		74.04	63.9%	47.30
Quality	65.79	54.6%	35.89	
Clarion	78.38	51.0%	39.98	
Midscale with Food & Beverage		68.79	53.7%	36.91
Econo Lodge	52.74	47.6%	25.10	
Rodeway	49.79	43.4%	21.61	
Economy	52.18	46.7%	24.38	

MainStay	66.91	72.8%	48.74
Suburban	38.16	67.7%	25.82
Extended Stay	44.47	68.7%	30.57
Total	\$68.40	58.0%	\$39.70

Change

	Average Daily Rate	Occupancy	RevPAR	
Comfort Inn	5.9%	40 bps	6.5%	
Comfort Suites	4.8%	(200)bps	1.6%	
Sleep	6.1%	(110)bps	4.2%	
Midscale without Food & Beverage	5.8%	(40)bps	5.2%	
Quality	6.2%	(120)bps	3.9%	
Clarion	5.0%	130 bps	7.7%	
Midscale with Food & Beverage	5.7%	(60)bps	4.6%	
Econo Lodge	3.0%	10 bps	3.1%	
Rodeway	4.8%	330 bps	12.8%	
Economy	3.1%	70 bps	4.7%	
MainStay	5.2%	(210)bps	2.1%	
Suburban	6.5%	(310)bps	1.6%	
Extended Stay	9.1%	(260)bps	4.8%	
Total	5.5%	(40)bps	4.7%	

For the Quarter Ended
12/31/2007 12/31/2006

System-wide effective royalty rate 4.15% 4.12%

For the Twelve Months Ended
12/31/2007 12/31/2006

System-wide effective royalty rate 4.14% 4.09%

CHOICE HOTELS INTERNATIONAL, INC. Exhibit 5
SUPPLEMENTAL HOTEL AND ROOM SUPPLY DATA
(UNAUDITED)

December 31, 2007 December 31, 2006

	Hotels	Rooms	Hotels	Rooms
Comfort Inn	1,434	112,042	1,415	110,877
Comfort Suites	481	37,358	433	33,976
Sleep	346	25,728	327	24,575
Midscale without Food & Beverage	2,261	175,128	2,175	169,428
Quality	828	79,276	736	72,054
Clarion	167	23,319	162	23,945
Midscale with Food & Beverage	995	102,595	898	95,999
Econo Lodge	825	50,403	816	49,679
Rodeway	276	16,523	233	14,168
Economy	1,101	66,926	1,049	63,847
MainStay	30	2,258	29	2,183
Suburban	54	6,773	60	7,984
Extended Stay	84	9,031	89	10,167
Cambria Suites	4	459	-	-
Domestic Franchises	4,445	354,139	4,211	339,441
International Franchises	1,125	97,888	1,165	97,944

Total Franchises 5,570 452,027 5,376 437,385

Variance

	Hotels	Rooms	%	%	
Comfort Inn	19	1,165	1.3%	1.1%	
Comfort Suites	48	3,382	11.1%	10.0%	
Sleep	19	1,153	5.8%	4.7%	
Midscale without Food & Beverage	86	5,700	4.0%	3.4%	
Quality	92	7,222	12.5%	10.0%	
Clarion	5	(626)	3.1%	(2.6%)	
Midscale with Food & Beverage	97	6,596	10.8%	6.9%	
Econo Lodge	9	724	1.1%	1.5%	
Rodeway	43	2,355	18.5%	16.6%	
Economy	52	3,079	5.0%	4.8%	
MainStay	1	75	3.4%	3.4%	
Suburban	(6)	(1,211)	(10.0%)	(15.2%)	
Extended Stay	(5)	(1,136)	(5.6%)	(11.2%)	
Cambria Suites	4	459	NM	NM	
Domestic Franchises	234	14,698	5.6%	4.3%	
International Franchises	(40)	(56)	(3.4%)	(0.1%)	
Total Franchises	194	14,642	3.6%	3.3%	

CHOICE HOTELS INTERNATIONAL, INC. Exhibit 6
 SUPPLEMENTAL INFORMATION BY BRAND
 DEVELOPMENT RESULTS -- DOMESTIC NEW HOTEL CONTRACTS
 (UNAUDITED)

For the Twelve Months Ended
 December 31, 2007

	New Construction	Conversion	Total
Comfort Inn	48	62	110
Comfort Suites	114	4	118
Sleep	71	1	72
Midscale without Food & Beverage		233	67
Quality	11	153	164
Clarion	6	42	48
Midscale with Food & Beverage		17	195
Econo Lodge	3	77	80
Rodeway	2	99	101
Economy	5	176	181
MainStay	22	2	24
Suburban	21	3	24
Extended Stay	43	5	48
Cambria Suites	29	-	29
Total Domestic System		327	443
			770

For the Twelve Months Ended
 December 31, 2006

	New Construction	Conversion	Total
Comfort Inn	67	65	132

Comfort Suites	98	3	101	
Sleep	58	1	59	
Midscale without Food & Beverage		223	69	292
Quality	6	143	149	
Clarion	2	26	28	
Midscale with Food & Beverage		8	169	177
Econo Lodge	1	80	81	
Rodeway	3	105	108	
Economy	4 -	185 -	189	
MainStay	9	1	10	
Suburban	14	8	22	
Extended Stay	23	9	32	
Cambria Suites	30	-	30	
Total Domestic System	288	432	720	

% Change

	New		Total	
	Construction	Conversion		
Comfort Inn	(28%)	(5%)	(17%)	
Comfort Suites	16%	33%	17%	
Sleep	22%	0%	22%	
Midscale without Food & Beverage		4%	(3%)	3%
Quality	83%	7%	10%	
Clarion	200%	62%	71%	
Midscale with Food & Beverage		113%	15%	20%
Econo Lodge	200%	(4%)	(1%)	
Rodeway	(33%)	(6%)	(6%)	
Economy	25%	(5%)	(4%)	
MainStay	144%	100%	140%	
Suburban	50%	(63%)	9%	
Extended Stay	87%	(44%)	50%	
Cambria Suites	(3%)	NM	(3%)	
Total Domestic System	14%	3%	7%	

For the Three Months Ended
December 31, 2007

	New		Total	
	Construction	Conversion		
Comfort Inn	22	30	52	
Comfort Suites	36	-	36	
Sleep	38	-	38	
Midscale without Food & Beverage		96	30	126
Quality	4	57	61	
Clarion	1	14	15	
Midscale with Food & Beverage		5	71	76
Econo Lodge	-	27	27	
Rodeway	-	37	37	
Economy	-	64	64	
MainStay	12	1	13	
Suburban	11	-	11	
Extended Stay	23	1	24	
Cambria Suites	11	-	11	
Total Domestic System	135	166	301	

For the Three Months Ended
December 31, 2006

	New			
	Construction	Conversion	Total	
Comfort Inn	29	22	51	
Comfort Suites	43	-	43	
Sleep	31	-	31	
Midscale without Food & Beverage		103	22	125
Quality	1	43	44	
Clarion	1	4	5	
Midscale with Food & Beverage		2	47	49
Econo Lodge	1	37	38	
Rodeway	1	32	33	
Economy	2	69	71	
MainStay	4	-	4	
Suburban	5	3	8	
Extended Stay	9	3	12	
Cambria Suites	10	-	10	
Total Domestic System	126	141	267	

% Change

	New			
	Construction	Conversion	Total	
Comfort Inn	(24%)	36%	2%	
Comfort Suites	(16%)	NM	(16%)	
Sleep	23%	NM	23%	
Midscale without Food & Beverage		(7%)	36%	1%
Quality	300%	33%	39%	
Clarion	0%	250%	200%	
Midscale with Food & Beverage		150%	51%	55%
Econo Lodge	(100%)	(27%)	(29%)	
Rodeway	(100%)	16%	12%	
Economy	(100%)	(7%)	(10%)	
MainStay	200%	NM	225%	
Suburban	120%	(100%)	38%	
Extended Stay	156%	(67%)	100%	
Cambria Suites	10%	NM	10%	
Total Domestic System	7%	18%	13%	

CHOICE HOTELS INTERNATIONAL, INC. Exhibit 7
DOMESTIC HOTEL PIPELINE OF HOTELS UNDER CONSTRUCTION,
AWAITING CONVERSION OR APPROVED FOR DEVELOPMENT
(UNAUDITED)

A hotel in the domestic pipeline does not always result in an open and operating hotel due to various factors.

December 31, 2007
Units

	New			
	Conversion	Construction	Total	
Comfort Inn	54	135	189	
Comfort Suites	1	278	279	
Sleep Inn	-	138	138	
Midscale without Food & Beverage		55	551	606

Quality	71	15	86	
Clarion	30	7	37	
Midscale with Food & Beverage		101	22	123
Econo Lodge	46	3	49	
Rodeway	68	3	71	
Economy	114	6	120	
MainStay	2	46	48	
Suburban	4	40	44	
Extended Stay	6	86	92	
Cambria Suites	-	63	63	
	276	728	1,004	

December 31, 2006
Units

New
Conversion Construction Total

Comfort Inn	56	124	180	
Comfort Suites	3	233	236	
Sleep Inn	-	123	123	
Midscale without Food & Beverage		59	480	539
Quality	76	10	86	
Clarion	11	4	15	
Midscale with Food & Beverage		87	14	101
Econo Lodge	41	5	46	
Rodeway	66	3	69	
Economy	107	8	115	
MainStay	-	33	33	
Suburban	5	24	29	
Extended Stay	5	57	62	
Cambria Suites	-	43	43	
	258	602	860	

Variance

Conversion New Construction
Units % Units %

Comfort Inn	(2)	(4%)	11	9%	
Comfort Suites	(2)	(67%)	45	19%	
Sleep Inn	-	NM	15	12%	
Midscale without Food & Beverage		(4)	(7%)	71	15%
Quality	(5)	(7%)	5	50%	
Clarion	19	173%	3	75%	
Midscale with Food & Beverage		14	16%	8	57%
Econo Lodge	5	12%	(2)	(40%)	
Rodeway	2	3%	-	0%	
Economy	7	7%	(2)	(25%)	
MainStay	2	NM	13	39%	
Suburban	(1)	(20%)	16	67%	
Extended Stay	1	20%	29	51%	
Cambria Suites	-	NM	20	47%	
	18	7%	126	21%	

Variance

	Total Units	%	
Comfort Inn	9	5%	
Comfort Suites	43	18%	
Sleep Inn	15	12%	
Midscale without Food & Beverage	67	12%	
Quality	-	0%	
Clarion	22	147%	
Midscale with Food & Beverage	22	22%	
Econo Lodge	3	7%	
Rodeway	2	3%	
Economy	5	4%	
MainStay	15	45%	
Suburban	15	52%	
Extended Stay	30	48%	
Cambria Suites	20	47%	
	144	17%	

CHOICE HOTELS INTERNATIONAL, INC.
SUPPLEMENTAL NON-GAAP FINANCIAL INFORMATION
(UNAUDITED)

CALCULATION OF FRANCHISING REVENUES AND FRANCHISING MARGINS

	Three Months Ended		Twelve Months Ended	
(dollar amounts in thousands)	December 31,		December 31,	
	2007	2006	2007*	2006
Franchising Revenues:				
Total Revenues	\$168,975	\$142,499	\$615,494	\$539,903
Adjustments:				
Marketing and reservation revenues	(89,963)	(73,098)	(316,827)	(273,267)
Hotel Operations	(1,207)	(1,163)	(4,692)	(4,505)
Franchising Revenues	\$77,805	\$68,238	\$293,975	\$262,131
Franchising Margins:				
Operating Margin:				
Total Revenues	\$168,975	\$142,499	\$615,494	\$539,903
Operating Income	\$48,091	\$39,886	\$185,199	\$166,625
Operating Margin	28.5%	28.0%	30.1%	30.9%
Franchising Margin:				
Franchising Revenues	\$77,805	\$68,238	\$293,975	\$262,131
Operating Income	\$48,091	\$39,886	\$185,199	\$166,625
Less: Hotel Operations	368	334	1,451	1,311
	\$47,723	\$39,552	\$183,748	\$165,314
Franchising Margins	61.3%	58.0%	62.5%	63.1%

CALCULATION OF ADJUSTED NET INCOME AND ADJUSTED DILUTED EARNINGS PER SHARE (EPS)

(In thousands, except per share amounts)	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2007	2006	2007*	2006
Net Income	\$27,947	\$24,629	\$111,301	\$112,787
Adjustments:				
Reversal of Provisions for				

Income Tax					
Contingencies/Unrecognized					
Tax Benefits	(48)	(210)	(349)	(12,791)	
Adjusted Net Income	\$27,899	\$24,419	\$110,952	\$99,996	

Weighted average shares					
outstanding-diluted	63,109	67,171	65,331	67,050	

Diluted Earnings Per Share	\$0.44	\$0.37	\$1.70	\$1.68	
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Adjustments:

Reversal of Provisions for					
Income Tax					
Contingencies/Unrecognized					
Tax Benefits	-	(0.01)	-	(0.19)	

Adjusted Diluted Earnings Per					
Share (EPS)	\$0.44	\$0.36	\$1.70	\$1.49	

EBITDA Reconciliation

(in millions)

	Year Ended	Year Ended	Full-		
	December	December	Year		
	Q4 2007	Q4 2006	31, 2007	31, 2006	2008
	Actuals	Actuals	Actuals*	Actuals	Outlook
Operating Income	\$48.1	\$39.9	\$185.2	\$166.6	\$196.9
Depreciation and					
amortization	2.2	2.4	8.6	9.7	10.1
Earnings before interest,					
taxes, depreciation &					
amortization	\$50.3	\$42.3	\$193.8	\$176.3	\$207.0

* Year ended December 31, 2007 franchising margins, operating income and EBITDA include approximately \$3.7 million of severance costs related to the previously announced termination of certain executive officers.

Cambria Suites, Comfort Inn, Comfort Suites, Quality, Clarion, Sleep Inn, MainStay Suites, Suburban Extended Stay Hotel, Econo Lodge, and Rodeway Inn are proprietary trademarks and service marks of Choice Hotels International, Inc.

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Web site: <http://www.choicehotels.com/>

<https://stage.mediaroom.com/choicehotels/2008-02-12-Choice-Hotels-Reports-Full-Year-2007-Diluted-EPS-of-1-70-Domestic-Unit-Growth-of-5-6>