



LETTER TO SHAREHOLDERS



J.W. Marriott, Jr.

Executive Chairman and Chairman of the Board

Arne M. Sorenson

President and Chief Executive Officer

Dear Shareholders,

2015 was a great year for Marriott International. Diluted earnings per share totaled \$3.15, an increase of 24 percent over the prior year. Adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA) rose 13 percent to \$1.7 billion. In 2015, adjusted operating income margin increased to 47 percent, a 5 percentage point improvement over 2014, and return on invested capital reached a record 49 percent.¹

Revenue Per Available Room (RevPAR) for the company's comparable systemwide properties increased just over 5 percent in 2015 on a constant dollar basis, and average daily rates rose 4 percent. In North America, systemwide RevPAR also grew more than 5 percent while occupancy reached a record 74 percent.

More than 28 percent of our worldwide gross room nights booked in 2015 came through our digital platforms Marriott.com and Marriott Mobile. These platforms not only deliver the finest service to our guests, they are also our most cost-effective booking channels. Our new Marriott Mobile app alone exceeded \$1 billion in gross bookings in 2015.

¹ Adjusted EBITDA, adjusted operating income margin, and return on invested capital are "non-GAAP financial measures." See ["Adjusted Earnings Before Interest Expense, Taxes, Depreciation and Amortization \("Adjusted EBITDA"\)"](#) and ["Non-GAAP Financial Measures"](#) for an explanation of why we believe these financial measures are meaningful and reconciliations of these measures to the most directly comparable measures under generally accepted accounting principles..

Marriott Rewards®, our award-winning guest loyalty program, and The Ritz-Carlton Rewards® program, together comprised nearly 55 million members, accounting for more than half of our room nights worldwide.

At year-end 2015, our worldwide development pipeline totaled 1,663 properties with more than 270,000 rooms, including nearly 600 properties with roughly 97,000 rooms under construction and over 160 properties with approximately 27,000 rooms approved for development, but not yet signed. Given our strong pipeline and anticipated development opportunities, we expect new hotel openings to accelerate over the next few years.

We returned \$2.2 billion to our shareholders through share repurchases and dividends during 2015, and over the past five years, have returned nearly \$8 billion. We remain committed to our asset-light management and franchise strategy, which should continue to yield significant cash returns to stockholders over time.

“Our company is more global than ever. In 2015, approximately one-third of our hotel room openings were outside North America.”

At the date of this letter, we are working to complete our previously announced acquisition of Starwood Hotels & Resorts Worldwide. We believe the combined company would offer our stockholders terrific long-term value through a larger global footprint, wider choice of brands for consumers and improved economics to our owners and franchisees, which we expect will lead to greater global growth and strong returns. While we can't assure you that this acquisition will be completed, as always, we have great confidence in our company and are as excited today as we have ever been about our future. For the latest about the planned Starwood acquisition visit www.marriott.com/investor.

Record-Setting Growth

In 2015, we added 300 hotels or nearly 52,000 rooms worldwide, including 7,300 rooms converted from competitor brands and 9,600 rooms associated with our acquisition of Delta Hotels and Resorts®, expanding our system to a record 759,000 rooms. Our development group had an outstanding year, signing new contracts for a record 104,000 rooms, including the first U.S. Delta hotel, which opened in December in Orlando. We expect that our owners and franchisees will invest more than \$15 billion on the newly signed projects that should open over the next several years.

Our company is more global than ever. In 2015, approximately one-third of our hotel room openings were outside North America.

In our Asia Pacific region, we opened 22 hotels with 6,500 rooms in 2015 as we entered new markets such as Macau, Taipei, and Mandapa, Indonesia. And more rooms are coming. Our Asia Pacific development pipeline totaled 273 hotels and approximately 73,000 rooms at year-end 2015. Early in 2016, we announced our partnership with Eastern Crown Hotels, one of China's fastest growing lodging groups, which will bring the “FairfieldSM by Marriott[®]” brand to mainland China. The introduction of the Fairfield brand is a significant milestone in our strategic plan to expand rapidly across a broad spectrum of price tiers and locations across the country. Fairfield will be our 10th lodging brand in the region. Under the agreement, we expect to sign 140 hotels in five years, and we anticipate that 100 of those will open by 2021.

In addition to unit growth, our hotels in the Asia Pacific region continue to grow RevPAR ahead of their direct competitors while improving guest preference. Marriott Rewards membership in the region has increased nearly 170 percent in the past five years. In 2015, we joined forces with Alitrip, the leading online

booking source in Asia, to make it easier than ever for travelers to book hotel rooms online and on their mobile phones.

“Marriott’s distinguished brand lineup, the broadest in the industry, drives our distribution.”

Our hotel portfolio’s room inventory is available to Alitrip users through a directly operated online flagship store, a first for a major global hotel chain.

We completed the integration of South Africa’s leading hotel group, Protea Hotels®, in 2015 following our acquisition of the brand in 2014. Today we are the largest hotel operator in Africa and continue to accelerate our growth and solidify our leadership position in the dynamic and growing African hotel market. In fact, we signed our first Marriott Hotels® brand property in the region in 2015 in Johannesburg, South Africa. By 2020, we expect our brands, including the Protea brand, will expand from 10 African countries to 16, adding an additional 32 properties across eight brands.

In Europe, our newest brand, Moxy Hotels®, already has 38 hotels and approximately 8,000 rooms in its development pipeline, joining our other rapidly growing brands. We expect to reach 150,000 signed or opened rooms in Europe by 2020, a substantial increase from the 40,000 rooms in our system in 2010.

In the United States, we opened over 24,000 rooms in 2015 and ended the year with a 27 percent share of the under-construction industry rooms, more than any other hotel company. Many of our new rooms in the U.S. are in our limited-service brands, developed by franchisees that both know our products and are excited about our new brand offerings.

Marriott’s distinguished brand lineup, the broadest in the industry, drives our distribution. In the last six

years, we’ve introduced seven brands to our portfolio, including AC Hotels by Marriott®, Autograph Collection® Hotels, Delta Hotels and Resorts, EDITION®, Gaylord Hotels®, Moxy Hotels and Protea Hotels. Together, these newest brands represent 16 percent of our worldwide development pipeline.

Marriott’s luxury and lifestyle portfolio, including EDITION, The Ritz-Carlton®, JW Marriott®, Autograph Collection Hotels, Renaissance® Hotels, AC Hotels and Moxy Hotels, is focused on millennials and millennial-minded travelers, guests who are used to working, staying and playing how and where they want. Our 10,000-square-foot Innovation Lab, located in our headquarters building, is helping us to create solutions that elevate, innovate and evolve our guest experience. This forward-thinking was an important factor in *Forbes* magazine naming us as one of the World’s Most Innovative Companies in 2015, the highest ranked hospitality company so recognized.

“We continue to focus on new hotel development that can provide sustainable economic activity and local employment, particularly in emerging markets where tourism is a major driver of new jobs and economic growth.”

Early in 2015, we opened The New York EDITION in midtown Manhattan. Customers are excited about this luxury lifestyle brand and 11 more EDITION properties are in our development pipeline. Marriott’s Autograph Collection, a portfolio of iconic, independent properties, launched in 2010 and already has 95 hotels across four continents, with 2015 openings including Cotton House Hotel in Barcelona, The Press Hotel in Portland, Maine, and Domes of Elounda in Greece. AC Hotels has more than 80 hotels worldwide and opened four new properties in 2015 in North America, including a stylish new property in Miami Beach. Our first Moxy in North America opened

in Tempe, Arizona, in March 2016 and we expect the Moxy New Orleans to open in April 2016. Located near the French Quarter, this will be the first of our hotels with keyless entry. In 2015, we signed nearly 60 AC Hotels and Moxy deals combined.

“Around the world, nearly 2 billion smart devices are currently in use. Marriott is investing in effective marketing and social media platforms to deliver what those users want and to connect with them as they travel.”

We continue to focus on new hotel development that can provide sustainable economic activity and local employment, particularly in emerging markets where tourism is a major driver of new jobs and economic growth. In Haiti, we and our owner-partner developed an environmentally friendly hotel in Port-au-Prince that is providing much-needed jobs to Haitian residents and a much-needed destination drawing more visitors to that nation.

We expect that our Kigali Marriott Hotel in Rwanda will open in 2016 and will be the largest hotel in that country. We intend to help fuel the Rwandan travel industry and are currently training young women for professional hotel careers through our partnership with Rwandan-based Akilah Institute for Women.

Responsible hotel and resource management creates economic opportunities and is a positive force for the environment. We set enterprise-wide environmental goals in 2008 ranging from efforts to conserve natural resources to engaging our associates and guests. We've made significant progress since then including reducing water intensity by more than 22 percent, well ahead of our 2020 goal. In addition, we built the first LEED® (Leadership in Energy and Environmental Design) certified hotel in North America in 2005, and have built more LEED hotels than any other hospitality company worldwide, with over 50 hotels certified by the U.S. Green Building Council. Today, we are in the process of updating our social and environmental

goals to make them wider-reaching and even more ambitious. We look forward to sharing more about our plans with you.

Our Future: Mobile, Movies, Meetings and More

Around the world, nearly 2 billion smart devices are currently in use. Marriott is investing in effective marketing and social media platforms to deliver what those users want and to connect with them as they travel. We were the first hotel company to offer mobile check-in and checkout across our full portfolio. In 2015 we started an initiative to communicate the power of our portfolio and the benefits of Marriott Rewards membership by showcasing the experiences our brands offer around the globe. Highlights included the Millionth Mobile Check-in, “It Pays to Book Direct™” and “Now That’s Rewarding” campaigns.

In 2015, in conjunction with the launch of Apple Watch®, we became the first global hospitality company to offer Apple Pay, another step in a series of innovative mobile and digital travel services that are enabling our guests to engage more deeply and more often with us.

Marriott launched a global marketing partnership with Universal Music Group in 2015. The partnership allows Marriott Rewards members to pursue their passion for music and travel with VIP access to exclusive performances by established and emerging recording artists, music downloads, ticket offers and more.

Marriott Content Studio, dedicated to engaging guests through digital content, released two highly successful original short films in 2015 in a multiplatform, all-screens distribution strategy. The films, *Two Bellmen* and *French Kiss*, feature the JW Marriott and Marriott Hotels brands. We have already released two films in 2016 – *Two Bellmen Two* and *Business Unusual*, both receiving rave reviews. To date, our films have collectively engaged more than 25 million YouTube views. You can watch them at www.youtube.com/marriott.

“Each interaction with one of our brands is designed to delight guests, create memories, and build brand loyalty.”

Our flagship brand, Marriott Hotels, turned up the innovation dial in 2015 with the introduction of “VRoom Service,” a first-of-its-kind guest service, created in collaboration with Samsung Electronics America that allows guests to order inspiring virtual reality experiences in their rooms. Guests staying at a growing number of Marriott Hotels properties around the world can also catch up on their favorite shows on Netflix by using the Netflix app on the hotel's Internet-connected guest room televisions. Marriott Hotels is also testing new mobile services that will let guests review their room folio in real time and make service requests before and during their stay.

We host thousands of meetings each year and in 2015 we launched an industry first, Meetings Imagined,SM a new set of tools to help any planner design and manage the perfect meeting experience. Planners are giving the tool high marks.

The bottom line: We are investing in the technology our customers want, specifically mobile, and ensuring the Wi-Fi at our properties meets the demands of today's tech-savvy consumer. This will lead to even better guest experiences, increase our appeal and boost our relevance, preference and revenue.

We believe that “success is never final,” and across the board our company is living this philosophy as we look for new and innovative ways to take care of our guests. We have a longstanding reputation for excellent customer service. We put people first and maintain high standards in every aspect of our business, from ethics and human rights, to environmental and social sustainability to diversity and inclusion. We are proud to be recognized by organizations like FORTUNE® and by Great Place to Work® and its World's Best Multinational Workplaces

for our commitment to our guests and associates. Our leadership team continues to find ways for our company to be its very best ... ensuring value for all of our stakeholders.

Each interaction with one of our brands is designed to delight guests, create memories, and build brand loyalty. Whether it's a potential partnership that benefits a community or creating opportunities for the best associates in the business, great things happen when Marriott gets involved.

We have tremendous strengths as a company, not the least of which is our associates. We haven't gotten to where we are without the tireless work of everyone at Marriott, with our team's focus on building our business and serving our customers every day. That really is what it's all about ... delighting even more guests wherever we have hotels.

So, wherever you travel, we'll be there to welcome you at one of our many exciting hotels around the world. Wishing you great travel experiences!



J.W. “Bill” Marriott, Jr.

Executive Chairman and Chairman of the Board




Arne M. Sorenson

President and CEO

March 30, 2016

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