

Letter to Shareholders



Arne M. Sorenson
President and Chief Executive Officer

J.W. Marriott Jr.
Executive Chairman and Chairman of the Board

Dear Fellow Investors,

Throughout Marriott International's long and successful history, our most important and enduring principle has remained the same: We put people first, whether it's our associates, our guests, our hotel owners, our shareholders, or the people who live in the communities in which we operate. Our commitment to this principle helped us deliver what is arguably the best year in Marriott's more than 90-year history.

In 2017, we delivered strong financial results, gained market share, opened a record number of new rooms, increased our worldwide pipeline of hotels under development, and ended the year with more than 6,500 properties in 30 leading hotel brands spanning

127 countries and territories. We made significant progress on our Starwood Hotels & Resorts integration to fully leverage our portfolio of global brands and our combined loyalty programs, while achieving significant cost savings. At the same time, we continued to innovate at every level on behalf of our guests.

2017 by the Numbers

Our financial performance in 2017 was exceptional. Adjusted diluted earnings per share totaled \$4.36, a 32 percent increase over the full-year 2016 combined results. Adjusted earnings before interest, taxes, depreciation, and amortization rose 8 percent to \$3.2 billion.*

*Adjusted full-year 2017 results exclude merger-related adjustments, the gain on the disposition of the company's ownership interest in Avendra and the provisional tax charge resulting from the U.S. Tax Cuts and Jobs Act of 2017. Combined full-year 2016 results assume Marriott's acquisition of Starwood and Starwood's sale of its timeshare business had been completed on January 1, 2015. Please see page 95 for further information on these financial measures, including a reconciliation of adjusted financial measures to the corresponding generally accepted accounting principles (GAAP) measures.

Worldwide systemwide revenue per available room (RevPAR) increased 3 percent in 2017 and occupancy reached 73 percent. Our worldwide RevPAR Index, a measure of comparable hotel market share, increased modestly. Marriott returned \$3.5 billion to shareholders in 2017 through share repurchases and dividends and Marriott's average stock price rose nearly 45 percent.

Together with owners and franchisees, Marriott opened more than 470 hotels with over 76,000 rooms during 2017 – driving our worldwide distribution up by more than 5 percent, net, to nearly 1.3 million rooms.

We ended the year with a record 460,000 rooms in the development pipeline, with over half located outside of North America. Industry data shows that Marriott brands represented 7 percent of worldwide room supply, but an impressive 22 percent of hotels under construction.

Enrollment in our combined loyalty programs spiked after the Starwood acquisition and continued at a rapid pace. By the end of 2017, our combined loyalty programs had nearly 110 million members, the largest loyalty programs in hospitality today.

Our integration of Starwood continued to provide benefits in terms of cost savings, from combined global sales, to common human resources and financial systems, to streamlined procurement programs for our owners. We've made great progress on realizing general and administrative cost savings and expect to reach our goal of \$250 million of savings in 2018.

Innovating for the Future of Travel

While the outstanding results of 2017 are deeply gratifying, our continued success requires us to innovate at every level to meet the needs of increasingly demanding and sophisticated travelers in a rapidly changing market with new disruptive competitors.

Among our many efforts, Marriott is focused on building partnerships and developing the technology to deliver immersive, personalized experiences on a mass scale. Last year, we invested in PlacePass, which will let our guests choose from more than 100,000 local experiences in 800 destinations worldwide. We launched a partnership with China's Alibaba aimed to provide a problem-free travel experience – from planning to booking to activities – for the burgeoning Chinese travel market.

We continue to innovate with initiatives created to help elevate and personalize the guest experience. For example, the Internet of Things (IoT) Guestroom Lab, at our corporate headquarters, explores giving each guest a unique experience. By using mobile and voice-enabled technology, the guest has the ability to set up the room to best meet their needs – whether that is creating the ultimate relaxation environment or one that enables productivity for the business traveler. We also launched the Travel Experience Incubator Challenge together with Accenture and 1776, a leading global incubator and network for startups. The Travel Experience Incubator is designed to discover and foster startups working on innovative technologies and solutions to improve travel. Through the Challenge, startups developed solutions using data and technology, with a goal of increasing customer connectedness and enhancing travel experiences.

We're applying this innovative spirit to our combined loyalty programs as well. This year, in partnership with JPMorgan Chase and American Express, we expect to offer co-branded credit cards that will provide new benefits to loyalty members. We are also working to unify Marriott Rewards and Starwood Preferred Guest (SPG) into one loyalty program that will allow our members to earn and redeem points across the portfolio as well as earn benefits to recognize and reward their allegiance to our brands.

We are also partnering with the World Economic Forum, Accenture, and others in a public-private collaboration. This ambitious project, called Known Traveler Digital Identity, will employ biometrics and other data to create a verifiable, unique, secure digital identity for “known” travelers. This framework should provide a seamless, virtually hassle-free travel experience around the world as we anticipate 1.8 billion international trips to be taken annually by 2030.

Doing Good

Putting people first also means putting our communities and environments first. We saw this core value at work throughout 2017 when our associates sprang into action to help those stricken by a multitude of natural disasters.

To deepen this commitment, last year we launched our new sustainability and social impact platform, which we call *Serve 360: Doing Good In Every Direction*, to guide how we make a sustainable and positive impact wherever we do business. Marriott has embarked on ambitious sustainability goals for 2025, including cutting our carbon emissions by 30 percent and food waste by 50 percent. We are embedding human rights criteria in recruitment and sourcing, and we’re on course to be the first in our industry to have 100 percent of hotel associates trained to spot signs of human trafficking. In addition, we expect that our associates will contribute 15 million volunteer hours by 2025. For us, how we do business is as important as the business we do.

Why We Win

Day in and day out, Marriott thrives by staying focused on associates, guests, owners, and results. Our culture empowers associates to exceed expectations

and build careers. Our 30 brands offer something for everyone. We are delivering unique experiences, leveraging design, new technologies, exceptional customer service, and modern amenities that speak to today’s traveler. For owners, our strong brands, efficient systems, and best-in-class loyalty programs fuel hotel performance, enabling our hotels to deliver great economic returns and outperform competitors. We have longstanding relationships with our owners, who are even more excited to come back again and again to develop new hotels or convert existing hotels to one of our leading brands.

But as our founder, J. Willard Marriott Sr., always said, our success is ultimately due to the talent and efforts of the more than 700,000 people who wear a Marriott name badge worldwide, and who everyday work to delight our guests.

We are excited to welcome you soon.



J.W. “Bill” Marriott Jr.

Executive Chairman and Chairman of the Board



Arne M. Sorenson

President and Chief Executive Officer

March 21, 2018

Follow Bill Marriott’s blog at MarriottOnTheMove.com
Follow Arne Sorenson on [LinkedIn](#).