

MARRIOTT INTERNATIONAL INC /MD/

Form S-4/A

January 27, 2016

[Table of Contents](#)

As filed with the Securities and Exchange Commission on January 27, 2016

Registration No. 333-208684

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

AMENDMENT NO. 1  
TO  
FORM S-4  
REGISTRATION STATEMENT  
*UNDER*  
*THE SECURITIES ACT OF 1933*

MARRIOTT INTERNATIONAL, INC.

(Exact name of Registrant as specified in its charter)

<b>Delaware</b> <b>(State or other jurisdiction of</b>	<b>7011</b> <b>(Primary Standard Industrial</b>	<b>52-2055918</b> <b>(I.R.S. Employer</b>
<b>incorporation or organization)</b>	<b>Classification Code Number)</b> <b>10400 Fernwood Road</b>	<b>Identification Number)</b>

**Bethesda, Maryland 20817**

**(301) 380-3000**

**(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)**

**Edward A. Ryan, Esq.**

**Executive Vice President and General Counsel**

**Marriott International, Inc.**

**10400 Fernwood Road**

**Bethesda, Maryland 20817**

**(301) 380-6979**

**(Name, address, including zip code, and telephone number, including area code, of agent for service)**

*Copies to:*

**Stephen I. Glover, Esq.**

**Kenneth S. Siegel, Esq.**

**Scott A. Barshay, Esq.**

**Jonathan L. Corsico, Esq.**

**Chief Administrative Officer and General  
Counsel**

**Damien R. Zoubek, Esq.**

**Gibson, Dunn & Crutcher LLP**

**Starwood Hotels & Resorts Worldwide, Inc.**

**O. Keith Hallam, III, Esq.**

**1050 Connecticut Avenue, N.W.**

**One StarPoint**

**Cravath, Swaine & Moore LLP**

**Washington, D.C. 20036**

**Stamford, Connecticut 06902**

**Worldwide Plaza**

**(202) 955-8500**

**(203) 964-6000**

**825 Eighth Avenue**

**New York, New York  
10019-7475**

**(212) 474-1000**

**Approximate date of commencement of proposed sale to the public:** As soon as practicable after the effectiveness of this registration statement and the satisfaction or waiver of all other conditions to the closing of the merger described herein.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

**Table of Contents**

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission acting pursuant to said Section 8(a), may determine.**

**Table of Contents**

**The information in this joint proxy statement/prospectus is not complete and may be changed. Marriott International, Inc. may not sell the securities offered by this joint proxy statement/prospectus until the registration statement filed with the Securities and Exchange Commission, of which the joint proxy statement/prospectus is a part, is declared effective. This joint proxy statement/prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction where an offer, solicitation or sale is not permitted.**

**PRELIMINARY SUBJECT TO COMPLETION DATED JANUARY 27, 2016**

**PROPOSED BUSINESS COMBINATION YOUR VOTE IS VERY IMPORTANT**

Starwood Hotels & Resorts Worldwide, Inc. ( Starwood ) and Marriott International, Inc. ( Marriott ) have entered into an Agreement and Plan of Merger, dated as of November 15, 2015 (the merger agreement ), providing for the acquisition of Starwood by Marriott through a series of business combinations (the Combination Transactions ). After the completion of the Combination Transactions, Starwood will be an indirect wholly owned subsidiary of Marriott.

If the Combination Transactions are completed, Starwood stockholders will receive 0.920 shares (the exchange ratio ) of Marriott Class A Common Stock ( Marriott common stock ) and \$2.00 in cash, without interest (together with the Marriott common stock to be received by Starwood stockholders, the merger consideration ), for each share of Starwood common stock that they own. The exchange ratio is fixed and will not be adjusted to reflect stock price changes before the completion of the Combination Transactions. Based on the closing price of Marriott common stock of \$72.74 on November 13, 2015, the last trading day before public announcement of the merger agreement, the merger consideration represented an implied value of \$68.92 per share of Starwood common stock. Based on the closing price of Marriott common stock of \$ on , 2016, the latest practicable date before the printing of this joint proxy statement/prospectus, the merger consideration represented an implied value of \$ per share of Starwood common stock.

Starwood stockholders will separately receive consideration from the previously announced spin-off of Starwood s vacation ownership business Vistana Signature Experiences, Inc. ( Vistana, such business, the Vistana business and such spin-off, the Vistana spin-off ), and Vistana s subsequent merger with a wholly owned subsidiary of Interval Leisure Group, Inc. ( ILG and such transactions, the Vistana-ILG transactions ). The completion of the Vistana spin-off or, if the Vistana-ILG transactions are not consummated, the completion of another spin-off, split-off or analogous distribution of Vistana or the sale of Vistana by Starwood, is a condition to the closing of the Combination Transactions. Starwood has entered into definitive agreements relating to the Vistana-ILG transactions. Accordingly, Marriott will not acquire Vistana in connection with the Combination Transactions. For more information about Vistana, the Vistana business, the Vistana-ILG transactions and the consideration Starwood stockholders will receive, see the Registration Statement on Form S-4 (registration number 333-208567), as amended or supplemented from time to time, filed with the Securities and Exchange Commission by ILG on December 15, 2015.

The value of the merger consideration will fluctuate with the market price of Marriott common stock. Starwood common stock is currently traded on the New York Stock Exchange (the NYSE ) under the symbol HOT and Marriott common stock is currently traded on the NASDAQ Global Select Market ( NASDAQ ) and the Chicago Stock Exchange under the symbol MAR. **We urge you to obtain current market quotations for Starwood common stock and Marriott common stock before you determine how to vote on the proposals set forth in this joint proxy statement/prospectus.**

Starwood and Marriott will each hold special meetings of their respective stockholders in connection with the proposed Combination Transactions. **Your vote is very important; please submit a proxy to vote your shares as promptly as possible so that your shares may be represented and voted at the Starwood or Marriott special meeting, as applicable. The Starwood board of directors unanimously recommends that Starwood stockholders vote FOR each of the proposals being submitted to a vote of Starwood stockholders at the Starwood special meeting. The Marriott board of directors unanimously recommends that Marriott stockholders vote FOR each of the proposals being submitted to a vote of Marriott stockholders at the Marriott special meeting.**

**Table of Contents**

The accompanying joint proxy statement/prospectus contains detailed information about Starwood, Marriott, the special meetings, the merger agreement and the Combination Transactions. **You should read this joint proxy statement/prospectus carefully and in its entirety before voting, including the section entitled Risk Factors beginning on page 31.** We look forward to the successful combination of Starwood and Marriott.

Sincerely,

Arne M. Sorenson

President and Chief Executive Officer

Marriott International, Inc.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this joint proxy statement/prospectus or determined if this joint proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

Thomas B. Mangas

Chief Executive Officer

Starwood Hotels & Resorts Worldwide, Inc.

**This joint proxy statement/prospectus is dated \_\_\_\_\_, 2016 and is first being mailed to Starwood and Marriott stockholders on or about \_\_\_\_\_, 2016.**

Table of Contents

**Starwood Hotels & Resorts Worldwide, Inc.**

**One StarPoint**

**Stamford, Connecticut 06902**

**(203) 964-6000**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON \_\_\_\_\_, 2016**

To the Stockholders of Starwood Hotels & Resorts Worldwide, Inc.:

A special meeting of stockholders (the Starwood special meeting ) of Starwood Hotels & Resorts Worldwide, Inc., a Maryland corporation ( Starwood ), will be held at \_\_\_\_\_ local time on \_\_\_\_\_, 2016 at \_\_\_\_\_, for the following purposes:

to consider and vote on the proposal to approve the transactions contemplated by the Agreement and Plan of Merger, dated as of November 15, 2015 (the merger agreement ), by and among Starwood, Marriott International, Inc., a Delaware corporation ( Marriott ), Solar Merger Sub 1, Inc., a wholly owned direct subsidiary of Starwood ( Holdco ), Solar Merger Sub 2, Inc., a wholly owned direct subsidiary of Holdco ( Starwood Merger Sub ), Mars Merger Sub, Inc., a wholly owned direct subsidiary of Marriott ( Marriott Corporate Merger Sub ), and Mars Merger Sub, LLC, a wholly owned direct subsidiary of Marriott ( Marriott LLC Merger Sub ), a copy of which is included as Annex A to the joint proxy statement/prospectus of which this notice is a part. Those transactions include the merger of Starwood Merger Sub with and into Starwood, with Starwood continuing as the surviving corporation and a wholly owned subsidiary of Holdco (the Starwood Merger ), and the merger of Marriott Corporate Merger Sub with and into Holdco, with Holdco continuing as the surviving corporation and a wholly owned subsidiary of Marriott (the Initial Holdco Merger ), under which Starwood stockholders will receive 0.920 shares of Marriott common stock (the exchange ratio ) and \$2.00 in cash, without interest, for each share of Starwood common stock that they own immediately before the Combination Transactions (which we refer to as the Starwood combination transactions proposal ); and

to consider and vote on the proposal to approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to Starwood's named executive officers in connection with the Combination Transactions, as described in the accompanying joint proxy statement/prospectus of which this notice is a part (which we refer to as the Starwood advisory compensation proposal ).

Starwood will transact no other business at the special meeting except such business as may properly be brought before the special meeting or any adjournment or postponement thereof. Please refer to the joint proxy



statement/prospectus of which this notice is a part for further information on the business to be transacted at the Starwood special meeting.

**The Starwood board of directors ( Starwood s Board ) has unanimously approved the Combination Transactions and the merger agreement and determined that the merger agreement and the transactions contemplated thereby, including the Combination Transactions, are advisable and in the best interests of Starwood and its stockholders. Starwood s Board unanimously recommends that Starwood stockholders vote FOR each of the proposals being submitted to a vote of Starwood stockholders at the Starwood special meeting.**

**Table of Contents**

Starwood's Board has fixed the close of business on \_\_\_\_\_, 2016 as the record date for determining Starwood stockholders entitled to receive notice of, and to vote at, the Starwood special meeting or any adjournments or postponements thereof. Only holders of record of Starwood common stock at the close of business on the record date are entitled to receive notice of, and to vote at, the Starwood special meeting. The approval of the Starwood combination transactions proposal requires the affirmative vote of a majority of the total number of shares of Starwood common stock outstanding and entitled to vote on the proposal. Failures to vote and broker non-votes will have the same effect as votes against the Starwood combination transactions proposal. The approval of the Starwood advisory compensation proposal requires the affirmative vote of a majority of all the votes cast, either in person or represented by proxy, at the Starwood special meeting, although such vote will not be binding on Starwood, Starwood's Board or Marriott. Failures to vote and broker non-votes are not considered votes cast for the purposes of the Starwood advisory compensation proposal and will have no effect on this proposal. A list of the names of Starwood stockholders of record will be available at the Starwood special meeting for examination by any stockholder present at such meeting. Votes to abstain will have the same effect as votes against the proposals.

**Your vote is very important. Whether or not you expect to attend in person, we urge you to submit a proxy to vote your shares as promptly as possible by either (1) accessing the Internet website specified on your proxy card and following the on-screen instructions; (2) calling the toll-free number specified on your proxy card; or (3) signing, dating and mailing your proxy card in the envelope provided as soon as possible, so that your shares may be represented and voted at the Starwood special meeting.**

The enclosed joint proxy statement/prospectus provides a detailed description of the Combination Transactions and the merger agreement. We urge you to read this joint proxy statement/prospectus, including any documents incorporated by reference, and the Annexes carefully and in their entirety. If you have any questions concerning the Combination Transactions or this joint proxy statement/prospectus, would like additional copies or need help voting your shares of Starwood common stock, please contact Starwood's proxy solicitor:

D.F. King & Co., Inc

48 Wall Street

New York, NY 10005

866-721-1211 (Call Toll Free)

212-269-5550 (Call Collect)

By Order of the Board of Directors of Starwood,

**Kenneth S. Siegel**

*Corporate Secretary*

Stamford, Connecticut

, 2016

Table of Contents

**Marriott International, Inc.**

**10400 Fernwood Road**

**Bethesda, Maryland 20817**

**(301) 380-3000**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS TO BE HELD ON \_\_\_\_\_, 2016**

To the Stockholders of Marriott International, Inc.:

We are pleased to invite you to attend the special meeting of stockholders of Marriott International, Inc. ( **Marriott** ), a Delaware corporation, which will be held at the JW Marriott Hotel, 1331 Pennsylvania Avenue, N.W., Washington, D.C. 20004 on \_\_\_\_\_, 2016 at \_\_\_\_\_, local time, for the following purposes:

to consider and vote on the proposal to issue shares of Marriott common stock to Starwood stockholders under the Agreement and Plan of Merger (the **merger agreement** ), dated as of November 15, 2015, by and among Marriott, Starwood Hotels & Resorts Worldwide, Inc. ( **Starwood** ) and certain of their direct and indirect subsidiaries, a copy of which is included as Annex A to the joint proxy statement/prospectus of which this notice is a part (the **Marriott stock issuance proposal** ); and

to vote upon the proposal to adjourn the Marriott special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the foregoing proposal (the **Marriott adjournment proposal** ).

Marriott will transact no other business at the special meeting except such business as may properly be brought before the special meeting or any adjournments or postponements thereof. Please refer to the joint proxy statement/prospectus of which this notice is a part for further information on the business to be transacted at the Marriott special meeting.

**Marriott's board of directors ( **Marriott's Board** ) has unanimously approved the merger agreement and the Combination Transactions and determined that the merger agreement and the transactions contemplated thereby, including the Combination Transactions and the issuance of shares of Marriott common stock to Starwood stockholders under the merger agreement, are advisable and in the best interests of Marriott and its stockholders. Marriott's Board unanimously recommends that Marriott stockholders vote **FOR** each of the proposals being submitted to a vote of stockholders at the Marriott special meeting.**

Marriott's Board has fixed the close of business on \_\_\_\_\_, 2016 as the record date (the **Record Date** ) for determining Marriott stockholders entitled to receive notice of, and to vote at, the Marriott special meeting or any adjournments or postponements thereof. Only holders of record of Marriott common stock at the close of business on

the Record Date are entitled to receive notice of, and to vote at, the Marriott special meeting. The presence, either in person or represented by proxy, of persons entitled to vote a majority of the voting power of Marriott common stock that is entitled to vote at the special meeting is necessary to constitute a quorum for the transaction of business at the special meeting. To ensure that your vote is recorded, please provide your voting instructions as soon as possible, even if you plan to attend the special meeting in person. We encourage you to vote via the Internet or by telephone. You also have the option of voting by completing, signing, dating and returning the proxy card that accompanied the printed materials. Submitting your vote via the Internet or by telephone or proxy card will not affect your right to vote in person if you decide to attend the special meeting.

**Table of Contents**

The adoption of the Marriott stock issuance proposal and the adoption of the Marriott adjournment proposal, if necessary or appropriate, each requires the affirmative vote of holders of a majority of the shares of Marriott common stock present in person or represented by proxy at the Marriott special meeting and entitled to vote on the proposal. Votes to abstain will have the same effect as votes against the proposals. Shares held by Marriott stockholders who are not present in person or represented by proxy at the Marriott special meeting and broker non-votes, if any, will have no effect on the outcome of any vote on the Marriott stock issuance proposal or any vote on the Marriott adjournment proposal. A list of the names of Marriott stockholders of record will be available for ten days before the Marriott special meeting for any purpose germane to the special meeting, between the hours of 10:00 a.m. and 3:00 p.m., local time, at Marriott's headquarters, 10400 Fernwood Road, Bethesda, Maryland 20817. The Marriott stockholder list will also be available at the Marriott special meeting for examination by any stockholder present at such meeting.

**Your vote is very important. Whether or not you expect to attend in person, we urge you to submit a proxy to vote your shares as promptly as possible by either (1) logging onto the Internet website specified on your proxy card and following the prompts on your proxy card; (2) dialing the telephone number specified on your proxy card and listening for further directions; or (3) signing and returning the enclosed proxy card in the postage-paid envelope provided, so that your shares may be represented and voted at the Marriott special meeting.**

The enclosed joint proxy statement/prospectus provides a detailed description of the merger agreement and the Combination Transactions as well as a description of the issuance of shares of Marriott common stock to Starwood stockholders under the merger agreement. We urge you to read this joint proxy statement/prospectus, including any documents incorporated by reference, and the Annexes carefully and in their entirety. If you have any questions concerning the merger agreement, the Combination Transactions or this joint proxy statement/prospectus; would like additional copies of this document; or need help voting your shares of Marriott common stock, please contact Marriott's proxy solicitor:

MacKenzie Partners, Inc.

105 Madison Avenue

New York, NY 10016

By Telephone: 212-929-5500 or 800-322-2885

By Fax: 212-929-0308

By Order of the Board of Directors of Marriott,

Bancroft S. Gordon

*Corporate Secretary*

Bethesda, Maryland

, 2016

**Table of Contents**

**ADDITIONAL INFORMATION**

This joint proxy statement/prospectus incorporates by reference important business and financial information about Starwood and Marriott from other documents that are not included in or delivered with this joint proxy statement/prospectus. For a listing of the documents incorporated by reference into this joint proxy statement/prospectus, see the section entitled *Where You Can Find More Information*. This information is available to you without charge upon your written or oral request. You can obtain the documents incorporated by reference into this document through the Securities and Exchange Commission website at [www.sec.gov](http://www.sec.gov) or by requesting them in writing or by telephone at the appropriate address below:

By Mail: Corporate Secretary  
 Marriott International, Inc.  
 10400 Fernwood Road  
 Department 52/862  
 Bethesda, Maryland 20817

By Mail: Corporate Secretary  
 Starwood Hotels & Resorts Worldwide, Inc.  
 One StarPoint  
 Stamford, CT 06902

By Telephone: (301) 380-3000

By Telephone: (203) 964-6000

You may also obtain documents incorporated by reference into this joint proxy statement/prospectus by requesting them in writing or by telephone from D.F. King & Co., Inc., Starwood's proxy solicitor, or MacKenzie Partners, Inc., Marriott's proxy solicitor, at the following addresses and telephone numbers:

For Marriott

For Starwood

Stockholders:

Stockholders:

MacKenzie Partners, Inc.  
 105 Madison Avenue  
 New York, NY 10016

D.F. King & Co., Inc.  
 48 Wall Street  
 New York, NY 10005

By Telephone: 212-929-5500 or 800-322-2885

866-721-1211 (Call Toll Free)

By Fax: 212-929-0308

212-269-5550 (Call Collect)

**To receive timely delivery of the documents in advance of the special meetings, you should make your request no later than five business days before the date of the respective meeting, or no later than , 2016 for**

**the Starwood special meeting or , 2016 for the Marriott special meeting.**

Table of Contents

**ABOUT THIS JOINT PROXY STATEMENT/PROSPECTUS**

This joint proxy statement/prospectus, which forms part of a registration statement on Form S-4 filed with the U.S. Securities and Exchange Commission (the "SEC") by Marriott, constitutes a prospectus of Marriott under Section 5 of the Securities Act of 1933, as amended (the "Securities Act"), for the shares of Marriott common stock to be issued to Starwood stockholders under the merger agreement. This joint proxy statement/prospectus also constitutes a joint proxy statement for both Starwood and Marriott under Section 14(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). It also constitutes a notice of meeting for the special meeting of Starwood stockholders and a notice of meeting for the special meeting of Marriott stockholders.

No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this joint proxy statement/prospectus and neither Starwood nor Marriott takes any responsibility for, and cannot provide any assurances as to the reliability of, any other information that others may give you. This joint proxy statement/prospectus is dated [REDACTED], 2016. You should not assume that the information contained in this joint proxy statement/prospectus is accurate as of any date other than that date. You should not assume that the information incorporated by reference into this joint proxy statement/prospectus is accurate as of any date other than the date of the incorporated document. Neither the mailing of this joint proxy statement/prospectus to Starwood stockholders or Marriott stockholders nor the issuance by Marriott of shares of common stock under the merger agreement will create any implication to the contrary.

**This joint proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person as to whom it is unlawful to make any such offer or solicitation. Information contained in this joint proxy statement/prospectus about Marriott has been provided by Marriott and information contained in this joint proxy statement/prospectus about Starwood has been provided by Starwood.**

All references in this joint proxy statement/prospectus to "Starwood" refer to Starwood Hotels & Resorts Worldwide, Inc., a Maryland corporation; all references in this joint proxy statement/prospectus to "Marriott" refer to Marriott International, Inc., a Delaware corporation; all references in this joint proxy statement/prospectus to "Holdco" refer to Solar Merger Sub 1, Inc., a Maryland corporation and a wholly owned direct subsidiary of Starwood; all references in this joint proxy statement/prospectus to "Starwood Merger Sub" refer to Solar Merger Sub 2, Inc., a Maryland corporation and a wholly owned direct subsidiary of Holdco; all references in this joint proxy statement/prospectus to "Marriott Corporate Merger Sub" refer to Mars Merger Sub, Inc., a Maryland corporation and a wholly owned direct subsidiary of Marriott; all references in this joint proxy statement/prospectus to "Marriott LLC Merger Sub" refer to Mars Merger Sub, LLC, a Delaware limited liability company and a wholly owned direct subsidiary of Marriott; unless otherwise indicated or as the context requires, all references in this joint proxy statement/prospectus to "we," "our" and "us" refer to Starwood and Marriott collectively; and, unless otherwise indicated or as the context requires, all references to the "merger agreement" refer to the Agreement and Plan of Merger, dated as of November 15, 2015, by and among Marriott, Starwood, Holdco, Starwood Merger Sub, Marriott Corporate Merger Sub, and Marriott LLC Merger Sub, a copy of which is included as Annex A to this joint proxy statement/prospectus.



**Table of Contents****Table of Contents**

	<b>Page</b>
<u>QUESTIONS AND ANSWERS ABOUT THE COMBINATION TRANSACTIONS AND SPECIAL MEETINGS</u>	1
<u>SUMMARY</u>	8
<u>The Companies</u>	8
<u>The Combination Transactions</u>	9
<u>Consideration to be Received in the Combination Transactions by Starwood Stockholders</u>	9
<u>Material U.S. Federal Income Tax Consequences</u>	10
<u>Recommendation of Starwood's Board</u>	10
<u>Recommendation of Marriott's Board</u>	11
<u>Opinions of the Financial Advisors</u>	11
<u>Interests of Starwood Directors and Executive Officers in the Combination Transactions</u>	13
<u>Interests of Marriott Directors and Executive Officers in the Combination Transactions</u>	14
<u>Board of Directors Following the Combination Transactions</u>	14
<u>Treatment of Starwood Stock Options and Other Equity-Based Awards</u>	15
<u>Regulatory Clearances Required for the Combination Transactions</u>	16
<u>Expected Timing of the Combination Transactions</u>	16
<u>Conditions to Completion of the Combination Transactions</u>	16
<u>Vacation Ownership Business Spin-Off</u>	17
<u>No Solicitation of Alternative Proposals</u>	18
<u>Termination of the Merger Agreement</u>	18
<u>Expenses and Termination Fees</u>	19
<u>No Appraisal Rights</u>	19
<u>Comparison of Stockholder Rights</u>	19
<u>Listing of Shares of Marriott Common Stock; Delisting and Deregistration of Shares of Starwood Common Stock</u>	20
<u>The Starwood Special Meeting</u>	20
<u>The Marriott Special Meeting</u>	20
<u>Litigation Relating to the Combination Transactions</u>	21
<u>Summary Consolidated Financial Data of Starwood</u>	22
<u>Summary Consolidated Financial Data of Marriott</u>	24
<u>Summary Unaudited Pro Forma Condensed Combined Financial Data of Starwood and Marriott</u>	26
<u>Unaudited Comparative Per Share Data</u>	27
<u>Comparative Stock Prices and Dividends</u>	28
<u>RISK FACTORS</u>	31
<u>THE COMPANIES</u>	40
<u>SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS</u>	42
<u>STARWOOD SPECIAL MEETING</u>	44
<u>MARRIOTT SPECIAL MEETING</u>	49
<u>THE COMBINATION TRANSACTIONS</u>	53
<u>Effect of the Combination Transactions</u>	53
<u>Background of the Combination Transactions</u>	54
<u>Starwood's Reasons for the Combination Transactions; Recommendation of Starwood's Board</u>	73
<u>Opinions of Starwood's Financial Advisors</u>	78

<u>Certain Starwood Financial Forecasts</u>	93
<u>Marriott's Reasons for the Combination Transactions; Recommendation of Marriott's Board</u>	97
<u>Opinion of Marriott's Financial Advisor</u>	100
<u>Certain Prospective Financial Information Used by Marriott</u>	109
<u>Interests of Starwood Directors and Executive Officers in the Combination Transactions</u>	112
<u>Interests of Marriott Directors and Executive Officers in the Combination Transactions</u>	118
<u>Board of Directors of Marriott Following the Combination Transactions</u>	119

**Table of Contents**

<u>Regulatory Clearances Required for the Combination Transactions</u>	119
<u>Exchange of Shares in the Combination Transactions</u>	120
<u>Treatment of Starwood Stock Options and Equity-Based Awards</u>	121
<u>Dividend Policy and Share Repurchases</u>	122
<u>NASDAQ Market Listing of Marriott Common Stock</u>	123
<u>Delisting and Deregistration of Starwood Common Stock</u>	123
<u>No Appraisal Rights</u>	123
<u>Litigation Relating to the Combination Transactions</u>	123
<b><u>THE MERGER AGREEMENT</u></b>	124
<u>Terms of the Combination Transactions; Merger Consideration</u>	124
<u>Completion of the Combination Transactions</u>	125
<u>Conversion of Shares; Exchange of Shares in the Combination Transaction</u>	125
<u>Representations and Warranties</u>	126
<u>Conduct of Business</u>	128
<u>No Solicitation of Alternative Proposals</u>	130
<u>Changes in Board Recommendations</u>	131
<u>Efforts to Obtain Required Stockholder Votes</u>	133
<u>Efforts to Complete the Combination Transactions</u>	133
<u>Indemnification, Exculpation and Insurance</u>	134
<u>Employee Benefits Matters</u>	134
<u>Treatment of Starwood Stock Options and Other Equity-Based Awards</u>	135
<u>Governance</u>	136
<u>Vacation Ownership Business Spin-Off</u>	136
<u>Other Covenants and Agreements</u>	136
<u>Conditions to Completion of the Combination Transactions</u>	137
<u>Termination of the Merger Agreement</u>	138
<u>Expenses and Termination Fees</u>	140
<u>Amendments, Extensions and Waivers</u>	141
<u>No Third-Party Beneficiaries</u>	141
<u>Specific Performance</u>	141
<b><u>MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES</u></b>	143
<b><u>ACCOUNTING TREATMENT</u></b>	147
<b><u>STARWOOD AND MARRIOTT UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS</u></b>	148
<b><u>SHARE OWNERSHIP OF CERTAIN BENEFICIAL OWNERS, MANAGEMENT AND DIRECTORS OF STARWOOD</u></b>	163
<b><u>COMPARISON OF STOCKHOLDER RIGHTS</u></b>	164
<b><u>NO APPRAISAL RIGHTS</u></b>	184
<b><u>LEGAL MATTERS</u></b>	184
<b><u>EXPERTS</u></b>	184
<b><u>FUTURE STOCKHOLDER PROPOSALS</u></b>	185
<b><u>STARWOOD PROPOSAL NO.1 APPROVAL OF COMBINATION TRANSACTIONS</u></b>	186
<b><u>STARWOOD PROPOSAL NO.2 ADVISORY VOTE ON SPECIFIED COMPENSATORY</u></b>	
<b><u>ARRANGEMENTS RELATING TO THE COMBINATION TRANSACTIONS</u></b>	187
<b><u>MARRIOTT PROPOSAL NO.1 APPROVAL OF ISSUANCE OF MARRIOTT COMMON STOCK</u></b>	188
<b><u>MARRIOTT PROPOSAL NO.2 ADJOURNMENT</u></b>	189
<b><u>OTHER MATTERS</u></b>	190
<b><u>HOUSEHOLDING</u></b>	190

<u>WHERE YOU CAN FIND MORE INFORMATION</u>	191
<u>ANNEX A AGREEMENT AND PLAN OF MERGER</u>	A-1
<u>ANNEX B OPINION OF CITIGROUP GLOBAL MARKETS INC.</u>	B-1
<u>ANNEX C OPINION OF LAZARD FRÈRES &amp; CO. LLC</u>	C-1
<u>ANNEX D OPINION OF DEUTSCHE BANK SECURITIES INC.</u>	D-1

---

**Table of Contents**

**QUESTIONS AND ANSWERS ABOUT THE COMBINATION TRANSACTIONS AND SPECIAL MEETINGS**

*The following are brief answers to certain questions that you may have about the proposals being considered at the special meeting of Starwood stockholders, which we refer to as the Starwood special meeting, and the special meeting of Marriott stockholders, which we refer to as the Marriott special meeting. We urge you to read carefully this entire joint proxy statement/prospectus, including its Annexes, and the other documents to which this joint proxy statement/prospectus refers or incorporates by reference, because this section does not provide all of the information that might be important to you. Also see the section entitled Where You Can Find More Information beginning on page 191.*

**Q: What is the proposed transaction?**

A: On November 15, 2015, Marriott, Starwood, Holdco, Starwood Merger Sub, Marriott Corporate Merger Sub and Marriott LLC Merger Sub, entered into the merger agreement, a copy of which is included as Annex A to this joint proxy statement/prospectus. The merger agreement provides that Marriott will combine with Starwood in a series of transactions (the Combination Transactions). After completion of the Combination Transactions, Starwood will be an indirect wholly owned subsidiary of Marriott.

If the Combination Transactions are completed, Starwood stockholders will receive 0.920 shares of Marriott Class A common stock, par value \$0.01 per share (Marriott common stock) and such ratio, the exchange ratio) and \$2.00 in cash, without interest, for each share of Starwood common stock, par value \$0.01 per share (Starwood common stock), that they own immediately before the Combination Transactions. The exchange ratio is fixed and will not be adjusted to reflect changes in the price of Starwood common stock or Marriott common stock before the closing of the Combination Transactions.

Starwood stockholders will separately receive consideration from the previously announced spin-off of the Starwood vacation ownership business, Vistana Signature Experiences, Inc. (Vistana, such business, the Vistana business and such spin-off, the Vistana spin-off), and Vistana's subsequent merger with a wholly owned subsidiary of Interval Leisure Group, Inc. (ILG and such transactions, the Vistana-ILG transactions). The completion of the Vistana spin-off or, if the Vistana-ILG transactions are not consummated, the completion of another spin-off, split-off or analogous distribution of Vistana or the sale of Vistana by Starwood is a condition to the closing of the Combination Transactions. Accordingly, Marriott will not acquire Vistana in connection with the Combination Transactions. For more information about Vistana, the Vistana business, the Vistana-ILG transactions and the consideration to be received by Starwood stockholders, see the Registration Statement on Form S-4 (registration number 333-208567), as amended or supplemented from time to time, filed with the SEC by ILG on December 15, 2015.

**Q: Why am I receiving this joint proxy statement/prospectus?**

A: You are receiving this joint proxy statement/prospectus because you were a stockholder of record of Starwood or Marriott as of the close of business on the record date for the Starwood special meeting or the Marriott special meeting, respectively.

This joint proxy statement/prospectus serves as the proxy statement through which Starwood and Marriott will solicit proxies to obtain the necessary stockholder approvals for the proposed Combination Transactions. It also serves as the prospectus by which Marriott will issue shares of its common stock as consideration to Starwood stockholders in connection with the Combination Transactions.

In order to complete the Combination Transactions, among other things:

Starwood stockholders must approve the transactions contemplated by the merger agreement, including the Starwood Merger and the Initial Holdco Merger (each as described further herein); and

Marriott stockholders must approve the issuance of shares of Marriott common stock to Starwood stockholders under the merger agreement.

## **Table of Contents**

Starwood and Marriott will hold separate special meetings of their stockholders to obtain these approvals. This joint proxy statement/prospectus, including its Annexes, contains and incorporates by reference important information about Starwood and Marriott, the Combination Transactions and the special meetings of Starwood and Marriott. You should read all the available information carefully and in its entirety.

Your vote is important. We encourage you to vote as soon as possible.

### **Q: When and where will the special meetings be held?**

A: *Starwood Stockholders:* The special meeting of Starwood stockholders will be held at \_\_\_\_\_, on \_\_\_\_\_, 2016 at \_\_\_\_\_, local time.

*Marriott Stockholders:* The special meeting of Marriott stockholders will be held at the JW Marriott Hotel, 1331 Pennsylvania Avenue, N.W., Washington, D.C. 20004, on \_\_\_\_\_, 2016 at \_\_\_\_\_, local time.

### **Q: Who is entitled to vote at the special meetings?**

A: *Starwood Stockholders:* The record date for the Starwood special meeting is \_\_\_\_\_, 2016. Only holders of record of outstanding shares of Starwood's common stock as of the close of business on the record date are entitled to notice of, and to vote at, the Starwood special meeting or any adjournment or postponement of the Starwood special meeting.

*Marriott Stockholders:* The record date for the Marriott special meeting is \_\_\_\_\_, 2016. Only holders of record of outstanding shares of Marriott common stock as of the close of business on the record date are entitled to notice of, and to vote at, the Marriott special meeting or any adjournment or postponement of the Marriott special meeting.

### **Q: What constitutes a quorum at the special meetings?**

A: *Starwood Stockholders:* Stockholders entitled to cast a majority of all the votes entitled to be cast at the Starwood special meeting must be present in person or represented by proxy to constitute a quorum for the transaction of business at the Starwood special meeting. If a quorum is not present, or if fewer shares of Starwood common stock are voted in favor of each proposal than the number required for its approval, the Starwood special meeting may be adjourned (subject to the conditions set forth in the merger agreement) to allow more time for obtaining additional proxies or votes. At any subsequent reconvening of the Starwood special meeting, all proxies will be voted in the same manner as they would have been voted at the original convening of the special meeting, except for any proxies that have been effectively revoked or withdrawn before the subsequent meeting.

Abstentions will be included in the calculation of the number of shares of Starwood common stock represented at the Starwood special meeting for purposes of determining whether a quorum has been achieved. However, broker non-votes will not be included in the calculation of the number of shares of Starwood common stock represented at the Starwood special meeting for purposes of determining whether a quorum has been achieved.

*Marriott Stockholders:* Stockholders entitled to cast a majority of all the votes entitled to be cast at the Marriott special meeting must be present in person or represented by proxy to constitute a quorum for the transaction of business at the Marriott special meeting. In the absence of a quorum, Marriott stockholders, by a majority of the votes cast at the meeting by Marriott stockholders entitled to vote and present in person or represented by proxy, may adjourn the meeting to another time or place (subject to the conditions set forth in the merger agreement) without further notice other than by announcement at the Marriott special meeting unless the adjournment is for more than 30 days or, if after the adjournment, a new record date is fixed for the adjourned meeting, in which case a notice of the adjourned meeting will be given to each stockholder of record entitled to vote at the meeting. At any such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally notified.



## **Table of Contents**

Abstentions will be included in the calculation of the number of shares of Marriott common stock represented at the Marriott special meeting for purposes of determining whether a quorum has been achieved. However, broker non-votes will not be included in the calculation of the number of shares of Marriott common stock represented at the special meeting for purposes of determining whether a quorum has been achieved.

### **Q: How do I vote if I am a stockholder of record?**

A: If you are a stockholder of record of Starwood or Marriott as of the close of business on the record date for the applicable special meeting, you may vote in person by attending the applicable special meeting, or, to ensure your shares are represented at the applicable special meeting, you may authorize a proxy to vote by:

accessing the Internet website specified on your proxy card;

calling the toll-free number specified on your proxy card; or

signing and returning your proxy card in the postage-paid envelope provided.

If you hold shares of Starwood common stock or shares of Marriott common stock in street name through a stock brokerage account or through a bank or other nominee, please follow the voting instructions provided by your bank, broker or other nominee to ensure that your shares are represented at the applicable special meeting. If you hold shares through an employee plan provided by Starwood or Marriott, as applicable, please see the question below: How are my employee plan shares voted?

### **Q: What vote is required to approve each proposal and how are abstentions and broker non-votes treated?**

A: *Starwood Stockholders:* The approval of the Starwood combination transactions proposal requires the affirmative vote of the holders of a majority of all outstanding shares of Starwood common stock entitled to vote on the proposal. The approval of the Starwood advisory compensation proposal requires the affirmative vote of a majority of all the votes cast, either in person or represented by proxy, at the Starwood special meeting although such vote will not be binding on Starwood, the Starwood board of directors ( Starwood's Board ) or Marriott. Failures to vote, votes to abstain and broker non-votes, if any, are treated as follows:

Failures to vote, votes to abstain and broker non-votes, if any, will have the same effect as votes against the Starwood combination transactions proposal.

Failures to vote and broker non-votes, if any, will have no effect on the Starwood advisory compensation proposal. Votes to abstain will have the same effect as votes against the Starwood advisory compensation proposal.

*Marriott Stockholders:* The approval of the Marriott stock issuance proposal and approval of any vote on the Marriott adjournment proposal each requires the affirmative vote of holders of a majority of the shares of Marriott common stock present in person or represented by proxy at the Marriott special meeting and entitled to vote on the proposal. Votes to abstain will have the same effect as votes against the proposals. Shares held by Marriott stockholders who are not present in person or represented by proxy at the Marriott special meeting and broker non-votes, if any, will have no effect on the outcome of any vote on the Marriott stock issuance proposal or any vote on the Marriott adjournment proposal.

**Q: My shares are held in street name by my bank, broker or other nominee. Will my bank, broker or other nominee automatically vote my shares for me?**

A: No. If your shares are held in the name of a bank, broker or other nominee, you are considered the beneficial holder of the shares held for you in what is known as street name. You are not the record holder of such shares. If this is the case, this joint proxy statement/prospectus has been forwarded to you by your bank, broker or other nominee. As the beneficial holder, unless your bank, broker or other nominee has

**Table of Contents**

discretionary authority over your shares, you generally have the right to direct your bank, broker or other nominee as to how to vote your shares. If you do not provide voting instructions, your shares will not be voted on any proposal on which your bank, broker or other nominee does not have discretionary authority. This is often called a broker non-vote.

You should therefore provide your bank, broker or other nominee with instructions as to how to vote your shares of Starwood common stock or Marriott common stock, respectively.

Please follow the voting instructions provided by your bank, broker or other nominee so that it may vote your shares on your behalf. Please note that you may not vote shares held in street name by returning a proxy card directly to Starwood or Marriott or by voting in person at your special meeting unless you first obtain a proxy from your bank, broker or other nominee.

**Q: How are my employee plan shares voted?**

A: *Employees of Starwood:* If you are a participant in the Starwood Savings and Retirement Plan (the Starwood Savings Plan ) or Starwood's Employee Stock Purchase Plan (the Starwood ESPP ), you can cause shares held in your plan account to be voted by:

accessing the Internet website specified on your proxy card;

calling the toll-free number specified on your proxy card; or

signing and returning your proxy card in the postage-paid envelope provided.

The trustee of the Starwood Savings Plan or the transfer agent of the Starwood ESPP, as applicable, will then vote the shares in accordance with your instructions. You must provide your voting instructions by \_\_\_\_\_, Eastern Time, on \_\_\_\_\_, 2016. If you participate in the Starwood Savings Plan and your vote is not received by the tabulating agent by that above date or if you sign and return your proxy card without specifying your voting instructions, the trustee for the Starwood Savings Plan will vote your shares in the same proportion as the other shares for which such trustee has received timely voting instructions unless contrary to the Employee Retirement Income Security Act of 1974, as amended. If you participate in the Starwood ESPP and your vote is not received by the tabulating agent by that above date or if you sign and return your proxy card without specifying your voting instructions, the transfer agent of the Starwood ESPP will not vote your shares.

*Employees of Marriott:* If you are a participant in Marriott's Employees' Profit Sharing, Retirement and Savings Plan and Trust, you can cause the number of share equivalents allocated to your plan account to be voted by:

accessing the Internet website specified on your proxy card;

calling the toll-free number specified on your proxy card; or

signing and returning your proxy card in the postage-paid envelope provided.

The plan trustee will vote the shares held in your plan account in accordance with your instructions. If you do not provide the plan trustee with instructions by 11:59 p.m., Eastern Time, on \_\_\_\_\_, 2016, the trustee will vote the number of shares equal to the share equivalents credited to your account in the same proportion that it votes shares for which it did receive timely instructions, unless contrary to the Employee Retirement Income Security Act of 1974, as amended.

**Q: What will happen if I return my proxy card without indicating how to vote?**

A: *Starwood Stockholders:* If you properly complete and sign your proxy card but do not indicate how your shares of Starwood common stock should be voted on a matter, the shares of Starwood common stock represented by your proxy will be voted as Starwood's Board recommends and, therefore, **FOR** each of the proposals being submitted to a vote of Starwood stockholders at the Starwood special meeting.

## **Table of Contents**

*Marriott Stockholders:* If you properly complete and sign your proxy card but do not indicate how your shares of Marriott common stock should be voted on a matter, the shares of Marriott common stock represented by your proxy will be voted as Marriott's board of directors ( Marriott's Board ) recommends and, therefore, **FOR** each of the proposals being submitted to a vote of Marriott stockholders at the Marriott special meeting.

### **Q: Can I change my vote or revoke my proxy after I have returned a proxy or voting instruction card?**

A: Yes.

*If you are the holder of record of either Starwood common stock or Marriott common stock:* You can change your vote or revoke your proxy at any time before your proxy is voted at your special meeting. You can do this in one of three ways:

you can grant a new, valid proxy bearing a later date (including by telephone or through the Internet);

if you are a Starwood stockholder, you can send a signed notice of revocation to the Corporate Secretary of Starwood at One StarPoint, Stamford, Connecticut 06902, and if you are a Marriott stockholder, you can send a signed notice of revocation to Computershare Investor Services, P.O. Box 43006, Providence, RI 02940-3078; or

you can attend your special meeting and vote in person, which will automatically cancel any proxy previously given, or you may revoke your proxy in person. Simply attending the Starwood special meeting or the Marriott special meeting without voting will not revoke any proxy that you have previously given or otherwise change your vote.

If you choose either of the first two methods, your new proxy or your notice of revocation or your new proxy must be received by Starwood or Marriott, as applicable, no later than the beginning of the applicable special meeting. If you have submitted a proxy for your shares by telephone or via the Internet, you may revoke your prior telephone or Internet proxy by any manner described above.

*If you hold shares of either Starwood or Marriott in street name :* If your shares are held in street name, you must contact your bank, broker or other nominee to change your vote.

*If you hold shares in the Starwood Savings Plan or the Starwood ESPP or Marriott's Employees Profit Sharing Retirement and Savings Plan and Trust:* If you hold shares of Starwood common stock in the Starwood Savings Plan or the Starwood ESPP or share equivalents in Marriott's Employees Profit Sharing Retirement and Savings Plan and Trust, you may submit new voting instructions under any one of the three methods described above under the question *How are my employee plan shares voted?*

### **Q: Do I need to do anything with my shares of common stock other than voting for the proposals at the special meeting?**

- A: *Starwood Stockholders:* If you are a Starwood stockholder and the Combination Transactions are consummated, each share of Starwood common stock you hold will be converted automatically into the right to receive 0.920 shares of Marriott common stock and \$2.00 in cash, without interest. No fractional shares of Marriott common stock will be issued to Starwood stockholders in connection with the Combination Transactions. Instead, each former holder of Starwood common stock will receive cash in lieu of any fractional shares of Marriott common stock that he or she would otherwise have been entitled to receive. You will receive instructions at that time about exchanging your shares for shares of Marriott common stock. You do not need to take any action at this time. Please do not send your Starwood stock certificates with your proxy card.
- Marriott Stockholders:* If you are a Marriott stockholder and the Combination Transactions are consummated, you are not required to take any action with respect to your shares of Marriott common stock.

**Table of Contents**

**Q: Are stockholders entitled to dissenters or appraisal rights?**

A: No. Neither Starwood stockholders nor Marriott stockholders are entitled to dissenters or appraisal rights in connection with the Combination Transactions.

**Q: What happens if I sell my shares of Starwood common stock before the Starwood special meeting?**

A: The record date for the Starwood special meeting is earlier than the date of the Starwood special meeting and the date that the Combination Transactions are expected to be completed. If you transfer your Starwood shares after the Starwood record date but before the Starwood special meeting, you will retain your right to vote at the Starwood special meeting, but will have transferred the right to receive the merger consideration in the Combination Transactions. In order to receive the merger consideration, you must hold your shares through the effective date of the Initial Holdco Merger (as described elsewhere in this joint proxy statement/prospectus).

**Q: What if I hold shares of common stock in both Starwood and Marriott?**

A: If you are a stockholder of both Starwood and Marriott, you will receive two separate packages of proxy materials. A vote cast as a Starwood stockholder will not count as a vote cast as a Marriott stockholder, and a vote cast as a Marriott stockholder will not count as a vote cast as a Starwood stockholder. Therefore, please separately submit a proxy for each of your Starwood and Marriott shareholdings.

**Q: Who can help answer my questions?**

A: Starwood stockholders or Marriott stockholders who have questions about the Combination Transactions, the other matters to be voted on at the special meetings or how to submit a proxy, or who desire additional copies of this joint proxy statement/prospectus or additional proxy cards, should contact:

Marriott Stockholders:  
MacKenzie Partners, Inc.

105 Madison Avenue

New York, NY 10016

By Telephone: 212-929-5500 or 800-322-2885

By Fax: 212-929-0308

Corporate Secretary

Starwood Stockholders:  
D.F. King & Co., Inc.

48 Wall Street

New York, NY 10005

866-721-1211 (Call Toll Free)

213-369-5550 (Call Collect)

Corporate Secretary

Marriott International, Inc.

Starwood Hotels & Resorts Worldwide, Inc.

10400 Fernwood Road

One StarPoint

Bethesda, Maryland 20817

Stamford, CT 06902

(301) 380-3000

(203) 964-6000

**Q: What are the material U.S. federal income tax consequences of the Combination Transactions to U.S. holders of Starwood common stock?**

A: The obligation of Starwood to effect the Combination Transactions is conditioned on Starwood's receipt of an opinion from Cravath, Swaine & Moore LLP, tax counsel to Starwood, to the effect that, for U.S. federal income tax purposes, (a) the Starwood Merger and the Starwood LLC Conversion (each as defined in the section entitled Summary The Combination Transactions beginning on page 9), taken together, will qualify as a reorganization within the meaning of Section 368(a)(1)(F) of the Internal Revenue Code of 1986, as amended (the Code) and (b) the Initial Holdco Merger and the Final Holdco Merger (each as defined in the section entitled Summary The Combination Transactions beginning on page 9), taken together, will constitute an integrated plan that will qualify as a reorganization within the meaning of Section 368(a) of the Code.



**Table of Contents**

As a result of the Combination Transactions, Starwood U.S. holders (as defined in the section entitled "Material U.S. Federal Income Tax Consequences" beginning on page 143) will recognize gain, but will not recognize any loss, for U.S. federal income tax purposes, equal to the smaller of (i) the amount of cash received (other than cash received in lieu of a fractional share of Marriott common stock) and (ii) the excess, if any, of (x) the sum of the amount of cash received (including cash received in lieu of a fractional share of Marriott common stock) and the fair market value of the Marriott common stock received in the Combination Transactions (determined at the effective time of the Initial Holdco Merger) over (y) the Starwood U.S. holder's tax basis in the shares of Starwood common stock surrendered in the Combination Transactions. In addition, the Starwood U.S. holder will recognize gain or loss attributable to cash received in lieu of a fractional share of Marriott common stock. Any gain recognized generally will be long-term capital gain, provided certain holding period and other requirements are met.

For more information on the material U.S. federal income tax consequences of the Combination Transactions, see the section entitled "Material U.S. Federal Income Tax Consequences" beginning on page 143. Starwood stockholders are strongly urged to consult with their tax advisors about the tax consequences of the Combination Transactions to them, including the effects of U.S. federal, state and local, foreign and other tax laws.

**Q: What are the material U.S. federal income tax consequences of the Combination Transactions to Marriott stockholders?**

A: Holders of Marriott common stock will not recognize any gain or loss as a result of the Combination Transactions as a result of their ownership of Marriott common stock. Holders of Marriott common stock that also hold Starwood common stock will be subject to the tax consequences described above under "What are the material U.S. federal income tax consequences of the Combination Transactions to U.S. holders of Starwood common stock?" with respect to their ownership of Starwood common stock.

**Table of Contents**

**SUMMARY**

*This summary highlights selected information contained in this joint proxy statement/prospectus and does not contain all the information that may be important to you. Starwood and Marriott urge you to carefully read this joint proxy statement/prospectus in its entirety, as well as the Annexes. Additional, important information is also contained in the documents incorporated by reference into this joint proxy statement/prospectus; see the section entitled *Where You Can Find More Information* beginning on page 191.*

**The Companies**

***Starwood***

Starwood, a Maryland corporation, is one of the largest hotel and leisure companies in the world, with more than 1,270 properties providing approximately 363,000 rooms in approximately 100 countries and more than 180,000 employees under its management at its owned and managed properties, vacation ownership resorts and corporate offices. Starwood conducts its hotel and leisure business both directly and through its subsidiaries. On October 27, 2015, Starwood entered into definitive agreements with ILG and Vistana pursuant to which Starwood's vacation ownership business will be spun-off to Starwood stockholders and immediately thereafter will merge with a wholly owned subsidiary of ILG. In connection with the Vistana-ILG transactions, Starwood, Vistana and ILG have entered or will enter into license, affiliation and certain other ancillary agreements.

Starwood's executive offices are located at One StarPoint, Stamford, Connecticut 06902 and its telephone number is (203) 964-6000. Shares of Starwood common stock are listed on the New York Stock Exchange (the "NYSE") and trade under the symbol "HOT".

This joint proxy statement/prospectus incorporates important business and financial information about Starwood that are incorporated by reference; see the section entitled *Where You Can Find More Information* beginning on page 191.

***Solar Merger Sub 1, Inc. and Solar Merger Sub 2, Inc.***

Solar Merger Sub 1, Inc. ("Holdco") and Solar Merger Sub 2, Inc. ("Starwood Merger Sub") are Maryland corporations. Holdco is a wholly owned direct subsidiary of Starwood and Starwood Merger Sub is a wholly owned direct subsidiary of Holdco. Holdco and Starwood Merger Sub were formed solely in contemplation of the Combination Transactions, have not commenced any operations, have only nominal assets and have no liabilities or contingent liabilities, and have not entered into any agreements or arrangements with any third parties other than the merger agreement. Their principal executive offices are located at One StarPoint, Stamford, Connecticut 06902 and their telephone number is (203) 964-6000.

***Marriott***

Marriott, a Delaware corporation, is one of the world's leading lodging companies. Marriott is a worldwide operator, franchisor, and licensor of hotels and timeshare properties in 85 countries and territories under 19 brand names. Marriott also operates, markets, and develops residential properties and provides services to home/condominium owner associations. Marriott operated or franchised 4,364 properties (749,990 rooms) as of the end of the 2015 third quarter, including 41 home and condominium products (4,203 units) for which Marriott manages the related owners associations. Marriott believes that its portfolio of brands is the broadest of any lodging company in the world. Consistent with its focus on management, franchising, and licensing, Marriott owns very few of its lodging properties.



## **Table of Contents**

Marriott's principal executive offices are located at 10400 Fernwood Road, Bethesda, Maryland 20817. Marriott's telephone number is (301) 380-3000. Shares of Marriott common stock are listed on the NASDAQ Global Select Market (NASDAQ) and the Chicago Stock Exchange and trade under the symbol MAR.

This joint proxy statement/prospectus incorporates important business and financial information about Marriott from other documents that are incorporated by reference; see the section entitled "Where You Can Find More Information" beginning on page 191.

### ***Mars Merger Sub, Inc. and Mars Merger Sub, LLC***

Mars Merger Sub, Inc., a Maryland corporation, and Mars Merger Sub, LLC, a Delaware limited liability company, are direct wholly owned subsidiaries of Marriott that were formed solely in contemplation of the Combination Transactions, have not commenced any operations, have only nominal assets and have no liabilities or contingent liabilities, and have not entered into any agreements or arrangements with any third parties other than the merger agreement. Their principal executive offices are located at 10400 Fernwood Road, Bethesda, Maryland 20817 and their telephone number is (301) 380-3000.

### **The Combination Transactions**

The merger agreement provides that, on the terms and subject to the conditions set forth in the merger agreement and in accordance with the General Corporation Law of the State of Delaware (the DGCL) and the General Corporation Law of the State of Maryland (the MGCL), Marriott will combine with Starwood in the following series of transactions, which are Combination Transactions:

first, Starwood Merger Sub will be merged with and into Starwood (the Starwood Merger), with Starwood surviving the merger as a wholly owned subsidiary of Holdco;

second, Starwood will be converted from a Maryland corporation to a Maryland limited liability company (Starwood LLC) and such conversion, the Starwood LLC Conversion);

third, Marriott Corporate Merger Sub will be merged with and into Holdco, after which Holdco will survive the merger as a wholly owned subsidiary of Marriott (the Initial Holdco Merger);

fourth, Holdco will be merged with and into Marriott LLC Merger Sub, with Marriott LLC Merger Sub surviving the merger as a wholly owned subsidiary of Marriott (the Final Holdco Merger).

As a result of the Combination Transactions, (a) Marriott LLC Merger Sub will remain a wholly owned subsidiary of Marriott, (b) Starwood LLC (formerly known as Starwood) will become a wholly owned direct subsidiary of Marriott LLC Merger Sub, (c) Starwood Merger Sub will cease to exist, (d) Marriott Corporate Merger Sub will cease to exist and (e) Holdco will cease to exist.

A copy of the merger agreement is attached as Annex A to this joint proxy statement/prospectus and is incorporated by reference herein. Please carefully read the merger agreement as it is the legal document that governs the Combination Transactions. For more information on the Combination Transactions, see the section entitled "The

Combination Transactions beginning on page 53.

**Consideration to be Received in the Combination Transactions by Starwood Stockholders**

Each share of Starwood common stock that is issued and outstanding immediately before the effective time of the Initial Holdco Merger (which will have previously converted into the right to receive shares of Holdco common stock in the Starwood Merger) will be converted into the right to receive (i) 0.920 shares of Marriott common stock and (ii) \$2.00 in cash, without interest (such shares and cash, together with any cash in lieu of

## **Table of Contents**

fractional shares of Marriott common stock paid in accordance with the merger agreement, are referred to as the merger consideration ). The exchange ratio is fixed and will not be adjusted based upon changes in the price of Starwood common stock or Marriott common stock before the completion of the Combination Transactions. As a result, the value of the shares of Marriott common stock that Starwood stockholders will receive in connection with the Combination Transactions will not be known before the Combination Transactions are completed and will fluctuate as the price of Marriott common stock fluctuates. No fractional shares of Marriott common stock will be issued to Starwood stockholders in connection with the Combination Transactions. Instead, Starwood stockholders will be entitled to receive cash in lieu of any fractional shares of Marriott common stock that they would otherwise be entitled to receive.

## **Material U.S. Federal Income Tax Consequences**

The obligation of Starwood to effect the Combination Transactions is conditioned on Starwood's receipt of an opinion from Cravath, Swaine & Moore LLP, tax counsel to Starwood, to the effect that, for U.S. federal income tax purposes, (a) the Starwood Merger and the Starwood LLC Conversion, taken together, will qualify as a reorganization within the meaning of Section 368(a)(1)(F) of the Code and (b) the Initial Holdco Merger and the Final Holdco Merger, taken together, will constitute an integrated plan that will qualify as a reorganization within the meaning of Section 368(a) of the Code.

As a result of the Combination Transactions, Starwood U.S. holders (as defined in the section entitled Material U.S. Federal Income Tax Consequences beginning on page 143) will recognize gain, but will not recognize any loss, for U.S. federal income tax purposes, equal to the smaller of (i) the amount of cash received (other than cash received in lieu of a fractional share of Marriott common stock) and (ii) the excess, if any, of (x) the sum of the amount of cash received (including cash received in lieu of a fractional share of Marriott common stock) and the fair market value of the Marriott common stock received in the Combination Transactions (determined at the effective time of the Initial Holdco Merger) over (y) the Starwood U.S. holder's tax basis in the shares of Starwood common stock surrendered in the Combination Transactions. In addition, the Starwood U.S. holder will recognize gain or loss attributable to cash received in lieu of a fractional share of Marriott common stock. Any gain recognized generally will be long-term capital gain, provided certain holding period and other requirements are met.

The discussion of the material U.S. federal income tax consequences to Starwood U.S. holders contained in this joint proxy statement/prospectus is intended to provide only a general summary and is not intended to be a complete analysis or description of all potential U.S. federal income tax consequences of the Combination Transactions. The discussion does not address tax consequences that may vary with, or are dependent on, individual circumstances. In addition, it does not address the effects of any foreign, state or local tax laws. For more information on the material U.S. federal income tax consequences of the Combination Transactions, see the section entitled Material U.S. Federal Income Tax Consequences beginning on page 143.

**Starwood stockholders are strongly urged to consult with their tax advisors about the tax consequences of the Combination Transactions to them, including the effects of U.S. federal, state and local, foreign and other tax laws.**

Holders of Marriott common stock will not recognize any gain or loss as a result of the Combination Transactions as a result of their ownership of Marriott common stock.

## **Recommendation of Starwood's Board**

After careful consideration, Starwood's Board, at a meeting held on November 15, 2015, unanimously approved and declared advisable the merger agreement, the Combination Transactions and all of the other

## **Table of Contents**

transactions contemplated by the merger agreement, declared that it is in the best interests of Starwood and its stockholders that Starwood enter into the merger agreement and consummate the Combination Transactions and all of the other transactions contemplated by the merger agreement, directed that the merger agreement be submitted to a vote at a meeting of Starwood stockholders and recommended that Starwood stockholders vote their shares in favor of the transactions contemplated by the merger agreement. Accordingly, Starwood's Board unanimously recommends that Starwood stockholders vote **FOR** the Starwood combination transactions proposal and vote **FOR** the Starwood advisory compensation proposal.

In evaluating the Combination Transactions, Starwood's Board consulted with and received the advice of Starwood's outside legal and financial advisors, held discussions with Starwood's management and considered a number of factors that it believed supported its decision to enter into the merger agreement. These factors included, but were not limited to, those listed in The Combination Transactions Starwood's Reasons for the Combination Transactions; Recommendation of Starwood's Board beginning on page 73.

### **Recommendation of Marriott's Board**

After careful consideration, Marriott's Board, at a meeting held on November 15, 2015, determined that the merger agreement, the issuance of shares of Marriott common stock in the Initial Holdco Merger and the other transactions contemplated thereby are advisable, fair to and in the best interest of Marriott and its stockholders, authorized and approved the merger agreement, the issuance of shares of Marriott common stock in the Initial Holdco Merger and the other transactions contemplated thereby by a unanimous vote of its directors and adopted resolutions directing that the Marriott stock issuance proposal be submitted to Marriott stockholders for their consideration. Accordingly, Marriott's Board unanimously recommends that Marriott stockholders vote **FOR** the Marriott stock issuance proposal.

In evaluating the Combination Transactions, Marriott's Board consulted with and received the advice of Marriott's outside legal and financial advisors, held discussions with Marriott's management and considered a number of factors that it believed supported its decision to enter into the merger agreement. These factors included, but were not limited to, those listed in The Combination Transactions Marriott's Reasons for the Combination Transactions; Recommendation of Marriott's Board beginning on page 97.

### **Opinions of the Financial Advisors**

#### ***Opinions of Starwood's Financial Advisors***

##### *Opinion of Citigroup Global Markets Inc.*

On November 15, 2015, Citigroup Global Markets Inc. (Citi) rendered its oral opinion to Starwood's Board, which was confirmed by delivery of a written opinion dated November 15, 2015, to the effect that, as of such date and based on and subject to the assumptions made, procedures followed, matters considered and limitations and qualifications set forth in the written opinion, each as described in greater detail in the section entitled The Combination Transactions Opinions of Starwood's Financial Advisors Opinion of Citigroup Global Markets Inc. beginning on page 78, the merger consideration to be paid to Starwood stockholders (other than (i) holders of any shares of Starwood common stock to be converted into the right to receive shares of Holdco common stock to be held in the treasury of Holdco and (ii) holders of Starwood equity-based awards to be converted into the right to receive Holdco equity-based awards, in each case in connection with the Starwood Merger (collectively, the excluded holders)) in the Combination Transactions pursuant to the merger agreement was fair, from a financial point of view, to such stockholders. Citi's opinion, the issuance of which was authorized by Citi's fairness opinion committee, was provided to Starwood's Board in connection with its evaluation of the Combination Transactions and was limited to the fairness, from a financial



point of view, as of the date of Citi's opinion, to Starwood stockholders (other than excluded holders) of the merger consideration to

**Table of Contents**

be paid to such stockholders in the Combination Transactions pursuant to the merger agreement. **Citi's opinion does not address any other aspects or implications of the Combination Transactions and does not constitute a recommendation to any stockholder as to how such stockholder should vote or act on any matters relating to the Combination Transactions. The summary of Citi's opinion contained in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of the opinion. We encourage you to read the full text of Citi's written opinion, which is attached to this joint proxy statement/prospectus as Annex B and sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations and qualifications on the scope of review undertaken.**

For a description of the opinion that Starwood's Board received from Citi, see the section entitled "The Combination Transactions Opinions of Starwood's Financial Advisors Opinion of Citigroup Global Markets Inc." beginning on page 78.

*Opinion of Lazard Frères & Co. LLC*

On November 15, 2015, Lazard Frères & Co. LLC ( "Lazard" ) rendered its oral opinion to Starwood's Board, subsequently confirmed in writing, that, as of such date and based on and subject to the assumptions, procedures, factors, qualifications and limitations set forth therein, the merger consideration to be paid to Starwood stockholders (other than excluded holders) in the Combination Transactions pursuant to the merger agreement was fair, from a financial point of view, to such stockholders.

The full text of Lazard's written opinion, dated November 15, 2015, which sets forth, among other things, the assumptions made, procedures followed, factors considered and qualifications and limitations on the review undertaken by Lazard in connection with its opinion, is attached to this joint proxy statement/prospectus as Annex C and is incorporated into this joint proxy statement/prospectus by reference. We encourage you to read Lazard's opinion and the section entitled "The Combination Transactions Opinions of Starwood's Financial Advisors Opinion of Lazard Frères & Co. LLC" beginning on page 81 carefully and in their entirety. **Lazard's opinion was directed to and for the benefit of Starwood's Board (in its capacity as such) for the information and assistance of Starwood's Board in connection with its evaluation of the Combination Transactions and only addressed the fairness, from a financial point of view, to Starwood stockholders (other than excluded holders) of the merger consideration to be paid to such stockholders in the Combination Transactions pursuant to the merger agreement as of the date of Lazard's opinion, and Lazard's opinion did not address any other aspect of the Combination Transactions. Lazard's opinion was not intended to and does not constitute a recommendation to any stockholder as to how such stockholder should vote or act with respect to the Combination Transactions or any matter relating thereto.**

For a description of the opinion that Starwood's Board received from Lazard, see the section entitled "The Combination Transactions Opinions of Starwood's Financial Advisors Opinion of Lazard Frères & Co. LLC" beginning on page 81.

*Opinion of Marriott's Financial Advisor*

Deutsche Bank Securities Inc. ( "Deutsche Bank" ) has acted as financial advisor to Marriott in connection with the Combination Transactions. At the November 15, 2015 meeting of Marriott's Board, Deutsche Bank rendered its oral opinion to Marriott's Board, subsequently confirmed by delivery of a written opinion dated November 15, 2015, to the effect that, as of the date of such opinion, and based upon and subject to the assumptions, limitations, qualifications and conditions described in Deutsche Bank's opinion, the merger consideration was fair, from a financial point of view, to Marriott.

The full text of Deutsche Bank's written opinion, dated November 15, 2015, which sets forth the assumptions made, procedures followed, matters considered and limitations, qualifications and conditions on the

## **Table of Contents**

review undertaken in connection with the opinion, is included in this document as Annex D and is incorporated herein by reference. The summary of Deutsche Bank's opinion set forth in this document is qualified in its entirety by reference to the full text of the opinion. Deutsche Bank's opinion was addressed to, and for the use and benefit of, Marriott's Board in connection with its evaluation of the Combination Transactions. Deutsche Bank's opinion does not constitute a recommendation as to how any holder of Marriott common stock should vote on the Marriott stock issuance proposal or any other matter. Deutsche Bank's opinion was limited to the fairness of the merger consideration, from a financial point of view, to Marriott as of the date of the opinion and Deutsche Bank did not express any opinion as to the underlying decision by Marriott to engage in the Combination Transactions or the relative merits of the Combination Transactions as compared to any alternative transactions or business strategies.

For a description of the opinion that Marriott's Board received from Deutsche Bank, see the section entitled "The Combination Transactions - Opinion of Marriott's Financial Advisor" beginning on page 100.

## **Interests of Starwood Directors and Executive Officers in the Combination Transactions**

In considering the recommendation of Starwood's Board about the Starwood combination transactions proposal and the Starwood advisory compensation proposal, Starwood stockholders should be aware that Starwood's directors and executive officers (and certain of Starwood's former executive officers) have interests in the Combination Transactions that are different from, or in addition to, those of Starwood stockholders generally. Starwood's Board was aware of and considered these interests, among other matters, in evaluating and negotiating the merger agreement and in recommending that Starwood stockholders vote in favor of the Starwood combination transactions proposal and the Starwood advisory compensation proposal. These interests include, among others, the interests described below. For purposes of the quantification of the stock options and

other equity-based awards described below, the values have been determined assuming a share price of Starwood common stock of \$72.26, which is the average closing price of a share of Starwood common stock over the first five trading days following the first public announcement of the merger agreement on November 16, 2015. For a description of other assumptions used in quantifying the interests described below, please see the section entitled "The Combination Transactions - Interests of Starwood Directors and Executive Officers in the Combination Transactions" below.

Starwood stock options and other equity-based awards (other than performance share awards and deferred stock units) will convert into Marriott awards of the applicable type and will otherwise generally be subject to their existing terms and conditions (including accelerated vesting of unvested awards upon a termination of employment without cause or a resignation for good reason following the effective time of the Initial Holdco Merger). The aggregate value of such unvested awards held by Starwood directors and executive officers as of January 26, 2016 was \$18,522,904.

Starwood performance share awards will convert into Marriott time-based restricted stock units based on the deemed achievement of performance targets at the greater of target or actual performance as of the effective time of the Initial Holdco Merger and will otherwise generally be subject to their existing terms and conditions (including accelerated vesting of unvested awards upon a termination of employment without cause or a resignation for good reason following the effective time of the Initial Holdco Merger). The aggregate value of such unvested Starwood performance share awards held by Starwood executive officers as of January 26, 2016 was \$17,651,385.

Starwood deferred stock units held by non-employee directors who do not continue to serve on Marriott's Board following the effective time of the Initial Holdco Merger will be settled for the merger consideration in accordance with the terms of the stock unit and the director's applicable deferral election. The aggregate value of such deferred stock units held by Starwood non-employee directors as of January 26, 2016 was \$6,110,667.

## **Table of Contents**

Starwood's executive officers are party to severance agreements that provide for severance and other benefits in the case of a termination of employment without cause or a resignation for good reason in connection with or following a change in control (which will include the Initial Holdco Merger). The aggregate value of the severance and other benefits that are enhanced by or otherwise related to the Combination Transactions that Starwood's executive officers are eligible to receive pursuant to such agreements (assuming, solely for purposes of this compensation-related disclosure, the completion of the Combination Transactions occurs on January 31, 2016 and the executive officers experience a termination of employment without cause or resign for good reason immediately thereafter) is \$21,024,425 (not including the value of the accelerated vesting of stock options and equity-based awards, which are quantified above).

Starwood is eligible to grant retention awards in an aggregate amount not to exceed \$40 million.

Starwood's directors and executive officers are entitled to continued indemnification and insurance coverage. **For a more complete discussion of the interests of the directors and executive officers of Starwood in the Combination Transactions, see the section entitled "The Combination Transactions Interests of Starwood Directors and Executive Officers in the Combination Transactions" beginning on page 112.**

### **Interests of Marriott Directors and Executive Officers in the Combination Transactions**

In considering the recommendation of Marriott's Board to vote **FOR** the Marriott stock issuance proposal, Marriott stockholders should be aware that certain members of Marriott's Board and certain executive officers of Marriott may have interests in the Combination Transactions that may be in addition to, or different from, their interests as Marriott stockholders. These interests may create the appearance of conflicts of interest. Marriott's Board was aware of these potential conflicts of interest during its deliberations on the merits of the Combination Transactions and in making its decision to approve the merger agreement and the Combination Transactions.

Each of the current members of Marriott's Board will continue as a director of Marriott following the completion of the Combination Transactions and will hold office from and after the completion of the Combination Transactions until his or her successor is duly elected and qualified or until his or her earlier death, resignation, retirement or removal.

Additionally, Marriott expects that all of Marriott's current executive officers will remain executive officers following the completion of the Combination Transactions, and that additional executive talent may be added.

The Combination Transactions will not result in a change in control for purposes of any Marriott equity-based awards or employment-related agreements, and so no payments, accelerated vesting or benefit enhancements will be triggered by the Combination Transactions.

**For a more complete discussion of the interests of the directors and executive officers of Marriott in the Combination Transactions, see the section entitled "The Combination Transactions Interests of Marriott Directors and Executive Officers in the Combination Transactions" beginning on page 118.**

### **Board of Directors Following the Combination Transactions**

Upon the effective time of the Initial Holdco Merger, Marriott's Board will be expanded from its current size of 11 members to 14 members. All 11 members of the pre-Combination Transactions Marriott board of directors will remain on the post-Combination Transactions Marriott board of directors, and three members of the pre-Combination

Transactions Starwood board of directors as mutually agreed by all of the parties will be appointed to the post-Combination Transactions Marriott board of directors upon the effective time of the Initial Holdco Merger.

**Table of Contents**

**For a more complete discussion of the directors and executive officers of Marriott after the Combination Transactions, see the section entitled The Merger Agreement Governance beginning on page 136.**

**Treatment of Starwood Stock Options and Other Equity-Based Awards**

Each Starwood stock option and other equity-based award that is outstanding as of the effective time of the Starwood Merger will first be converted into Holdco stock options and other equity-based awards on a one-for-one basis at the effective time of the Starwood Merger and will then be converted into Marriott stock options and other equity-based awards at the effective time of the Initial Holdco Merger with the following end result:

Each Starwood stock option will be converted into a Marriott stock option, with generally the same terms and conditions that applied to the Starwood stock option before conversion (including accelerated vesting of unvested awards upon a qualifying termination following the effective time of the Initial Holdco Merger). The number of shares of Marriott common stock subject to each converted stock option will be determined by multiplying the number of shares of Starwood common stock subject to the original Starwood stock option by the equity award exchange ratio, rounded down to the nearest whole share. The exercise price of each converted stock option will be determined by dividing the exercise price of the original Starwood stock option by the equity award exchange ratio, rounded up to the nearest whole cent. The equity award exchange ratio means (1) the exchange ratio (0.920) plus (2) the quotient obtained by dividing \$2.00 by the average of the volume weighted average price of a share of Marriott common stock on each of the five consecutive trading days ending with the second complete trading day immediately before the Closing Date (as defined below).

Each Starwood restricted stock award will be converted into a Marriott restricted stock award, with generally the same terms and conditions as were applicable to the Starwood restricted stock award prior to conversion (including accelerated vesting of unvested awards upon a qualifying termination following the effective time of the Initial Holdco Merger). The number of shares of Marriott common stock subject to each converted restricted stock award will be determined by multiplying the number of shares of Starwood common stock subject to the original Starwood restricted stock award by the equity award exchange ratio, rounded up or down to the nearest whole share as applicable.

Each Starwood restricted stock unit award will be converted into a Marriott restricted stock unit award, with generally the same terms and conditions that applied to the Starwood restricted stock unit award before conversion (including accelerated vesting of unvested awards upon a qualifying termination following the effective time of the Initial Holdco Merger). The number of shares of Marriott common stock subject to each converted restricted stock unit award will be determined by multiplying the number of shares of Starwood common stock subject to the original Starwood restricted stock unit award by the equity award exchange ratio, rounded up or down to the nearest whole share as applicable.

Each Starwood performance share award will be converted into a Marriott restricted stock unit award, with generally the same terms and conditions that applied to the Starwood performance share award before



conversion (excluding performance conditions but including accelerated vesting of unvested awards upon a qualifying termination following the effective time of the Initial Holdco Merger). The number of shares of Marriott common stock subject to each such restricted stock unit award will be determined by multiplying the number of shares of Starwood common stock subject to the original Starwood performance share award that each holder would be eligible to receive based on deemed achievement of performance targets at the greater of target or actual performance as of the effective time of the Initial Holdco Merger by the equity award exchange ratio, rounded up or down to the nearest whole share as applicable.

Each Starwood deferred stock unit award will be converted into a Marriott deferred stock unit award, with generally the same terms and conditions that applied to the Starwood deferred stock unit award

## **Table of Contents**

before conversion. The number of shares of Marriott common stock subject to each converted deferred stock unit award will be determined by multiplying the number of shares of Starwood common stock subject to the original Starwood deferred stock unit award by the equity award exchange ratio, rounded up or down to the nearest whole share as applicable.

## **Regulatory Clearances Required for the Combination Transactions**

The Combination Transactions are subject to the requirements of the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the HSR Act ), which prevents Starwood and Marriott from completing the Combination Transactions until the applicable waiting period under the HSR Act is terminated or expires; the European Union Council Regulation (EC) No. 139/2004, as amended, and accompanying regulations, which require notification to and approval by the European Commission in order to complete the Combination Transactions; the Chinese Anti-Monopoly Law of 2008, which requires notification to and approval by the Ministry of Commerce of the People's Republic of China; and the laws of other applicable foreign jurisdictions in which Starwood and/or Marriott currently operate, including, but not limited to, Canada, Colombia, India, Mexico, South Africa and Turkey. In addition, the possibility of pre-closing filings in other countries is under review, Marriott will likely be required to make post-closing filings in certain other countries, and Marriott will likely engage with competition authorities in other jurisdictions in which a formal regulatory filing is not required. While Starwood and Marriott expect to obtain all required regulatory clearances, we cannot assure you that these regulatory clearances will be obtained; that they will not involve the imposition of additional conditions on the completion of the Combination Transactions, including the requirement to divest assets, or that they will not require changes to the terms of the merger agreement. These conditions or changes could result in the conditions to the Combination Transactions not being satisfied. We cannot assure you that a challenge to the Combination Transactions will not be made or that, if a challenge is made, it will not succeed.

## **Expected Timing of the Combination Transactions**

Starwood and Marriott currently expect the closing of the Combination Transactions to occur in mid-2016. However, as the Combination Transactions are subject to the satisfaction or waiver of conditions described in the merger agreement, it is possible that factors outside the control of Marriott and Starwood could result in the Combination Transactions being completed at an earlier time, a later time or not at all.

## **Conditions to Completion of the Combination Transactions**

The respective obligations of Starwood and Marriott to complete the Combination Transactions are subject to the satisfaction or waiver of the following conditions:

the approval of the Starwood combination transactions proposal by the holders of a majority of all outstanding shares of Starwood common stock;

the approval of the Marriott stock issuance proposal by the holders of a majority of the votes cast at the Marriott special meeting in favor;

the termination or expiration of any applicable waiting period under the HSR Act;

the receipt of all authorizations, consents, orders or approvals of, or declarations or filings with, or expirations of waiting periods imposed by, any governmental entity necessary under any antitrust law;

the absence of any judgment, order, law or other legal restraint by a court or other governmental entity of competent jurisdiction that prevents the consummation of the Combination Transactions;

the SEC having declared effective the registration statement of which this joint proxy statement/prospectus forms a part;

the approval for listing by NASDAQ of the shares of Marriott common stock issuable in the Initial Holdco Merger; and

**Table of Contents**

the completion of the Vistana spin-off or, if the Vistana-ILG transactions are not consummated, the completion of another spin-off, split-off or analogous distribution of Vistana or the sale of Vistana by Starwood.

Each of Starwood's and Marriott's obligations to complete the Combination Transactions is subject to the satisfaction or waiver of the following additional conditions:

the representations and warranties of the other party related to its capital structure being true and correct in all respects as of the closing date, which will be the third business day after all conditions to the completion of the Combination Transactions have been satisfied or waived, unless the parties to the merger agreement agree to a different date (the Closing Date) (except to the extent such representations and warranties expressly relate to a specific date, in which case such representations and warranties shall be true and correct as of such date), except, in each case, for *de minimis* inaccuracies;

certain representations and warranties of the other party relating to organization, standing, corporate power, authority, inapplicability of state anti-takeover statutes and its wholly owned subsidiaries party to the merger agreement being true and correct in all material respects as of the Closing Date (except to the extent such representations and warranties expressly relate to a specific date, in which case such representations and warranties shall be true and correct as of such date);

the representation and warranty of the other party relating to the absence of facts, circumstances, effects, changes, events or developments that, individually or in the aggregate, have had or would reasonably be expected to have a material adverse effect of the other party being true and correct as of the Closing Date;

each other representation and warranty (without giving effect to any limitation as to materiality or material adverse effect or any provisions contained therein relating to preventing or materially delaying the consummation of any of the transactions contemplated by the merger agreement) being true and correct as of the Closing Date (except to the extent such representations and warranties relate to a specific date in which case such representations and warranties must be true and correct as of such date), except where the failure of such representations and warranties to be so true and correct does not have, and would not reasonably be expected to have, individually or in the aggregate with respect to all such failures, a material adverse effect on such party;

the other party having performed in all material respects all obligations required to be performed by it under the merger agreement;

the receipt of an officer's certificate executed by an authorized officer of the other party certifying that conditions in the five preceding bullet points have been satisfied; and

for Starwood, Starwood's receipt of an opinion from Cravath, Swaine & Moore LLP, tax counsel to Starwood, to the effect that, for U.S. federal income tax purposes, (a) the Starwood Merger and the Starwood

LLC Conversion, taken together, will qualify as a reorganization within the meaning of Section 368(a)(1)(F) of the Code and (b) the Initial Holdco Merger and the Final Holdco Merger, taken together, will constitute an integrated plan that will qualify as a reorganization within the meaning of Section 368(a) of the Code.

For more information about conditions to the completion of the Combination Transactions and a complete list of such conditions, see the section entitled The Merger Agreement Conditions to Completion of the Combination Transactions beginning on page 137.

### **Vacation Ownership Business Spin-Off**

Starwood has entered into definitive agreements and other documents (the Vistana documents ) governing the proposed spin-off of Vistana and its subsequent merger with a wholly owned subsidiary of ILG. Starwood

## **Table of Contents**

must use its reasonable best efforts to take or cause to be taken all actions, and to do or cause to be done all things necessary, proper or advisable, to consummate the Vistana-ILG transactions as promptly as practicable on the terms and conditions described in the Vistana documents. If Starwood fails to consummate the Vistana-ILG transactions for any reason, Starwood must use its reasonable best efforts to take or cause to be taken all actions, and to do or cause to be done all things necessary, proper or advisable, to consummate and make effective an alternative disposition of Vistana in the most expeditious manner practicable, whether pursuant to a transaction with another third party or otherwise pursuant to a distribution or exchange of capital stock of Vistana to Starwood stockholders.

The obligations of Starwood and Marriott to complete the Combination Transactions under the merger agreement are subject to the prior consummation of the Vistana spin-off or, if the Vistana-ILG transactions are not consummated, another spin-off, split-off or analogous distribution of Vistana or any sale of Vistana by Starwood as described in the section entitled "The Merger Agreement Conditions to Completion of the Combination Transactions" beginning on page 137. Consequently, Marriott will not be acquiring the Vistana business in connection with the Combination Transactions. For more information about the Vistana-ILG transactions, the Vistana business and the consideration to be received by Starwood stockholders, see the Registration Statement on Form S-4 (registration number 333-208567), as amended or supplemented from time to time, filed with the SEC by ILG on December 15, 2015.

## **No Solicitation of Alternative Proposals**

The merger agreement precludes Starwood and Marriott from soliciting or engaging in discussions or negotiations with a third party with respect to any proposal for a competing transaction, including the acquisition of a significant interest in Starwood's or Marriott's capital stock or assets. However, if Starwood or Marriott receives an unsolicited proposal from a third party for a competing transaction that Starwood's Board or Marriott's Board, as applicable, among other things, determines in good faith (after consultation with its legal and financial advisors) (i) is reasonably likely to lead to a proposal that is superior to the Combination Transactions and (ii) did not result from a breach of the non-solicitation obligations set forth in the merger agreement, then Starwood or Marriott, as applicable, may furnish non-public information to and enter into discussions with, and only with, that third party and its representatives and financing sources about such competing transaction.

For more information on the limitations on Starwood and Marriott and their boards to consider other proposals, see the section entitled "The Merger Agreement No Solicitation of Alternative Proposals" beginning on page 130.

## **Termination of the Merger Agreement**

Starwood and Marriott may mutually agree to terminate the merger agreement before completing the Combination Transactions, even after obtaining stockholder approval.

In addition, either Starwood or Marriott may terminate the merger agreement, even after obtaining stockholder approval:

if the Initial Holdco Merger is not consummated by December 31, 2016;

if the approval of the Starwood combination transactions proposal will not have been obtained by reason of the failure to obtain the required vote at a duly convened Starwood stockholders meeting or any adjournment or postponement thereof;

if the approval of the Marriott stock issuance proposal will not have been obtained by reason of the failure to obtain the required vote at a duly convened Marriott stockholders meeting or any adjournment or postponement thereof;

## **Table of Contents**

if any legal restraint is in effect preventing the consummation of the Combination Transactions, and such restraint has become final and nonappealable, or if any governmental entity that must grant regulatory approval of the Combination Transactions under the terms of the merger agreement has denied such approval and such denial has become final and nonappealable; or

if the other party has breached or failed to perform in any material respect any of its representations, warranties, covenants or other agreements contained in the merger agreement, which breach or failure to perform (i) would give rise to the failure of the applicable condition to consummate the Combination Transactions and (ii) is incapable of being cured by such party or is not cured within 30 days after receiving written notice.

In addition, either Starwood or Marriott may terminate the merger agreement:

at any time before the Starwood special meeting or the Marriott special meeting, respectively, if the board of directors of the other party (i) has failed to include in this joint proxy statement/prospectus its recommendation without modification or qualification that the stockholders approve the Starwood combination transactions proposal or the Marriott stock issuance proposal, as applicable, (ii) has failed to publicly reaffirm its recommendation of the Starwood combination transactions proposal or the Marriott stock issuance proposal, as applicable, within 10 business days after the date of any alternative transaction with a third party or any material modification thereto is first commenced, published or sent, or (iii) withdraws or modifies in any adverse manner, or proposes publicly to withdraw or modify in any adverse manner, its approval or recommendation with respect to the Combination Transactions, or approves or recommends, or proposes publicly to approve or recommend, any alternative transaction with a third party; or

at any time before obtaining Starwood stockholder approval or Marriott stockholder approval, respectively, in order to enter into a binding agreement providing for a superior proposal under the provisions described under The Merger Agreement Changes in Board Recommendations.

See the section entitled The Merger Agreement Termination of the Merger Agreement beginning on page 138 for a discussion of these and other rights of each of Starwood and Marriott to terminate the merger agreement.

## **Expenses and Termination Fees**

Generally, each party is required to pay all fees and expenses incurred by it in connection with the transactions contemplated by the merger agreement. However, the merger agreement provides that, upon termination of the merger agreement under certain circumstances, Starwood may be obligated to pay Marriott, or Marriott may be obligated to pay Starwood, a termination fee of \$400 million. See the section entitled The Merger Agreement Expenses and Termination Fees beginning on page 140 for a more complete discussion of the circumstances under which termination fees will be required to be paid.

## **No Appraisal Rights**

Neither Starwood stockholders, under Maryland law, nor Marriott stockholders, under Delaware law, are entitled to appraisal rights in connection with the Combination Transactions.



**Comparison of Stockholder Rights**

Starwood stockholders receiving the merger consideration will have different rights once they become stockholders of Marriott due to differences between the states of incorporation of Starwood and Marriott and the governing corporate documents of Starwood and Marriott. For more information about the comparison of stockholder rights, see the section entitled **Comparison of Stockholder Rights** beginning on page 164.

## **Table of Contents**

### **Listing of Shares of Marriott Common Stock; Delisting and Deregistration of Shares of Starwood Common Stock**

Application will be made to NASDAQ to have the shares of Marriott common stock issued in connection with the Combination Transactions approved for listing on NASDAQ, where Marriott common stock currently is traded under the symbol MAR. If the Combination Transactions are completed, Starwood common stock will be delisted from the NYSE and there will no longer be a trading market for such stock. In addition, Starwood common stock will be deregistered under the Exchange Act, and Starwood will no longer file periodic reports with the SEC.

For more information on the listing of shares of Marriott common stock and the delisting and deregistration of shares of Starwood common stock, see the section entitled The Combination Transactions NASDAQ Market Listing of Marriott Common Stock beginning on page 123 and The Combination Transactions Delisting and Deregistration of Starwood Common Stock beginning on page 123.

### **The Starwood Special Meeting**

The Starwood special meeting is scheduled to be held at \_\_\_\_\_, on \_\_\_\_\_, 2016, at \_\_\_\_\_, local time. At the Starwood special meeting, Starwood stockholders will be asked to consider and vote on:

the Starwood combination transactions proposal; and

the Starwood advisory compensation proposal.

Only holders of record of Starwood common stock at the close of business on \_\_\_\_\_, 2016, the record date for the Starwood special meeting, will be entitled to notice of, and to vote at, the Starwood special meeting or any adjournments or postponements thereof. At the close of business on the record date, \_\_\_\_\_ shares of Starwood common stock were issued and outstanding and held by \_\_\_\_\_ holders of record.

Holders of record of Starwood common stock on the record date are entitled to one vote per share at the Starwood special meeting on each proposal. A list of stockholders of Starwood will be available at the special meeting for examination by any stockholder of record present at the special meeting. At the close of business on the Starwood record date, directors and executive officers of Starwood and their affiliates were entitled to vote \_\_\_\_\_ shares of Starwood common stock, or approximately \_\_\_\_\_ % of the shares of Starwood common stock outstanding on that date. Starwood currently expects that Starwood's directors and executive officers will vote their shares in favor of each proposal being submitted to a vote of Starwood stockholders at the Starwood special meeting, although none of them has entered into any agreement obligating them to do so.

The approval of the Starwood combination transactions proposal requires the affirmative vote of the holders of a majority of all shares of Starwood common stock outstanding and entitled to vote thereon. The approval of the Starwood advisory compensation proposal requires the affirmative vote of a majority of all the votes cast, either in person or represented by proxy, at the Starwood special meeting, although such vote will not be binding on Starwood, Starwood's Board or Marriott.

### **The Marriott Special Meeting**

The Marriott special meeting will be held at the JW Marriott Hotel, 1331 Pennsylvania Avenue, N.W., Washington, D.C. 20004, on \_\_\_\_\_, 2016 at \_\_\_\_\_, local time. At the Marriott special meeting, and any adjournments or postponements thereof, Marriott stockholders will be asked to consider and vote on:

the Marriott stock issuance proposal; and

the Marriott adjournment proposal, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the foregoing proposal.

## **Table of Contents**

Marriott's Board has fixed the close of business on \_\_\_\_\_, 2016 as the record date for determination of Marriott stockholders entitled to notice of, and to vote at, the Marriott special meeting and any adjournment thereof. Approval of the Marriott stock issuance proposal and the Marriott adjournment proposal, if necessary or appropriate, both require the affirmative vote of the holders of a majority of the shares of Marriott common stock present and entitled to vote either in person or by proxy on the matter at the Marriott special meeting. As of the close of business on the record date for the Marriott special meeting, there were \_\_\_\_\_ shares of Marriott common stock outstanding.

As of the close of business on the record date for the Marriott special meeting, directors and executive officers of Marriott and their affiliates were entitled to vote \_\_\_\_\_ shares of Marriott common stock, or approximately \_\_\_\_\_ % of the shares of Marriott common stock outstanding. Marriott currently expects that Marriott's directors and executive officers will vote their shares in favor of each proposal being submitted to a vote of Marriott stockholders at the Marriott special meeting, although none of them has entered into any agreement obligating them to do so.

For additional information about the Marriott special meeting, see the section entitled "Marriott Special Meeting" beginning on page 49.

## **Litigation Relating to the Combination Transactions**

Starwood's Board has received demand letters from two purported stockholders alleging that Starwood's Board breached its fiduciary duties in connection with its approval of the Combination Transactions and demanding that Starwood's Board conduct an investigation and take other actions. Starwood's Board has established a demand review committee, which is reviewing and investigating the allegations with the assistance of independent counsel.

Between November 18, 2015 and December 18, 2015, seven lawsuits challenging the Combination Transactions were filed on behalf of purported stockholders of Starwood in the Circuit Court for Baltimore City, Maryland, captioned *Smukler v. Marriott International, Inc., et al.*, Case No. 24-C-15-005744; *Standen v. Starwood Hotels & Resorts Worldwide, Inc., et al.*, Case No. 24-C-15-006019; *Joshua G. Kohnstamm Trust v. Starwood Hotels & Resorts Worldwide, Inc., et al.*, Case No. 24-C-15-006783; *Himstreet v. Aron, et al.*, Case No. 24-C-15-006855; *Christner v. Starwood Hotels & Resorts Worldwide, Inc., et al.*, Case No. 24-C-15-006959; *French v. Starwood Hotels & Resorts Worldwide, Inc., et al.*, Case No. 24-C-15-006962; and *Daftary v. Aron, et al.*, Case No. 24-C-15-006988. Mr. Smukler and Mr. Standen (the latter joined by Joshua G. Kohnstamm Trust and Messrs. Christner, French and Daftary) filed amended complaints on January 8, 2016 and January 11, 2016, respectively. The complaints name some combination of Starwood's directors, Starwood, Holdco, Starwood Merger Sub, Marriott, Marriott Corporate Merger Sub, Marriott LLC Merger Sub, and others, as defendants. The complaints allege that (i) Starwood's directors breached their fiduciary duties in connection with the Combination Transactions by, among other things, agreeing to an allegedly unfair price and allegedly unreasonable deal protection devices and allegedly omitting material information from the joint proxy statement/prospectus filed on December 22, 2015; and (ii) the other defendants aided and abetted these alleged breaches of fiduciary duty. The complaints each seek an injunction preventing the defendants from consummating the Combination Transactions, as well as other remedies, including, in certain cases, compensatory damages.

The Starwood and Marriott defendants moved to dismiss the seven initial complaints on various dates in December 2015. The Starwood and Marriott defendants moved to dismiss the amended complaints on January 25, 2016. A hearing is scheduled before the Court on January 29, 2016.

Starwood and Marriott believe that each of these lawsuits is without merit and intend to defend them vigorously.

Starwood and Marriott expect that similar lawsuits may be filed, and that similar demand letters may be received by Starwood, Marriott and their respective boards of directors, in the future.

**Table of Contents****Summary Consolidated Financial Data of Starwood**

The following table presents a summary of Starwood's selected historical financial data derived from its last five years of financial statements. This disclosure does not include the effects of the Combination Transactions and includes the Vistana business for all periods presented. The financial data for each of the years ended December 31, 2014, 2013 and 2012 is derived from Starwood's audited consolidated financial statements included in Starwood's Annual Report on Form 10-K for the year ended December 31, 2014, which is incorporated by reference in this joint proxy statement/prospectus. The financial data for each of the fiscal years ended December 30, 2011 and December 31, 2010 is derived from Starwood's audited consolidated financial statements for such years, which have not been incorporated by reference into this joint proxy statement/prospectus.

The financial data for Starwood as of September 30, 2015 and for the nine months ended September 30, 2015 and September 30, 2014 is derived from Starwood's unaudited condensed consolidated financial statements and related notes contained in its Quarterly Report on Form 10-Q for the nine months ended September 30, 2015, which is incorporated by reference into this joint proxy statement/prospectus. The unaudited financial data presented has been prepared on a basis consistent with Starwood's audited consolidated financial statements. These financial statements are unaudited, but, in the opinion of Starwood's management, such unaudited financial data reflect all adjustments, consisting of normal and recurring adjustments, necessary for a fair presentation of the results for those periods. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the full year or any future period.

Historical results are not necessarily indicative of the results that may be expected for any future period or any future date. Because this information is only a summary and does not provide all of the information contained in Starwood's financial statements, including the related notes, this selected consolidated financial data should be read in conjunction with Starwood's Annual Report on Form 10-K for the year ended December 31, 2014, and Starwood's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2015. See the section entitled "Where You Can Find More Information" beginning on page 191.

(\$ in millions, except per share data)	Nine Months Ended		Fiscal Year				
	September 30, 2015	2014	2014	2013	2012	2011	2010
<b>Income Statement Data:</b>							
Revenues	\$ 4,330	\$ 4,490	\$ 5,983	\$ 6,115	\$ 6,321	\$ 5,624	\$ 5,071
Operating income	\$ 549	\$ 641	\$ 883	\$ 925	\$ 912	\$ 630	\$ 600
Income from continuing operations attributable to Starwood	\$ 323	\$ 398	\$ 643	\$ 565	\$ 470	\$ 502	\$ 310
Net income attributable to Starwood	\$ 323	\$ 399	\$ 633	\$ 635	\$ 562	\$ 489	\$ 477
<b>Per Share Data:</b>							
Diluted earnings per share from continuing operations attributable to Starwood stockholders	\$ 1.90	\$ 2.10	\$ 3.46	\$ 2.92	\$ 2.39	\$ 2.57	\$ 1.63

Diluted earnings per share attributable to Starwood stockholders	\$ 1.90	\$ 2.11	\$ 3.40	\$ 3.28	\$ 2.86	\$ 2.51	\$ 2.51
Cash dividends declared per share	\$ 1.125	\$ 3.00	\$ 4.00	\$ 1.35	\$ 1.25	\$ 0.50	\$ 0.30

**Table of Contents**

(\$ in millions, except per share data)	Nine Months Ended		Fiscal Year				
	September 30, 2015	2014	2014	2013	2012	2011	2010
<b>Balance Sheet Data (at period end):</b>							
Total assets	\$ 8,185	\$ 8,426	\$ 8,659	\$ 8,762	\$ 8,855	\$ 9,560	\$ 9,776
Long-term debt	\$ 1,874	\$ 2,163	\$ 2,398	\$ 1,265	\$ 1,273	\$ 2,194	\$ 2,848
Long-term securitized vacation ownership debt	\$ 137	\$ 191	\$ 176	\$ 258	\$ 383	\$ 402	\$ 367
Stockholders (deficit) equity	\$ 1,254	\$ 2,150	\$ 1,528	\$ 3,363	\$ 3,142	\$ 2,955	\$ 2,486
<b>Other Data:</b>							
Management Fees, Franchise Fees and Other Income	\$ 759	\$ 763	\$ 1,057	\$ 965	\$ 888	\$ 814	\$ 712



**Table of Contents****Summary Consolidated Financial Data of Marriott**

The following table presents a summary of Marriott's selected historical financial data and other operating information. The selected historical financial data was derived from its last five years of financial statements. This disclosure does not include the effects of the Combination Transactions. The selected historical financial data for each of the years ended December 31, 2014 and 2013 and the fiscal year ended December 28, 2012 is derived from Marriott's audited consolidated financial statements included in Marriott's Annual Report on Form 10-K for the year ended December 31, 2014, which is incorporated by reference in this joint proxy statement/prospectus. The selected historical financial data for each of the fiscal years ended December 30, 2011 and December 31, 2010 is derived from Marriott's audited consolidated financial statements for such years, which have not been incorporated by reference into this joint proxy statement/prospectus.

The selected historical financial data for Marriott as of September 30, 2015 and for the nine months ended September 30, 2015 and September 30, 2014 are derived from Marriott's unaudited condensed consolidated financial statements and related notes contained in its Quarterly Report on Form 10-Q for the nine months ended September 30, 2015, which is incorporated by reference into this joint proxy statement/prospectus. The unaudited financial data presented have been prepared on a basis consistent with Marriott's audited consolidated financial statements. These financial statements are unaudited, but, in the opinion of Marriott's management, such unaudited financial data reflect all adjustments, consisting only of normal and recurring adjustments, necessary for a fair presentation of the results for those periods. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the full year or any future period.

Historical results are not necessarily indicative of the results that may be expected for any future period or any future date. Because this information is only a summary and does not provide all of the information contained in Marriott's financial statements, including the related notes, this selected consolidated financial data should be read in conjunction with Marriott's Annual Report on Form 10-K for the year ended December 31, 2014, and Marriott's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2015. See the section entitled "Where You Can Find More Information" beginning on page 191.

(\$ in millions, except per share data)	Nine Months Ended September 30,		Fiscal Year				
	2015	2014	2014	2013 <sup>(1)</sup>	2012	2011 <sup>(2)</sup>	2010 <sup>(2)</sup>
<b>Income Statement Data:</b>							
Revenues	\$ 10,780	\$ 10,237	\$ 13,796	\$ 12,784	\$ 11,814	\$ 12,317	\$ 11,691
Operating income	\$ 1,040	\$ 868	\$ 1,159	\$ 988	\$ 940	\$ 526	\$ 695
Income from continuing operations attributable to Marriott	\$ 657	\$ 556	\$ 753	\$ 626	\$ 571	\$ 198	\$ 458
Net income attributable to Marriott	\$ 657	\$ 556	\$ 753	\$ 626	\$ 571	\$ 198	\$ 458
<b>Per Share Data:</b>							
Diluted earnings per share from continuing operations attributable to	\$ 2.38	\$ 1.86	\$ 2.54	\$ 2.00	\$ 1.72	\$ 0.55	\$ 1.21

Marriott stockholders

Diluted earnings per share attributable to Marriott stockholders	\$ 2.38	\$ 1.86	\$ 2.54	\$ 2.00	\$ 1.72	\$ 0.55	\$ 1.21
Cash dividends declared per share	\$ 0.70	\$ 0.57	\$ 0.77	\$ 0.64	\$ 0.49	\$ 0.3875	\$ 0.2075

**Table of Contents**

(\$ in millions)	Nine Months Ended September 30,		Fiscal Year				
	2015	2014	2014	2013 <sup>(1)</sup>	2012	2011 <sup>(2)</sup>	2010 <sup>(2)</sup>
<b>Balance Sheet Data (at period end):</b>							
Total assets	\$ 6,153	\$ 6,847	\$ 6,865	\$ 6,794	\$ 6,342	\$ 5,910	\$ 8,983
Long-term debt	\$ 3,689	\$ 3,521	\$ 3,457	\$ 3,147	\$ 2,528	\$ 1,816	\$ 2,691
Stockholders (deficit) equity	\$ (3,589)	\$ (1,842)	\$ (2,200)	\$ (1,415)	\$ (1,285)	\$ (781)	\$ 1,585
<b>Other Data:</b>							
Base management fees	\$ 526	\$ 509	\$ 672	\$ 621	\$ 581	\$ 602	\$ 562
Franchise fees	\$ 652	\$ 560	\$ 745	\$ 666	\$ 607	\$ 506	\$ 441
Incentive management fees	\$ 238	\$ 220	\$ 302	\$ 256	\$ 232	\$ 195	\$ 182
<b>Total fees</b>	<b>\$ 1,416</b>	<b>\$ 1,289</b>	<b>\$ 1,719</b>	<b>\$ 1,543</b>	<b>\$ 1,420</b>	<b>\$ 1,303</b>	<b>\$ 1,185</b>
<b>Fee Revenue-Source:</b>							
North America <sup>(3)</sup>	\$ 1,116	\$ 1,006	\$ 1,319	\$ 1,186	\$ 1,074	\$ 970	\$ 878
Total Outside North America <sup>(4)</sup>	\$ 300	\$ 283	\$ 400	\$ 357	\$ 346	\$ 333	\$ 307
<b>Total fees</b>	<b>\$ 1,416</b>	<b>\$ 1,289</b>	<b>\$ 1,719</b>	<b>\$ 1,543</b>	<b>\$ 1,420</b>	<b>\$ 1,303</b>	<b>\$ 1,185</b>

- (1) In 2013, Marriott changed to a calendar year-end reporting cycle. Earlier fiscal years ended on the Friday closest to December 31.
- (2) In 2011, Marriott spun-off its former timeshare operations and timeshare development business ( MVW ). For periods before the 2011 spin-off, Marriott continues to include its former timeshare segment in its historical financial results as a component of continuing operations because of its significant continuing involvement in MVW s future operations. Additionally, in 2011, Marriott incurred timeshare strategy impairment charges.
- (3) Represents fee revenue from the United States (but not Hawaii before 2011) and Canada.
- (4) Represents fee revenue outside of North America, as defined in footnote (3) above.

**Table of Contents****Summary Unaudited Pro Forma Condensed Combined Financial Data of Starwood and Marriott**

The following table shows summary unaudited pro forma condensed combined financial information for the financial condition and results of operations of the combined company after giving effect to the Combination Transactions. This information has been prepared using the acquisition method of accounting under U.S. GAAP, under which the assets and liabilities of Starwood will be recorded by Marriott at their respective fair values as of the date the Combination Transactions are completed. The summary unaudited pro forma condensed combined balance sheet information is presented as if the Combination Transactions had occurred on September 30, 2015. The unaudited pro forma condensed combined statements of income information for the nine months ended September 30, 2015 and the year ended December 31, 2014 are presented as if the Combination Transactions occurred on January 1, 2014, the beginning of the earliest period presented.

This summary unaudited pro forma condensed combined financial information does not reflect any cost savings from operating efficiencies, synergies or other restructuring, or associated costs to achieve such savings, that may result from the Combination Transactions. Further, this information does not reflect the effect of any regulatory actions that may impact the combined company when the Combination Transactions are completed. This information has been derived from and should be read in conjunction with the more detailed unaudited pro forma condensed combined financial statements of the combined company appearing elsewhere in this joint proxy statement/prospectus and the accompanying notes to the unaudited pro forma condensed combined financial statements. In addition, the summary unaudited pro forma condensed combined financial statements were based on and should be read in conjunction with the historical consolidated financial statements and related notes of both Starwood and Marriott for the applicable periods, which have been incorporated in this joint proxy statement/prospectus by reference. See the section entitled "Where You Can Find More Information" beginning on page 191 and the section entitled "Starwood and Marriott Unaudited Pro Forma Condensed Combined Financial Statements" beginning on page 148.

This summary unaudited pro forma condensed combined financial information has been presented for informational purposes only and is not necessarily indicative of what the combined company's financial position or results of operations actually would have been had the Combination Transactions been completed as of the dates indicated. In addition, summary unaudited pro forma condensed combined financial information does not purport to project the future financial position or operating results of the combined company. The unaudited summary pro forma combined financial data is based upon currently available information and estimates and assumptions that Marriott's management believes are reasonable as of the date hereof. Any of the factors underlying these estimates and assumptions may change or prove to be materially different, and the estimates and assumptions may not be representative of facts existing at the Closing Date of the Combination Transactions.

<i>(\$ in millions, except per share data)</i>	<b>Nine Months Ended</b>	
	<b>September 30, 2015</b>	<b>Year Ended December 31, 2014</b>
<b>Summary Unaudited Pro Forma Condensed Combined Income Statement Data:</b>		
Revenues	\$ 14,373	\$ 18,839
Operating income	\$ 1,414	\$ 1,793
Net income (loss) attributable to Marriott / Starwood	\$ 896	\$ 1,267

**Per Share Data:**

Diluted earnings per share attributable to Marriott / Starwood stockholders	\$	2.07	\$	2.80
--	----	------	----	------

**Summary Unaudited Pro Forma Condensed Combined****Balance Sheet Data:**

Total assets	\$	24,152
Long-term debt	\$	5,591
Stockholders (deficit) equity	\$	6,088

**Table of Contents****Unaudited Comparative Per Share Data**

The historical per share information of each of Starwood and Marriott presented below is derived from the audited consolidated financial statements of each company as of, and for the year ended, December 31, 2014 and the unaudited condensed consolidated financial statements of each company as of, and for the nine months ended, September 30, 2015. The unaudited pro forma combined per Marriott common share data presented below gives effect to the Combination Transactions under the acquisition method of accounting, as if the Combination Transactions had occurred on January 1, 2014, the first day of Marriott's fiscal year ended December 31, 2014, in the case of net income, and at September 30, 2015, in the case of book value per share data, and assuming that each outstanding share of Starwood common stock had been converted into shares of Marriott common stock based on the exchange ratio. The unaudited pro forma combined per Marriott common share data is derived from the unaudited condensed consolidated financial statements of each of Marriott and Starwood as adjusted for the Vistana spin-off as of, and for the nine months ended, September 30, 2015 and the audited consolidated financial statements for each of Marriott and Starwood as adjusted for the Vistana spin-off for the year ended December 31, 2014. The unaudited pro forma combined per Starwood equivalent share data presented below shows the effect of the Combination Transactions from the perspective of a holder of Starwood common stock. The unaudited pro forma combined per Starwood equivalent share data was calculated by multiplying the unaudited pro forma combined per Marriott common share amounts by the exchange ratio. The following information should be read in conjunction with the audited consolidated financial statements of Starwood and Marriott, which are incorporated by reference in this joint proxy statement/prospectus, and the financial information contained in the section entitled "Starwood and Marriott Unaudited Pro Forma Condensed Combined Financial Statements" beginning on page 148. The unaudited pro forma combined information below is not necessarily indicative of the operating results or financial position that would have occurred if the Combination Transactions had been completed as of the periods presented, nor is it necessarily indicative of the future operating results or financial position of the combined company. In addition, the unaudited pro forma combined information does not purport to indicate balance sheet data or results of operations data as of any future date or for any future period.

	<b>Nine Months Ended September 30, 2015</b>	<b>Year Ended December 31, 2014</b>
<b>Marriott Historical Data Per Common Share</b>		
Income from continuing operations		
Basic	\$ 2.43	\$ 2.60
Diluted	\$ 2.38	\$ 2.54
Dividends declared per common share	\$ 0.70	\$ 0.77
Book value per share <sup>(1)</sup>	\$ (13.94)	\$ (7.86)

	<b>Nine Months Ended September 30, 2015</b>	<b>Year Ended December 31, 2014</b>
<b>Starwood Historical Data Per Common Share</b>		

Income from continuing operations

Basic	\$	1.91	\$	3.49
Diluted	\$	1.90	\$	3.46
Dividends declared per common share	\$	1.125	\$	4.00
Book value per share <sup>(1)</sup>	\$	7.39	\$	8.83

**Table of Contents**

	<b>Nine Months Ended September 30, 2015</b>	<b>Year Ended December 31, 2014</b>
<b>Marriott Pro Forma Combined Data Per Common Share</b>		
Income from continuing operations		
Basic	\$ 2.10	\$ 2.85
Diluted	\$ 2.07	\$ 2.80
Dividends declared per common share <sup>(2)</sup>	N/A	N/A
Book value per share <sup>(1)</sup>	\$ 14.75	N/A

	<b>Nine Months Ended September 30, 2015</b>	<b>Year Ended December 31, 2014</b>
<b>Starwood Pro Forma Equivalent Data Per Common Share</b>		
Income from continuing operations		
Basic	\$ 1.93	\$ 2.62
Diluted	\$ 1.90	\$ 2.58
Dividends declared per common share <sup>(2)</sup>	N/A	N/A
Book value per share <sup>(1)</sup>	\$ 13.57	N/A

(1) Amount is calculated by dividing stockholders' deficit or stockholders' equity by common stock, as applicable, outstanding.

(2) Pro forma dividends per common share is not presented as the dividend policy for the combined company which will be determined by Marriott's Board following the completion of the Combination Transactions.

**Comparative Stock Prices and Dividends**

Presented below are Starwood's and Marriott's historical per share data for the periods indicated below. Starwood common stock is currently traded on the NYSE under the symbol HOT, and Marriott common stock is currently traded on NASDAQ and the Chicago Stock Exchange under the symbol MAR.



**Table of Contents**

This information should be read together with the consolidated financial statements and related notes of Starwood and Marriott that are incorporated by reference in this document and with the unaudited pro forma combined financial data included under Starwood and Marriott Unaudited Pro Forma Condensed Combined Financial Statements beginning on page 148.

	<b>Marriott common stock</b>		
	<b>High</b>	<b>Low</b>	<b>Dividends Paid</b>
<b><u>Calendar Year 2013</u></b>			
First quarter	\$ 42.27	\$ 36.24	\$ 0.130
Second quarter	44.45	38.17	0.170
Third quarter	43.99	39.58	0.170
Fourth quarter	49.84	41.26	0.170
<b><u>Calendar Year 2014</u></b>			
First quarter	\$ 56.20	\$ 47.21	\$ 0.170
Second quarter	64.31	55.00	0.200
Third quarter	73.28	63.37	0.200
Fourth quarter	79.25	59.61	0.200
<b><u>Calendar Year 2015</u></b>			
First quarter	\$ 85.00	\$ 72.77	\$ 0.200
Second quarter	84.33	73.77	0.250
Third quarter	78.76	63.95	0.250
Fourth quarter	79.88	64.64	0.250
<b><u>Calendar Year 2016</u></b>			
First quarter (through January 26, 2016)	\$ 66.20	\$ 56.43	

	<b>Starwood common stock</b>		
	<b>High</b>	<b>Low</b>	<b>Dividends Paid</b>
<b><u>Calendar Year 2013</u></b>			
First quarter	\$ 63.95	\$ 57.76	\$
Second quarter	70.16	59.21	
Third quarter	69.99	61.92	
Fourth quarter	79.77	64.40	1.350
<b><u>Calendar Year 2014</u></b>			
First quarter	\$ 82.81	\$ 72.00	\$ 1.000
Second quarter	81.82	72.97	1.000
Third quarter	86.11	76.84	1.000
Fourth quarter	82.80	68.53	1.000
<b><u>Calendar Year 2015</u></b>			
First quarter	\$ 86.76	\$ 70.66	\$ 0.375
Second quarter	87.99	80.06	0.375
Third quarter	86.96	63.99	0.375
Fourth quarter	82.83	65.40	0.375
<b><u>Calendar Year 2016</u></b>			

First quarter (through January 26, 2016)	\$ 68.48	\$ 56.87
--	----------	----------

**Table of Contents**

The following table presents the closing prices of Marriott common stock on NASDAQ and Starwood common stock on the NYSE on November 13, 2015, the last trading day before public announcement of the merger agreement, and on \_\_\_\_\_, 2016, the latest practicable trading day before the date of this joint proxy statement/prospectus.

The table also includes the equivalent closing per share price of Starwood common stock on those dates as determined by reference to the value of merger consideration to be received for each share of Starwood common stock in the Combination Transactions (including the cash consideration of \$2.00 per share but excluding the consideration Starwood stockholders will be entitled to receive upon consummation of the disposition of the Vistana business). These equivalent closing per share prices reflect the fluctuating value of the Marriott common stock that Starwood stockholders would receive in exchange for each share of Starwood common stock (together with the \$2.00 to be paid per share of Starwood common stock) if the Combination Transactions had been completed on either of these dates, applying the exchange ratio of 0.920 shares of Marriott common stock for each share of Starwood common stock.

<b>Date</b>	<b>Marriott Common Stock</b>	<b>Starwood Common Stock</b>	<b>Equivalent per Share Value</b>
November 13, 2015	\$ 72.74	\$ 74.99	\$ 68.92
_____, 2016	\$	\$	\$

**Table of Contents****RISK FACTORS**

*In addition to the other information included or incorporated by reference in this joint proxy statement/prospectus, including the matters addressed in the section entitled "Special Note About Forward-Looking Statements" beginning on page 42, you should carefully consider the following risks before deciding how to vote. In addition, you should read and consider the risks associated with each of the businesses of Starwood and Marriott because those risks will also affect the combined company after giving effect to the Combination Transactions. Those risks can be found in the Annual Reports on Form 10-K for the fiscal year ended December 31, 2014 and any amendments thereto, for each of Starwood and Marriott, as such risks may be updated or supplemented in each company's subsequently filed Quarterly Reports on Form 10-Q or Current Reports on Form 8-K, which are incorporated by reference into this joint proxy statement/prospectus. You should also read and consider the other information in this joint proxy statement/prospectus and the other documents incorporated by reference in this joint proxy statement/prospectus. See the section entitled "Where You Can Find More Information" beginning on page 191.*

**Risk Factors Relating to the Combination Transactions**

***The exchange ratio is fixed and will not be adjusted for changes in either Starwood's or Marriott's stock price.***

The exchange ratio is fixed such that each share of Starwood common stock will be converted into the right to receive 0.920 shares of Marriott common stock in connection with the Combination Transactions. This exchange ratio will not be adjusted for changes in the market price of either Starwood common stock or Marriott common stock between the date of signing the merger agreement and completion of the Combination Transactions.

Changes in the price of Marriott common stock before the closing of the Combination Transactions will affect the market value of Marriott common stock that Starwood common stockholders will receive at the closing of the Combination Transactions. The prices of Starwood common stock and Marriott common stock at the closing of the Combination Transactions may vary from their prices on the date the merger agreement was executed, on the date of this joint proxy statement/prospectus and on the date of each special meeting. As a result, the value represented by the exchange ratio will also vary. For example, based on the range of closing prices of Marriott common stock during the period from November 13, 2015, the last trading day before public announcement of the merger agreement, through \_\_\_\_\_, 2016, the latest practicable trading date before the date of this joint proxy statement/prospectus, the exchange ratio represented a value ranging from a high of \$ \_\_\_\_\_ to a low of \$ \_\_\_\_\_ for each share of Starwood common stock and an implied value ranging from a low of \$ \_\_\_\_\_ to a high of \$ \_\_\_\_\_ per share of Starwood common stock, as determined by reference to the value of merger consideration to be received for each share of Starwood common stock in the Combination Transactions (including the cash consideration of \$2.00 per share) and the estimated value of the consideration to be received by Starwood stockholders (based on an estimate of the number of shares of ILG common stock to be received by each Starwood stockholder as of \_\_\_\_\_, 2016 and the closing price of ILG common stock on that date) in connection with the Vistana-ILG transactions of \$ \_\_\_\_\_ per share of Starwood common stock, as compared to the low and high closing price of Starwood common stock of \$ \_\_\_\_\_ and \$ \_\_\_\_\_, respectively, during that time period.

These variations could result from changes in the business, operations or prospects of Starwood or Marriott before or following the Combination Transactions, regulatory considerations, general market and economic conditions and other factors both within and beyond the control of Starwood or Marriott. The Combination Transactions may be completed a considerable period after the date of both the Starwood special meeting and the Marriott special meeting. Therefore, at the time of the special meetings, Starwood stockholders will not know with certainty the value of the shares of Marriott common stock that they will receive upon completion of the Combination Transactions.



---

**Table of Contents**

***Starwood and Marriott will be subject to various uncertainties and contractual restrictions, including the risk of litigation, while the Combination Transactions are pending that may cause disruption and may make it more difficult to maintain relationships with employees, hotel owners, hotel franchisees, suppliers or customers.***

Uncertainty about the effect of the Combination Transactions on employees, hotel owners, hotel franchisees, suppliers and customers may have an adverse effect on Starwood and/or Marriott. Although Starwood and Marriott intend to take steps designed to reduce any adverse effects, these uncertainties may impair Starwood's and Marriott's ability to attract, retain and motivate key personnel until the Combination Transactions are completed and for a period of time thereafter, and could cause customers, suppliers and others that deal with Starwood and Marriott to seek to change existing business relationships with Starwood and Marriott.

Employee retention and recruitment may be challenging before the completion of the Combination Transactions, as employees and prospective employees may experience uncertainty about their future roles with the combined company. If, despite Starwood's and Marriott's retention and recruiting efforts, key employees depart or prospective key employees fail to accept employment with either company because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with the combined company, Starwood's and Marriott's financial results could be adversely affected.

The pursuit of the Combination Transactions and the preparation for the integration may place a significant burden on management and internal resources. The diversion of management's attention away from day-to-day business concerns and any difficulties encountered in the transition and integration process could adversely affect Starwood's and Marriott's financial results.

In addition, the merger agreement restricts each company, without the other's consent, from making certain acquisitions and taking other specified actions until the Combination Transactions close or the merger agreement terminates. These restrictions may prevent Starwood or Marriott from pursuing otherwise attractive business opportunities and making other changes to their respective businesses before completion of the Combination Transactions or termination of the merger agreement. See the section entitled "The Merger Agreement - Conduct of Business" beginning on page 128.

Between November 18, 2015 and December 18, 2015, seven lawsuits challenging the Combination Transactions were filed on behalf of purported stockholders of Starwood in the Circuit Court for Baltimore City, Maryland, captioned *Smukler v. Marriott International, Inc., et al.*, Case No. 24-C-15-005744; *Standen v. Starwood Hotels & Resorts Worldwide, Inc., et al.*, Case No. 24-C-15-006019; *Joshua G. Kohnstamm Trust v. Starwood Hotels & Resorts Worldwide, Inc., et al.*, Case No. 24-C-15-006783; *Himstreet v. Aron, et al.*, Case No. 24-C-15-006855; *Christner v. Starwood Hotels & Resorts Worldwide, Inc., et al.*, Case No. 24-C-15-006959; *French v. Starwood Hotels & Resorts Worldwide, Inc., et al.*, Case No. 24-C-15-006962; and *Daftary v. Aron, et al.*, Case No. 24-C-15-006988. Mr. Smukler and Mr. Standen (the latter joined by Joshua G. Kohnstamm Trust and Messrs. Christner, French and Daftary) filed amended complaints on January 8, 2016 and January 11, 2016, respectively. The complaints name some combination of Starwood's directors, Starwood, Holdco, Starwood Merger Sub, Marriott, Marriott Corporate Merger Sub, Marriott LLC Merger Sub, and others, as defendants, and an adverse ruling in any such actions may prevent or delay the Combination Transactions from being completed. Starwood's Board has also received demand letters from two purported stockholders alleging that Starwood's Board breached its fiduciary duties in connection with its approval of the Combination Transactions and demanding that Starwood's Board conduct an investigation and take other actions. Similar lawsuits may be filed and similar demand letters may be received by Starwood, Marriott and their respective boards of directors in the future. See the section entitled "The Combination Transactions - Litigation Relating to the Combination Transactions" beginning on page 123.

One of the conditions to the closing of the Combination Transactions is the absence of any judgment, order, law or other legal restraint by a court or other governmental entity of competent jurisdiction that prevents the consummation of the Combination Transactions. Accordingly, if any of the plaintiffs is successful in obtaining an injunction prohibiting the consummation of the Combination Transactions, then such injunction may prevent the Combination Transactions from becoming effective, or delay its becoming effective within the expected time frame.

**Table of Contents**

***Failure to complete the Combination Transactions could negatively impact the stock prices and the future business and financial results of Starwood and Marriott.***

If the Combination Transactions are not completed, the ongoing businesses of Starwood and/or Marriott may be adversely affected, and Starwood and Marriott may be subject to several risks, including the following:

being required to pay a termination fee under certain circumstances as provided in the merger agreement;

having to pay certain costs relating to the Combination Transactions, such as legal, accounting, financial advisor and other fees and expenses;

the stock prices of Starwood common stock and Marriott common stock could decline to the extent that the current market prices reflect a market assumption that the Combination Transactions will be completed; and

having had the focus of each company's management on the Combination Transactions instead of on pursuing other opportunities that could have been beneficial to each respective company.

If the Combination Transactions are not completed, Starwood and Marriott cannot assure their stockholders that these risks will not materialize and will not materially adversely affect the business, financial results and stock prices of Starwood or Marriott.

***The merger agreement contains provisions that could discourage a potential competing acquirer of either Starwood or Marriott.***

The merger agreement contains no shop provisions that, subject to limited exceptions, restrict each of Starwood's and Marriott's ability to solicit, initiate, or knowingly encourage and facilitate competing third-party proposals for the acquisition of their company's stock or assets. In addition, before the board of directors of the company that has received certain competing third-party acquisition proposals withdraws, qualifies or modifies its recommendation on the Combination Transactions or terminates the merger agreement to enter into a third-party acquisition proposal, the other party generally has an opportunity to offer to modify the terms of the Combination Transactions. In some circumstances, upon termination of the merger agreement, one of the parties will be required to pay a termination fee. See the sections entitled "The Merger Agreement - No Solicitation of Alternative Proposals" beginning on page 130, "The Merger Agreement - Termination of the Merger Agreement" beginning on page 138 and "The Merger Agreement - Expenses and Termination Fees" beginning on page 140.

These provisions could discourage a potential third-party acquirer that might have an interest in acquiring all or a significant portion of Starwood or Marriott from considering or proposing that acquisition, even if it were prepared to pay consideration with a higher per share cash or market value than the market value proposed to be received or realized in the Combination Transactions, or might otherwise result in a potential third-party acquirer proposing to pay a lower price to the stockholders than it might otherwise have proposed to pay because of the added expense of the termination fee that may become payable in certain circumstances.

If the merger agreement is terminated and either Starwood or Marriott decides to seek another business combination, it may not be able to negotiate or consummate a transaction with another party on terms comparable to, or better than,



the terms of the merger agreement.

***Starwood's and Marriott's ability to complete the Combination Transactions is subject to certain closing conditions and the receipt of consents and approvals from government entities which may impose conditions that could adversely affect Starwood or Marriott or cause the Combination Transactions to be abandoned.***

The merger agreement contains certain closing conditions, including, among others:

the approval by the holders of a majority of all outstanding shares of Starwood common stock of the Starwood combination transactions proposal;

**Table of Contents**

the approval by the holders of a majority of the votes cast at the Marriott special meeting in favor of the Marriott stock issuance proposal;

the absence of any judgment, order, law or other legal restraint by a court or other governmental entity of competent jurisdiction that prevents the consummation of the Combination Transactions;

the approval for listing by NASDAQ of the shares of Marriott common stock issuable in the Initial Holdco Merger; and

the completion of the Vistana spin-off or, if the Vistana-ILG transactions are not consummated, the completion of another spin-off, split-off or analogous distribution of Vistana or the sale of Vistana by Starwood.

We cannot assure you that the various closing conditions will be satisfied, or that any required conditions will not materially adversely affect the combined company following the Combination Transactions or will not result in the abandonment or delay of the Combination Transactions. For instance, the consummation of the disposition of Starwood's Vistana business may be delayed or not occur, which may cause the Combination Transactions to be delayed or abandoned, or such disposition may occur on terms less favorable to Starwood and its stockholders than the terms of the Vistana-ILG transactions.

In addition, before the Combination Transactions may be completed, various approvals and declarations of non-objection must be obtained from certain regulatory and governmental authorities as described in "The Combination Transactions Regulatory Clearances Required for the Combination Transactions" beginning on page 117. These regulatory and governmental entities may impose conditions on the granting of such approvals. Such conditions and the process of obtaining regulatory approvals could have the effect of delaying completion of the Combination Transactions or of imposing additional costs or limitations on the combined company following the completion of the Combination Transactions. The regulatory approvals may not be received at all, may not be received in a timely fashion, or may contain conditions on the completion of the Combination Transactions. In addition, the respective obligations of Starwood and Marriott to complete the Combination Transactions are conditioned on the receipt of certain regulatory approvals or waiver by the other party of such condition. See the sections entitled "The Combination Transactions Regulatory Clearances Required for the Combination Transactions" beginning on page 119 and "The Merger Agreement Conditions to Completion of the Combination Transactions" beginning on page 137.

***Any delay in completing the Combination Transactions may reduce or eliminate the benefits that Starwood and Marriott expect to achieve.***

The Combination Transactions are subject to a number of conditions beyond Starwood's and Marriott's control that may prevent, delay or otherwise materially adversely affect the completion of the Combination Transactions. Starwood and Marriott cannot predict whether and when these conditions will be satisfied. Any delay in completing the Combination Transactions could cause the combined company not to realize some or all of the synergies that Starwood and Marriott expect to achieve if the Combination Transactions are successfully completed within the expected time frame. See the section entitled "The Merger Agreement Conditions to Completion of the Combination Transactions" beginning on page 137.

***Starwood's and Marriott's directors and executive officers have interests in the Combination Transactions that may be different from, or in addition to, the interests of Starwood and Marriott stockholders generally.***

Certain of the directors and executive officers of each of Starwood and Marriott negotiated the terms of the merger agreement, and Starwood's Board recommended that Starwood stockholders vote in favor of the Starwood combination transactions proposal and the Starwood advisory compensation proposal, and Marriott's Board recommended that Marriott stockholders vote in favor of the Marriott stock issuance proposal. These directors and executive officers may have interests in the Combination Transactions that are different from, or in

---

**Table of Contents**

addition to, those of Starwood stockholders and Marriott stockholders. These interests include the continued employment of certain executive officers of Marriott and Starwood by the combined company, the continued service of certain directors of Starwood and all of the directors of Marriott as directors of Marriott, the treatment in the Combination Transactions of stock options and other equity-based awards, bonus awards, change-in-control severance agreements and other rights held by Starwood directors and executive officers and the indemnification of former Starwood directors and officers by the combined company. Starwood stockholders and Marriott stockholders should be aware of these interests when they consider their respective board of directors' recommendations that they vote in favor of the Starwood combination transactions proposal and the Starwood advisory compensation proposal, or the Marriott stock issuance proposal, as applicable.

The boards of directors of each of Starwood and Marriott were aware of these potential interests and considered them in making their recommendations to approve the Starwood combination transactions proposal and the Starwood advisory compensation proposal and the Marriott stock issuance proposal, respectively. The interests of Starwood's and Marriott's respective directors and executive officers are described in more detail in the sections entitled "The Combination Transactions' Interests of Starwood Directors and Executive Officers in the Combination Transactions" beginning on page 112 and "The Combination Transactions' Interests of Marriott Directors and Executive Officers in the Combination Transactions" beginning on page 118.

***The opinions obtained by Starwood's Board and Marriott's Board from their respective financial advisors do not and will not reflect changes in circumstances after the date of such opinions.***

On November 15, 2015, Citi and Lazard each delivered an opinion to Starwood's Board that, as of November 15, 2015, based on and subject to the qualifications, limitations and assumptions set forth in their respective opinions, the merger consideration to be paid to Starwood stockholders (other than excluded holders) in the Combination Transactions pursuant to the merger agreement was fair, from a financial point of view, to such stockholders. Separately, on November 15, 2015, Deutsche Bank delivered an opinion to Marriott's Board that, as of the date of such opinion, and based upon and subject to the assumptions, limitations, qualifications and conditions described in Deutsche Bank's opinion, the merger consideration was fair, from a financial point of view, to Marriott. Changes in the operations and prospects of Starwood or Marriott, general market and economic conditions and other factors that may be beyond the control of Starwood and Marriott, and on which the opinions of Citi, Lazard and Deutsche Bank were based, may alter the value of Starwood or Marriott or the prices of shares of Starwood common stock or Marriott common stock by the time the Combination Transactions are completed. Starwood and Marriott have not obtained, and do not expect to request, updated opinions from their respective financial advisors. None of Citi's, Lazard's or Deutsche Bank's opinions speak to the time when the Combination Transactions will be completed or to any date other than the date of such opinions. As a result, the opinions do not and will not address the fairness, from a financial point of view, of the merger consideration to be paid to Starwood stockholders in the Combination Transactions pursuant to the merger agreement at the time the Combination Transactions are completed or at any time other than November 15, 2015, or the fairness, from a financial point of view, of the merger consideration to be paid by Marriott in the Combination Transactions pursuant to the merger agreement at the time the Combination Transactions are completed or at any time other than November 15, 2015. For a more complete description of the opinions that Starwood's Board received from its financial advisors and a summary of the material financial analyses they provided to Starwood's Board in connection with rendering such opinions, please refer to "The Combination Transactions' Opinions of Starwood's Financial Advisors" beginning on page 78 and the full text of such written opinions included as Annexes B and C to this joint proxy statement/prospectus. For a more complete description of the opinion that Marriott's Board received from its financial advisor and a summary of the material financial analyses it provided to Marriott's Board in connection with rendering such opinion, please refer to "The Combination Transactions' Opinion of Marriott's Financial Advisor" beginning on page 100 and the full text of such written opinion included as Annex D to this joint proxy statement/prospectus.



**Table of Contents*****Starwood and Marriott stockholders do not have dissenters or appraisal rights in the Combination Transactions.***

Dissenters' rights are statutory rights that, if applicable under law, enable stockholders to dissent from an extraordinary transaction, such as a merger, and to demand that the corporation pay the fair value for their shares as determined by a court in a judicial proceeding instead of receiving the consideration offered to stockholders in connection with the extraordinary transaction. Under the General Corporation Law of the State of Delaware (the "DGCL") and Marriott's certificate of incorporation, a stockholder may not dissent from a merger as to which Marriott is the surviving corporation and no vote of Marriott stockholders is required for the merger. Under the Maryland General Corporation Law (the "MGCL"), a stockholder may not dissent from a merger as to shares that are listed on a national securities exchange. Starwood's common stock is, and is expected to be on the record date, listed on the NYSE. Thus, neither Starwood stockholders nor Marriott stockholders will be entitled to dissenters' or appraisal rights in the Combination Transactions with respect to their shares of Starwood common stock or Marriott common stock, as applicable. See the section entitled "No Appraisal Rights" beginning on page 184.

***If the Combination Transactions do not qualify as reorganizations under Section 368(a) of the Code, Starwood and Starwood stockholders may be required to pay substantial U.S. federal income taxes.***

Starwood's obligation to effect the Combination Transactions is conditioned on its receipt of an opinion from its tax counsel, Cravath, Swaine & Moore LLP, to the effect that, for U.S. federal income tax purposes, (a) the Starwood Merger and the Starwood LLC Conversion, taken together, will qualify as a reorganization within the meaning of Section 368(a)(1)(F) of the Code and (b) the Initial Holdco Merger and the Final Holdco Merger, taken together, will constitute an integrated plan that will qualify as a reorganization within the meaning of Section 368(a) of the Code. The opinion will be based on certain assumptions and representations as to factual matters from Starwood, Marriott, Holdco, Starwood Merger Sub, Marriott Corporate Merger Sub and Marriott LLC Merger Sub, as well as certain covenants by those parties. The opinion cannot be relied upon if any of the assumptions, representations or covenants is incorrect, incomplete or inaccurate or is violated in any material respect. In addition, the opinion is based on current law and cannot be relied upon if current law changes with retroactive effect. The opinion of counsel is not binding upon the Internal Revenue Service (the "IRS") or the courts, and there is no assurance that the IRS or a court will not take a contrary position. Starwood and Marriott do not intend to request a ruling from the IRS regarding any aspects of the U.S. federal income tax consequences of the Combination Transactions. If the IRS or a court determines that the Combination Transactions should not be treated as described in the opinion, a Starwood U.S. holder (as defined in the section entitled "Material U.S. Federal Income Tax Consequences" beginning on page 143) would generally recognize gain or loss for U.S. federal income tax purposes upon the exchange of Starwood common stock for Marriott common stock in the Combination Transactions. In addition, there is a risk that Starwood would recognize gain for U.S. federal income tax purposes, measured generally by the excess of the fair market value of Starwood's assets over Starwood's adjusted tax basis in such assets. For more information on the material U.S. federal income tax consequences of the Combination Transactions, see the section entitled "Material U.S. Federal Income Tax Consequences" beginning on page 143.

**Risks Related to the Combined Company if the Combination Transactions are Completed*****The combined company may not be able to integrate successfully and many of the anticipated benefits of combining Starwood and Marriott may not be realized.***

Starwood and Marriott entered into the merger agreement with the expectation that the Combination Transactions will result in various benefits, including, among other things, operating efficiencies. Achieving the anticipated benefits of the Combination Transactions is subject to a number of uncertainties, including whether the businesses of Starwood and Marriott can be integrated in an efficient and effective manner.



---

**Table of Contents**

It is possible that the integration process could take longer than anticipated and could result in the loss of valuable employees, the disruption of each company's ongoing businesses, processes and systems or inconsistencies in standards, controls, procedures, practices, policies and compensation arrangements, any of which could adversely affect the combined company's ability to achieve the anticipated benefits of the Combination Transactions. The combined company's resulting portfolio of approximately 30 brands could be challenging to maintain and grow. The combined company's results of operations could also be adversely affected by any issues attributable to either company's operations that arise or are based on events or actions that occur before the closing of the Combination Transactions. The combined company may have difficulty addressing possible differences in corporate cultures and management philosophies. The integration process is subject to a number of uncertainties, and no assurance can be given that the anticipated benefits will be realized or, if realized, the timing of their realization. Failure to achieve these anticipated benefits could result in increased costs or decreases in the amount of expected net income and could adversely affect the combined company's future business, financial condition, operating results and prospects.

***The pro forma financial statements included in this joint proxy statement/prospectus are presented for illustrative purposes only and may not be an indication of the combined company's financial condition or results of operations after the Combination Transactions.***

The pro forma financial statements contained in this joint proxy statement/prospectus are presented for illustrative purposes only, are based on various adjustments, assumptions and preliminary estimates and may not be an indication of the combined company's future financial condition or results of operations resulting from the Combination Transactions for several reasons. See the section entitled "Starwood and Marriott Unaudited Pro Forma Condensed Combined Financial Statements," beginning on page 148. The actual financial condition and results of operations of the combined company following the Combination Transactions may not be consistent with, or evident from, these pro forma financial statements. In addition, the assumptions used in preparing the pro forma financial statements may not prove to be accurate, and other factors may affect the combined company's financial condition or results of operations following the Combination Transactions. Any potential decline in the combined company's financial condition or results of operations may cause significant variations in the share price of the combined company.

***The shares of Marriott common stock to be received by Starwood stockholders as a result of the Combination Transactions will have different rights from the shares of Starwood common stock.***

Upon completion of the Combination Transactions, holders of shares of Starwood common stock will become holders of shares of Marriott common stock and their rights as stockholders will be governed by Delaware law and Marriott's amended and restated certificate of incorporation and amended and restated bylaws. The shares of Marriott common stock differ from those of Starwood common stock in important respects and, accordingly, the results of operations of Marriott and the market price of its shares of common stock following the completion of the Combination Transactions may be affected by factors different from those currently affecting the independent results of operations of Starwood and Marriott. See the section entitled "Comparison of Stockholder Rights" beginning on page 164.

***Starwood and Marriott will incur substantial transaction costs in connection with the Combination Transactions.***

Starwood and Marriott expect to incur a number of non-recurring expenses associated with completing the Combination Transactions, including the costs and expenses of filing, printing and mailing this joint proxy statement/prospectus and all filing and other fees paid to the SEC in connection with the Combination Transactions, and combining the operations of the two companies. These fees and costs will be substantial. Additional unanticipated costs may be incurred in the integration of the businesses of Starwood and Marriott. Although it is expected that the elimination of certain duplicative costs, as well as the realization of other efficiencies related to the integration of the two businesses, will offset the incremental transaction related costs





**Table of Contents**

over time, this net benefit may not be achieved in the near term, or at all. Further, if the Combination Transactions are not completed, Starwood and Marriott would have to recognize these expenses without realizing the expected benefits of the Combination Transactions.

***The market price of shares of Marriott common stock after the Combination Transactions may be affected by factors different from those affecting the shares of Starwood common stock or Marriott common stock currently.***

Upon completion of the Combination Transactions, holders of shares of Starwood common stock will become holders of shares of Marriott common stock. The business of Marriott differs from that of Starwood in important respects and, accordingly, the results of operations of Marriott and the market price of its common shares following the Combination Transactions may be affected by factors different from those currently affecting the independent results of operations of Starwood and Marriott. For a discussion of the businesses of Starwood and Marriott and certain factors to consider in connection with those businesses, see the section entitled "The Companies" beginning on page 40 and the documents incorporated by reference in this joint proxy statement/prospectus about Starwood and Marriott and referred to in the section entitled "Where You Can Find More Information" beginning on page 191.

***Starwood stockholders and Marriott stockholders will have a reduced ownership and voting interest after the completion of the Combination Transactions and will exercise less influence over management of the combined company.***

Starwood stockholders and Marriott stockholders currently have the right to vote in the election of the board of directors and on other matters affecting Starwood and Marriott, respectively. Upon the completion of the Combination Transactions, each Starwood stockholder who receives shares of Marriott common stock will become a stockholder of Marriott with a percentage ownership of Marriott that is smaller than the stockholder's percentage ownership of Starwood. It is currently expected that the former Starwood stockholders as a group will receive shares in the Combination Transactions constituting approximately % of the shares of Marriott common stock on a fully diluted basis immediately after the completion of the Combination Transactions. As a result, current stockholders of Marriott as a group will own approximately % of the shares of Marriott common stock on a fully diluted basis immediately after the completion of the Combination Transactions. Because of this, Starwood and Marriott stockholders will have less influence on the management and policies of the combined company than they now have on the management and policies of Starwood and Marriott, respectively.

***The future results of Marriott will suffer if Marriott does not effectively manage its expanded operations following the completion of the Combination Transactions.***

Following the completion of the Combination Transactions, the size of the business of the combined company will increase significantly beyond the current size of either Starwood's or Marriott's business. Marriott's future success depends, in part, upon its ability to manage this expanded business, which will pose substantial challenges for management, including challenges related to the management and monitoring of new operations and associated increased costs and complexity. There can be no assurances that Marriott will be successful or that it will realize the expected operating efficiencies, cost savings and other benefits currently anticipated from the transactions.

***The combined company may not be able to retain Marriott and/or Starwood personnel successfully after the Combination Transactions are completed.***

The success of the Combination Transactions will depend in part on the combined company's ability to retain the talents and dedication of key employees currently employed by Marriott and Starwood. It is possible that these employees may decide not to remain with Marriott or Starwood, as applicable, while the Combination Transactions

Edgar Filing: MARRIOTT INTERNATIONAL INC /MD/ - Form S-4/A  
are pending or with the combined company after the Combination Transactions are consummated.

**Table of Contents**

If key employees terminate their employment, or if an insufficient number of employees is retained to maintain effective operations, the combined company's business activities may be adversely affected and management's attention may be diverted from successfully integrating Starwood to hiring suitable replacements, all of which may cause the combined company's business to suffer. In addition, Marriott and Starwood may not be able to locate suitable replacements for any key employees who leave either company, or offer employment to potential replacements on reasonable terms.

***If the IRS were to determine that the Combination Transactions are part of a plan or series of related transactions that includes the Vistana spin-off, Starwood would recognize taxable gain on the Vistana spin-off, which could result in material tax liability for Starwood.***

Starwood expects to receive an opinion of Skadden, Arps, Slate, Meagher & Flom LLP to the effect that the Vistana spin-off should qualify as a reorganization under Sections 368(a)(1)(D) and 355 of the Code. Even if the Vistana spin-off were to qualify as a reorganization under Sections 368(a)(1)(D) and 355 of the Code, the Vistana spin-off would be taxable to Starwood (but not to Starwood stockholders) pursuant to Section 355(e) of the Code if there is a 50% or greater change in ownership of Starwood, directly or indirectly, as part of a plan or series of related transactions that includes the Vistana spin-off. For this purpose, any acquisitions of Starwood stock within the period beginning two years before the Vistana spin-off and ending two years after the Vistana spin-off are presumed to be part of such a plan, although Starwood may, depending on the facts and circumstances, be able to rebut that presumption. Because former holders of Starwood common stock as a group will receive shares in the Combination Transactions constituting less than 50% of the outstanding shares of Marriott common stock immediately after the completion of the Combination Transactions, it is possible that, if the Combination Transactions are consummated, the IRS may assert that the Combination Transactions are part of a plan or series of related transactions that includes the Vistana spin-off and that the Vistana spin-off is subject to the application of Section 355(e) of the Code. No opinion is being obtained with respect to the application of Section 355(e) of the Code to the Vistana spin-off. There can be no assurance that the IRS will not assert, or that a court would not sustain, that Section 355(e) of the Code applies to the Vistana spin-off. If the IRS were to determine that Section 355(e) of the Code applies to the Vistana spin-off, Starwood would recognize taxable gain on the Vistana spin-off, which could result in material tax liability for Starwood.

**Risks Related to Starwood's Business**

You should read and consider risk factors specific to Starwood's businesses that will also affect the combined company after the completion of the Combination Transactions. These risks are described in Part I, Item 1A of Starwood's Annual Report on Form 10-K for the fiscal year ended December 31, 2014, and in other documents that are incorporated by reference into this joint proxy statement/prospectus. See the section entitled "Where You Can Find More Information" beginning on page 191 for the location of information incorporated by reference in this joint proxy statement/prospectus.

**Risks Related to Marriott's Business**

You should read and consider risk factors specific to Marriott's businesses that will also affect the combined company after the completion of the Combination Transactions. These risks are described in Part II, Item 1A of Marriott's Quarterly Report on Form 10-Q for the period ended September 30, 2015, and in other documents that are incorporated by reference into this joint proxy statement/prospectus. See the section entitled "Where You Can Find More Information" beginning on page 191 for the location of information incorporated by reference in this joint proxy statement/prospectus.



**Table of Contents**

**THE COMPANIES**

**Starwood**

Starwood, a Maryland corporation, is one of the largest hotel and leisure companies in the world, with more than 1,270 properties providing approximately 363,000 rooms in approximately 100 countries and more than 180,000 employees under its management at its owned and managed properties, vacation ownership resorts and corporate offices. Starwood conducts its hotel and leisure business both directly and through its subsidiaries. On October 27, 2015, Starwood entered into definitive agreements with ILG and Vistana pursuant to which Starwood's vacation ownership business will be spun-off to Starwood stockholders and immediately thereafter will merge with a wholly owned subsidiary of ILG. In connection with the Vistana-ILG transactions, Starwood, Vistana and ILG have entered or will enter into license, affiliation and certain other ancillary agreements.

Starwood's executive offices are located at One StarPoint, Stamford, Connecticut 06902 and its telephone number is (203) 964-6000. Shares of Starwood common stock are listed on the NYSE and trade under the symbol HOT.

This joint proxy statement/prospectus incorporates important business and financial information about Starwood that are incorporated by reference; see the section entitled "Where You Can Find More Information" beginning on page 191.

**Solar Merger Sub 1, Inc. and Solar Merger Sub 2, Inc.**

Solar Merger Sub 1, Inc. ( Holdco ) and Solar Merger Sub 2, Inc. ( Starwood Merger Sub ) are Maryland corporations. Holdco is a wholly owned direct subsidiary of Starwood and Starwood Merger Sub is a wholly owned direct subsidiary of Holdco. Holdco and Starwood Merger Sub were formed solely in contemplation of the Combination Transactions, have not commenced any operations, have only nominal assets and have no liabilities or contingent liabilities, and have not entered into any agreements or arrangements with any third parties other than the merger agreement. Their principal executive offices are located at One StarPoint, Stamford, Connecticut 06902 and their telephone number is (203) 964-6000.

**Marriott**

Marriott, a Delaware corporation, is one of the world's leading lodging companies. Marriott is a worldwide operator, franchisor, and licensor of hotels and timeshare properties in 85 countries and territories under 19 brand names. Marriott also operates, markets, and develops residential properties and provides services to home/condominium owner associations. Marriott operated or franchised 4,364 properties (749,990 rooms) as of the end of the 2015 third quarter, including 41 home and condominium products (4,203 units) for which Marriott manages the related owners associations. Marriott believes that its portfolio of brands is the broadest of any lodging company in the world. Consistent with its focus on management, franchising, and licensing, Marriott owns very few of its lodging properties.

Marriott's principal executive offices are located at 10400 Fernwood Road, Bethesda, Maryland 20817. Marriott's telephone number is (301) 380-3000. Shares of Marriott common stock are listed on NASDAQ and the Chicago Stock Exchange and trade under the symbol MAR.

This joint proxy statement/prospectus incorporates important business and financial information about Marriott from other documents that are incorporated by reference; see the section entitled "Where You Can Find More Information" beginning on page 191.



**Table of Contents**

**Mars Merger Sub, Inc. and Mars Merger Sub, LLC**

Mars Merger Sub, Inc., a Maryland corporation, and Mars Merger Sub, LLC, a Delaware limited liability company, are direct wholly owned subsidiaries of Marriott that were formed solely in contemplation of the Combination Transactions, have not commenced any operations, have only nominal assets and have no liabilities or contingent liabilities, and have not entered into any agreements or arrangements with any third parties other than the merger agreement and their principal executive offices are located at 10400 Fernwood Road, Bethesda, Maryland 20817. Their telephone number is (301) 380-3000.



**Table of Contents**

**SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS**

This joint proxy statement/prospectus, including information included or incorporated by reference, contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. You can typically identify forward-looking statements by the use of forward-looking words such as expect, anticipate, target, goal, project, intend, plan, believe, budget, should, continue, could, forecast, may, might, would, seek, estimate, or variations of such words and similar expressions, although the absence of any such words or expressions does not mean that a particular statement is not a forward-looking statement. It is important to note that Starwood's and Marriott's goals and expectations are not predictions of actual performance. Any statements about the benefits of the Combination Transactions, or Starwood's or Marriott's future financial condition, results of operations and business are also forward-looking statements. Without limiting the generality of the preceding sentence, certain statements contained in the sections entitled The Combination Transactions Background of the Combination Transactions, The Combination Transactions Starwood's Reasons for the Combination Transactions; Recommendation of Starwood's Board, The Combination Transactions Marriott's Reasons for the Combination Transactions; Recommendation of Marriott's Board, The Combination Transactions Opinions of Starwood's Financial Advisors and The Combination Transactions Opinion of Marriott's Financial Advisor may also constitute forward-looking statements.

These forward-looking statements represent Starwood's and Marriott's intentions, plans, expectations, assumptions and beliefs about future events, including the completion of the Combination Transactions, and are subject to risks, uncertainties and other factors. Many of these factors are outside the control of Starwood and Marriott and could cause actual results to differ materially from the results expressed or implied by these forward-looking statements. In addition to the risk factors described in the section entitled Risk Factors beginning on page 31 of this joint proxy statement/prospectus, these factors include:

those identified and disclosed in public filings with the SEC made by Starwood and Marriott;

failing to obtain Starwood and Marriott stockholder approval of the Combination Transactions;

satisfying the conditions to the closing of the Combination Transactions;

the length of time necessary to complete the Combination Transactions;

Starwood's ability to consummate the spin-off of Vistana and Vistana's subsequent merger with a subsidiary of ILG or an alternative disposition of Vistana or to realize the anticipated benefits of the Vistana-ILG transactions or an alternative disposition of Vistana;

successfully integrating the Starwood and Marriott businesses, and avoiding problems which may result in Marriott not operating as effectively and efficiently as expected following the completion of the Combination Transactions;

the possibility that the expected benefits of the Combination Transactions will not be realized within the expected time frame or at all;

prevailing economic, market and business conditions;

the cost and availability of capital and any restrictions imposed by lenders or creditors;

changes in the industry in which Starwood and Marriott operate;

conditions beyond Starwood's or Marriott's control, such as disaster, acts of war or terrorism;

the weather and other natural phenomena, including the economic, operational and other effects of severe weather or climate events, such as tornadoes, hurricanes, ice, sleet, or snowstorms;

the failure to renew, or the revocation of, any license or other required permits;

**Table of Contents**

unexpected charges or unexpected liabilities arising from a change in accounting policies, or the effects of acquisition accounting varying from the companies' expectations;

the risk that the credit ratings of Marriott or its subsidiaries following the completion of the Combination Transactions may be different from what the companies expect, which may increase borrowing costs and/or make it more difficult for Marriott to pay or refinance the debts of Marriott and its subsidiaries and require Marriott to borrow or divert cash flow from operations in order to service debt payments;

the effects on the companies' businesses resulting from uncertainty surrounding the Combination Transactions, including uncertainty for customers, employees, hotel owners, hotel franchisees, labor unions or suppliers, or the diversion of management's time and attention;

adverse outcomes of pending or threatened litigation or governmental investigations;

the effects on the companies of future regulatory or legislative actions, including changes in laws and regulations to which Starwood, Marriott or their subsidiaries are subject;

the conduct of and changing circumstances related to third-party relationships on which Starwood and Marriott rely, including the level of creditworthiness of counterparties;

the volatility and unpredictability of stock market and credit market conditions;

fluctuations in interest rates;

variations between the stated assumptions on which forward-looking statements are based and Starwood's and Marriott's actual experience; and

other economic, business, and/or competitive factors.

For any forward-looking statements made in this joint proxy statement/prospectus or in any documents incorporated by reference, Starwood and Marriott claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. All subsequent written and oral forward-looking statements concerning the Combination Transactions or other matters addressed in this joint proxy statement/prospectus and attributable to Starwood, Marriott or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this joint proxy statement/prospectus.

You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this joint proxy statement/prospectus and should be read in conjunction with the risk factors and other disclosures contained or incorporated by reference into this joint proxy statement/prospectus. The areas of risk and uncertainty described above, which are not exhaustive, should be considered in connection with any written or oral

forward-looking statements that may be made in this joint proxy statement/prospectus or on, before or after the date of this joint proxy statement/prospectus by Starwood or Marriott or anyone acting for any or both of them. Except as required by applicable law or regulation, neither Starwood nor Marriott undertake any obligation to release publicly or otherwise make any revisions to any forward-looking statements, to report events or circumstances after the date of this joint proxy statement/prospectus or to report the occurrence of unanticipated events.

Additional factors that could cause actual results to differ materially from those expressed in the forward-looking statements are discussed in reports filed with the SEC by Starwood and Marriott. For a list of the documents incorporated by reference, see the section entitled "Where You Can Find More Information" beginning on page 191.

**Table of Contents**

**STARWOOD SPECIAL MEETING**

*This joint proxy statement/prospectus is being provided to Starwood stockholders as part of a solicitation of proxies by Starwood's Board for use at the Starwood special meeting to be held at the time and place specified below, and at any properly convened meeting following an adjournment or postponement thereof. This joint proxy statement/prospectus provides Starwood stockholders with the information they need to know to be able to vote or instruct their vote to be cast at the Starwood special meeting.*

**Date, Time and Place**

The Starwood special meeting is scheduled to be held at \_\_\_\_\_, on \_\_\_\_\_, 2016 at \_\_\_\_\_, local time.

**Purpose of the Starwood Special Meeting**

At the Starwood special meeting, Starwood stockholders will be asked to consider and vote on:

the Starwood combination transactions proposal; and

the Starwood advisory compensation proposal.

**Recommendation of Starwood's Board**

After careful consideration, Starwood's Board, at a meeting held on November 15, 2015, unanimously approved and declared advisable the merger agreement, the Combination Transactions and all of the other transactions contemplated by the merger agreement, declared that it is in the best interests of Starwood and its stockholders that Starwood enter into the merger agreement and consummate the Combination Transactions and all of the other transactions contemplated by the merger agreement, directed that the merger agreement be submitted to a vote at a meeting of Starwood stockholders and recommended that Starwood stockholders vote their shares in favor of the transactions contemplated by the merger agreement. Accordingly, Starwood's Board unanimously recommends that Starwood stockholders vote **FOR** the Starwood combination transactions proposal and vote **FOR** the Starwood advisory compensation proposal.

In evaluating the Combination Transactions, Starwood's Board consulted with and received the advice of Starwood's outside legal and financial advisors, held discussions with Starwood's management and considered a number of factors that it believed supported its decision to enter into the merger agreement. These factors included, but were not limited to, those listed in The Combination Transactions Starwood's Reasons for the Combination Transactions; Recommendation of Starwood's Board.

**Starwood Record Date; Stockholders Entitled to Vote**

Only holders of record of Starwood common stock at the close of business on \_\_\_\_\_, 2016, the record date for the Starwood special meeting (the Starwood record date), will be entitled to notice of, and to vote at, the Starwood special meeting or any adjournments or postponements thereof. At the close of business on the Starwood record date, \_\_\_\_\_ shares of Starwood common stock were issued and outstanding and held by \_\_\_\_\_ holders of record.

Holders of record of Starwood common stock on the Starwood record date are entitled to one vote per share at the Starwood special meeting on each proposal. A list of stockholders of Starwood will be available at the special meeting for examination by any stockholder of record present at the special meeting.

**Voting by Starwood's Directors and Executive Officers**

At the close of business on the Starwood record date, directors and executive officers of Starwood and their affiliates were entitled to vote \_\_\_\_\_ shares of Starwood common stock, or approximately \_\_\_\_\_ % of the shares

## **Table of Contents**

of Starwood common stock outstanding on that date. Starwood currently expects that Starwood's directors and executive officers will vote their shares in favor of each proposal being submitted to a vote of Starwood stockholders at the Starwood special meeting, although none of them has entered into any agreement obligating them to do so.

## **Quorum**

No business may be transacted at the Starwood special meeting unless a quorum is present. Stockholders entitled to cast a majority of all the votes entitled to be cast at the Starwood special meeting must be present in person or represented by proxy to constitute a quorum for the transaction of business at the Starwood special meeting. If a quorum is not present, or if fewer shares of Starwood common stock are voted in favor of each proposal than the number required for its approval, the Starwood special meeting may be adjourned to allow additional time for obtaining additional proxies or votes. At any subsequent reconvening of the Starwood special meeting, all proxies will be voted in the same manner as they would have been voted at the original convening of the special meeting, except for any proxies that have been effectively revoked or withdrawn before the subsequent meeting.

Abstentions (shares of Starwood common stock for which proxies have been received but for which the holders have abstained from voting) will be included in the calculation of the number of shares of Starwood common stock represented at the Starwood special meeting for purposes of determining whether a quorum has been achieved. However, broker non-votes will not be included in the calculation of the number of shares of Starwood common stock represented at the Starwood special meeting for purposes of determining whether a quorum has been achieved.

## **Required Vote**

The approval of the Starwood combination transactions proposal requires the affirmative vote of the holders of a majority of all shares of Starwood common stock outstanding and entitled to vote thereon. Failures to vote, votes to abstain and broker non-votes, if any, will have the same effect as votes against the Starwood combination transactions proposal.

The approval of the Starwood advisory compensation proposal requires the affirmative vote of a majority of all the votes cast, either in person or represented by proxy, at the Starwood special meeting, although such vote will not be binding on Starwood, Starwood's Board or Marriott. Failures to vote and broker non-votes, if any, will have no effect on the proposal to approve the Starwood advisory compensation proposal. Votes to abstain will have the same effect as votes against the Starwood advisory compensation proposal.

## **Failure to Vote, Broker Non-Votes and Abstentions**

Under the rules of the NYSE, banks, brokers or other nominees holding shares of record may vote those shares in their discretion on certain routine proposals when they do not receive timely voting instructions from the beneficial holders. A broker non-vote occurs under these NYSE rules when a bank, broker or other nominee holding shares of record is not permitted to vote on a non-routine matter without instructions from the beneficial owner of the shares and no instruction is given.

In accordance with these NYSE rules, banks, brokers and other nominees who hold shares of Starwood common stock in street name for their customers, but do not have discretionary authority to vote the shares, may not exercise their voting discretion for the Starwood combination transactions proposal. Accordingly, if banks, brokers or other nominees do not receive specific voting instructions from the beneficial owner of such shares, they may not vote such shares for the Starwood combination transactions proposal or the Starwood advisory compensation proposal. Please follow the voting instructions provided by your bank, broker or other





## **Table of Contents**

nominee. You may not vote shares of Starwood common stock held in street name by returning a proxy card directly to Starwood or by voting in person at the Starwood special meeting unless you provide a legal proxy, which you must obtain from your bank, broker or other nominee.

Failures to vote, votes to abstain and broker non-votes, if any, will have the same effect as votes against the Starwood combination transactions proposal. Failures to vote and broker non-votes, if any, will have no effect on the Starwood advisory compensation proposal. Votes to abstain will have the same effect as votes against the Starwood advisory compensation proposal.

## **Voting at the Special Meeting**

Whether or not you plan to attend the Starwood special meeting, please vote your shares. If you are a registered or record holder, which means your shares are registered in your name with American Stock Transfer & Trust Company, Starwood's transfer agent and registrar, you may vote in person at the special meeting or be represented by proxy. If your shares are held in street name, which means your shares are held of record in an account with a bank, broker or other nominee, you must follow the instructions from your bank, broker or other nominee in order to vote.

## **Voting in Person**

If you are a Starwood stockholder of record, you may vote in person at the Starwood special meeting. If you hold shares in street name (through a bank, broker or other nominee), you may also vote in person at the Starwood special meeting provided you have a legal proxy from such bank, broker or other nominee to vote the shares held on your behalf. Please contact your bank, broker or other nominee for further information on such proxy. You will not be able to vote your shares at the Starwood special meeting without a legal proxy from your bank, broker or other nominee. You will need to bring the legal proxy with you to the Starwood special meeting and hand it in with a signed ballot that will be made available and distributed at the Starwood special meeting. If you do not plan to attend the Starwood special meeting or do not wish to vote in person, you may authorize proxies to vote your shares by written proxy, by telephone or over the Internet.

## **Voting by Proxy**

If you are a Starwood stockholder of record, a proxy card is enclosed for your use. If you are a Starwood stockholder of record and wish to authorize proxies to vote your shares by telephone or over the Internet, you may use the toll-free telephone number or access the electronic link to the proxy voting site by following the instructions on the proxy card. If you hold shares in street name, you may authorize proxies to vote your shares by telephone or over the Internet if your bank, broker or other nominee makes these methods available, in which case you will receive instructions with the proxy materials. You should vote your proxy in advance of the meeting even if you plan to attend the Starwood special meeting. Stockholders of record of Starwood may submit their proxies through the mail by completing their proxy card, and signing, dating and returning it in the enclosed, pre-addressed, postage-paid envelope. To be valid, a returned proxy card must be signed and dated. If you hold your shares of Starwood common stock in street name, you will receive instructions from your bank, broker or other nominee that you must follow in order to vote your shares. If you vote by Internet or telephone, you need not return a proxy card by mail, but your vote must be received by \_\_\_\_\_, Eastern Time, on \_\_\_\_\_, 2016. Please note that voting instructions for shares in the Starwood Savings Plan or Starwood ESPP must be received by the earlier deadline of \_\_\_\_\_, Eastern Time, on \_\_\_\_\_, 2016. See the section entitled \_\_\_\_\_ Shares Held in the Starwood Hotels & Resorts Worldwide, Inc. Savings and Retirement Plan or the Starwood Hotels & Resorts Worldwide, Inc. Employee Stock Purchase Plan beginning on page 47.

**YOUR VOTE IS IMPORTANT. ACCORDINGLY, PLEASE SUBMIT YOUR PROXY PROMPTLY, BY TELEPHONE, INTERNET OR MAIL WHETHER OR NOT YOU PLAN TO ATTEND THE STARWOOD SPECIAL MEETING IN PERSON.**

## **Table of Contents**

### **How Proxies are Counted**

All shares represented by properly executed proxies received in time for the Starwood special meeting will be voted at the meeting in the manner specified by the stockholders giving those proxies. Properly executed proxies that do not contain voting instructions will be voted **FOR** the proposals.

Only shares affirmatively voted for the proposal, and properly executed proxies that do not contain voting instructions, will be counted as favorable votes for the Starwood combination transactions proposal. Failures to vote, votes to abstain and broker non-votes, if any, will have the same effect as votes **AGAINST** the Starwood combination transactions proposal. Failures to vote and broker non-votes, if any, will have no effect on the Starwood advisory compensation proposal. Votes to abstain will have the same effect as votes **AGAINST** the Starwood advisory compensation proposal.

### **Shares Held in the Starwood Hotels & Resorts Worldwide, Inc. Savings and Retirement Plan or the Starwood Hotels & Resorts Worldwide, Inc. Employee Stock Purchase Plan**

If you hold shares through the Starwood Savings Plan or the Starwood ESPP, your proxy card or vote by telephone or over the Internet will serve as a voting instruction for the trustee of the Starwood Savings Plan and the transfer agent of the Starwood ESPP. Whether you authorize your vote by proxy card, telephone or over the Internet, you must transmit your vote to the tabulating agent on or before \_\_\_\_\_, Eastern Time on \_\_\_\_\_, 2016. If you participate in the Starwood Savings Plan and your vote is not received by the tabulating agent by that above date or if you sign and return your proxy card without specifying your voting instructions, the trustee for the Starwood Savings Plan will vote your shares in the same proportion as the other shares for which such trustee has received timely voting instructions unless contrary to the Employee Retirement Income Security Act of 1974, as amended. If you participate in the Starwood ESPP and your vote is not received by the tabulating agent of the Starwood ESPP by that above date, or if you sign and return your proxy card without specifying your voting instructions, the transfer agent of the Starwood ESPP will not vote your shares.

### **Revocation of Proxies**

If you are a stockholder of record or hold shares in \_\_\_\_\_ street name (through a bank, broker or other nominee), you may revoke your proxy and change your vote at any time before the final vote at the special meeting by:

signing and returning another proxy card with a later date;

sending a signed notice of revocation to the Corporate Secretary of Starwood at One StarPoint, Stamford, Connecticut 06902;

submitting a proxy on a later date by telephone or over the Internet (only your latest proxy will be counted);  
or

attending the Starwood special meeting and voting in person.

A registered stockholder may revoke a proxy by any of these methods, regardless of the method used to deliver the stockholder's previous proxy.

Please note that if your shares are held in street name through a bank, broker or other nominee, you may change your vote by submitting new voting instructions to your bank, broker or nominee in accordance with its established procedures. If your shares are held in the name of a bank, broker or other nominee and you decide to change your vote by attending the Starwood special meeting and voting in person, your vote in person at the Starwood special meeting will not be effective unless you have obtained and present a legal proxy issued in your name from the record holder (your bank, broker or nominee).

## **Table of Contents**

### **Tabulation of Votes**

Starwood has appointed Broadridge Financial Solutions, Inc. ( Broadridge ) to tabulate the vote and The Carideo Group, Inc. ( Carideo ) to serve as the Inspector of Election for the Starwood special meeting.

### **Solicitation of Proxies**

Starwood is soliciting proxies for its special meeting from its stockholders. Starwood will pay its own cost of soliciting proxies, including the cost of mailing this joint proxy statement/prospectus, from its stockholders. In addition to solicitation by use of the mails, proxies may be solicited by each of Starwood's directors, each of whom is a participant in this solicitation, in person or by telephone or other means of communication. These persons will not receive additional compensation, but may be reimbursed for reasonable out-of-pocket expenses in connection with this solicitation.

Starwood has retained the services of D.F. King & Co., Inc. to assist in the solicitation of proxies for an estimated fee not to exceed \$25,000, plus reimbursement of out-of-pocket expenses. Starwood will make arrangements with brokerage houses, custodians, nominees and fiduciaries to forward proxy solicitation materials to beneficial owners of shares held of record by them. Starwood will also reimburse these brokerage houses, custodians, nominees and fiduciaries for their reasonable expenses incurred in forwarding the proxy materials.

### **Adjournments**

Any adjournment of the Starwood special meeting may be made from time to time by the presiding officer at the Starwood special meeting to a date not more than 120 days after the original record date without notice other than announcement at the Starwood special meeting if the time and place thereof are announced at the Starwood special meeting. Any business which might have been transacted at the Starwood special meeting as originally called may be transacted at such reconvened meeting if a quorum is present in person or by proxy at such reconvened meeting.

**Table of Contents**

**MARRIOTT SPECIAL MEETING**

*This joint proxy statement/prospectus is being provided to Marriott stockholders as part of a solicitation of proxies by Marriott's Board for use at the Marriott special meeting to be held at the time and place specified below, and at any properly convened meeting following an adjournment or postponement thereof. This joint proxy statement/prospectus provides Marriott stockholders with the information they need to know to be able to vote or instruct their vote to be cast at the Marriott special meeting.*

**Date, Time and Place**

The Marriott special meeting is scheduled to be held at the JW Marriott Hotel, 1331 Pennsylvania Avenue, N.W., Washington, D.C. 20004, on \_\_\_\_\_, 2016 at \_\_\_\_\_, local time.

**Purpose of the Marriott Special Meeting**

At the Marriott special meeting, Marriott stockholders will be asked to consider and vote on:

the proposal to approve the issuance of shares of Marriott common stock to Starwood stockholders in connection with the Combination Transactions (the Marriott stock issuance proposal); and

the proposal to adjourn the Marriott special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the foregoing proposal (the Marriott adjournment proposal).

**Recommendation of Marriott's Board**

After careful consideration, Marriott's Board, at a meeting held on November 15, 2015, determined that the merger agreement, the issuance of shares of Marriott common stock in the Initial Holdco Merger and the other transactions contemplated thereby are advisable, fair to and in the best interest of Marriott and its stockholders, authorized and approved the merger agreement, the issuance of shares of Marriott common stock in the Initial Holdco Merger and the other transactions contemplated by the merger agreement by a unanimous vote of its directors and adopted resolutions directing that the Marriott stock issuance proposal be submitted to Marriott stockholders for their consideration. Accordingly, Marriott's Board unanimously recommends that Marriott stockholders vote **FOR** the Marriott stock issuance proposal.

In evaluating the Combination Transactions, Marriott's Board consulted with and received the advice of Marriott's outside legal and financial advisors, held discussions with Marriott's management and considered a number of factors that it believed supported its decision to enter into the merger agreement. These factors included, but were not limited to, those listed in The Combination Transactions Marriott's Reasons for the Combination Transactions; Recommendation of Marriott's Board.

**Marriott Record Date; Stockholders Entitled to Vote**

Only stockholders of record of Marriott at the close of business on \_\_\_\_\_, 2016, the record date for the Marriott special meeting (the Marriott record date), are entitled to receive notice of and to vote at the Marriott special meeting, or any postponement or adjournment of the meeting. Each outstanding share of Marriott's common stock entitles its holder to cast ten votes on each matter to be voted upon. At the close of business on the Marriott record date,

shares of Marriott common stock were issued and outstanding and held by holders of record.

**Voting by Marriott s Directors and Executive Officers**

At the close of business on the Marriott record date, directors and executive officers of Marriott and their affiliates were entitled to vote \_\_\_\_\_ shares of Marriott common stock, or approximately \_\_\_\_\_ % of the shares of

## **Table of Contents**

Marriott common stock outstanding on that date. Marriott currently expects that Marriott's directors and executive officers will vote their shares in favor of each proposal being submitted to a vote of Marriott stockholders at the Marriott special meeting, although none of them has entered into any agreement obligating them to do so.

## **Quorum**

The presence at the Marriott special meeting, in person or by proxy, of the holders of a majority of the shares of Marriott common stock outstanding on the Marriott record date and entitled to vote will constitute a quorum. A quorum is required for business to be conducted at the Marriott special meeting. As of the close of business on the Marriott record date, \_\_\_\_\_ shares of Marriott common stock were outstanding and entitled to vote. If you submit a properly executed proxy card, even if you abstain from voting, you will be considered part of the quorum. However, broker non-votes will not be counted in determining whether there is a quorum.

In the absence of a quorum, Marriott stockholders, by a majority of the votes cast at the meeting by Marriott stockholders present in person or represented by proxy and entitled to vote, will have the power to adjourn the Marriott special meeting to another time or place (subject to the conditions set forth in the merger agreement), without further notice other than announcement at the Marriott special meeting. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the Marriott special meeting as originally notified, and all proxies will be voted in the same manner as they would have been voted at the original convening of the special meeting, except for any proxies that have been effectively revoked or withdrawn before the subsequent meeting. If the adjournment is for more than 30 days, or, if after the adjournment, a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

## **Required Vote**

Approval of the Marriott stock issuance proposal and approval of the Marriott adjournment proposal (if necessary or appropriate) each require the affirmative vote of the holders of a majority of the shares of Marriott common stock present in person or represented by proxy and entitled to vote. Shares held by Marriott stockholders who are not present in person or represented by proxy at the Marriott special meeting and broker non-votes, if any, will have no effect on the outcome of the proposals to approve the issuance of shares of Marriott common stock or to adjourn the Marriott special meeting. However, votes to abstain will have the same effect as votes against each of the proposals.

## **Treatment of Abstentions and Incomplete Proxies**

Instructions to **ABSTAIN** for each proposal submitted by Marriott will be counted for purposes of determining the number of shares represented and entitled to vote. Accordingly, an abstention will have the effect of a vote **AGAINST** each of these proposals. Except as indicated below for shares held in the 401(k) Plan, if you return your signed proxy card but do not mark the boxes indicating how you wish to vote, your shares will be voted **FOR** the proposal to approve the issuance of shares of Marriott common stock to Starwood stockholders and, if necessary or appropriate, **FOR** any proposal to adjourn the Marriott special meeting.

## **Treatment of Broker Non-Votes**

If your shares of Marriott common stock are held in street name in a stock brokerage account or by another nominee, you must provide the record holder of your shares with instructions on how to vote the shares. Please follow the voting instructions provided by your bank, broker or other nominee. You may not vote shares of Marriott common stock held in street name by returning a proxy card directly to Marriott or by voting in person at the Marriott special



meeting unless you provide a legal proxy, which you must obtain from your bank, broker or other nominee.

## **Table of Contents**

Banks, brokers or other nominees who hold shares of Marriott common stock in street name for a beneficial owner typically have the authority to vote in their discretion on routine proposals, even when they have not received instructions from beneficial owners. However, banks, brokers or other nominees are not allowed to exercise their voting discretion on matters that are determined to be non-routine without specific instructions from the beneficial owner. A broker non-vote is a vote that, in accordance with stock exchange rules, is not cast by a broker on a non-routine matter because the bank, broker or other nominee has not received instructions from the beneficial owner of such shares to vote on the particular proposal and the bank, broker or other nominee does not have discretionary voting power on such proposal.

Under the NASDAQ Stock Market Rules, banks, brokers or other nominees do not have discretionary authority to vote on the two proposals submitted by Marriott. Therefore, if you are a Marriott stockholder and you do not instruct your bank, broker or other nominee on how to vote your shares, your bank, broker or other nominee may not vote your shares on either of these proposals, and the resulting broker non-vote will have no effect on these proposals.

## **How to Vote**

You may vote either by casting your vote in person at the Marriott special meeting, or by marking, signing, and dating each proxy card you receive and returning it in the prepaid envelope, by telephone, or electronically through the Internet by following the instructions included on your proxy card. Internet and telephone voting is available through 11:59 p.m. Eastern Time on \_\_\_\_\_, 2016. The telephone and Internet voting procedures are designed to authenticate votes cast by use of a personal identification number. The procedures, which are designed to comply with Delaware law, allow stockholders to appoint a proxy to vote their shares and to confirm that their instructions have been properly recorded.

If you hold your shares in street name through a bank, broker or other nominee, you may be able to vote by telephone or electronically through the Internet in accordance with the voting instructions provided by that institution. You must obtain a legal proxy from the bank, broker or other nominee that holds your shares if you wish to vote in person at the Marriott special meeting.

## **How Proxies are Counted**

All shares represented by properly executed proxies received in time for the Marriott special meeting will be voted at the meeting in the manner specified by the stockholders giving those proxies. Properly executed proxies that do not contain voting instructions will be voted **FOR** each of the proposals submitted by Marriott.

Only shares affirmatively voted for the proposals, and properly executed proxies that do not contain voting instructions, will be counted as favorable votes for the proposals submitted by Marriott. Votes to abstain will have the same effect as votes **AGAINST** the proposals submitted by Marriott. Broker non-votes, if any, will have no effect on the proposals submitted by Marriott.

## **Shares Held in Marriott's Employees Profit Sharing, Retirement and Savings Plan and Trust**

If you participate in Marriott's Employees Profit Sharing, Retirement and Savings Plan and Trust (the 401(k) Plan), you may give voting instructions as to the number of share equivalents allocated to your account as of the Marriott record date. You may provide voting instructions to the trustee under the 401(k) Plan by completing and returning the proxy card accompanying this joint proxy statement/prospectus. The trustee will vote your shares in accordance with your duly executed instructions if they are received by 11:59 p.m. Eastern Time, \_\_\_\_\_, 2016. If you do not send instructions by this deadline or if you do not vote by proxy, or return your proxy card with an unclear voting

designation or no voting designation at all, the trustee will vote the number of shares equal to the share equivalents credited to your account in the same proportion that it votes shares for which it did receive timely instructions, unless contrary to the Employee Retirement Income Security Act of 1974, as amended.

## **Table of Contents**

### **Revocation of Proxies**

If you are the record holder of stock, you can change your vote or revoke your proxy at any time before your proxy is voted at the Marriott special meeting. You can do this by:

returning a later-dated signed proxy card (only your latest proxy will be counted);

delivering a written notice of revocation to Computershare Investor Services, P.O. Box 43006, Providence, RI 02940-3078;

voting by telephone or the Internet until 11:59 p.m. Eastern Time on \_\_\_\_\_, 2016; or

attending the Marriott special meeting and voting in person, which will automatically cancel any proxy previously given. Simply attending the Marriott special meeting without voting will not revoke any proxy that you have previously given or change your vote.

A registered stockholder may revoke a proxy by any of these methods, regardless of the method used to deliver the stockholder's previous proxy.

Please note that if your shares are held in street name through a bank, broker or other nominee, you may change your vote by submitting new voting instructions to your bank, broker or nominee in accordance with its established procedures. If your shares are held in the name of a bank, broker or other nominee and you decide to change your vote by attending the Marriott special meeting and voting in person, your vote in person at the Marriott special meeting will not be effective unless you have obtained and present a legal proxy issued in your name from the record holder (your bank, broker or nominee).

### **Tabulation of Votes**

Marriott has appointed Computershare Investor Services to serve as the Inspector of Election for the Marriott special meeting. Computershare Investor Services will independently tabulate affirmative and negative votes and abstentions.

### **Solicitation of Proxies**

Marriott is soliciting proxies for the Marriott special meeting from its stockholders. Marriott will pay its own cost of soliciting proxies, including the cost of mailing this joint proxy statement/prospectus, from its stockholders. In addition to solicitation by use of the mails, proxies may be solicited by each of Marriott's directors, each of whom is a participant in this solicitation, in person or by telephone or other means of communication. These persons will not receive additional compensation, but may be reimbursed for reasonable out-of-pocket expenses in connection with this solicitation.

Marriott has retained the services of MacKenzie Partners, Inc. to assist in the solicitation of proxies for an estimated fee not to exceed \$75,000, plus reimbursement of out-of-pocket expenses. Marriott will make arrangements with brokerage houses, custodians, nominees and fiduciaries to forward proxy solicitation materials to beneficial owners of shares held of record by them. Marriott will also reimburse these brokerage houses, custodians, nominees and

fiduciaries for their reasonable expenses incurred in forwarding the proxy materials.

### **Adjournments**

Any adjournment of the Marriott special meeting may be made from time to time by a majority of the votes cast on the Marriott adjournment proposal, present in person or represented by proxy, whether or not a quorum is present, without further notice other than by an announcement made at the Marriott special meeting. If a quorum is not present at the Marriott special meeting, or if a quorum is present at the Marriott special meeting but there are not sufficient votes at the time of the Marriott special meeting to approve the Marriott stock issuance proposal, then Marriott stockholders may be asked to vote on a proposal to adjourn the Marriott special meeting so as to permit the further solicitation of proxies.

**Table of Contents**

**THE COMBINATION TRANSACTIONS**

The following is a discussion of the Combination Transactions and the material terms of the merger agreement between Starwood and Marriott. We urge you to carefully read the merger agreement in its entirety, a copy of which is attached as Annex A to this joint proxy statement/prospectus and is incorporated by reference herein.

**Effect of the Combination Transactions**

The merger agreement provides that, on the terms and subject to the conditions set forth in the merger agreement and in accordance with the DGCL and the MGCL, Marriott will combine with Starwood in a series of transactions, which are the Combination Transactions.

Starwood has formed Holdco and Starwood Merger Sub for purposes of creating a holding company structure. In the first step, Starwood Merger Sub will be merged with and into Starwood, with Starwood surviving the merger as a wholly owned subsidiary of Holdco. As a result of the Starwood Merger, each share of Starwood common stock will be converted into the right to receive one share of Holdco common stock. Second, Starwood will be converted from a Maryland corporation to a Maryland limited liability company. Set forth below is a diagram depicting the structure of the steps described above:

## **Table of Contents**

After the Starwood LLC Conversion, Marriott Corporate Merger Sub will be merged with and into Holdco, with Holdco surviving the merger as a wholly owned subsidiary of Marriott. As a result of the Initial Holdco Merger, each of the former Starwood stockholders (who, pursuant to the Starwood Merger, will have previously received the right to receive Holdco common stock), will automatically receive the right to receive the merger consideration. Set forth below is a diagram depicting the structure of the steps described above:

Finally, Holdco will be merged with and into Marriott LLC Merger Sub, with Marriott LLC Merger Sub, surviving the merger as a wholly owned subsidiary of Marriott. As a result of the Combination Transactions, (a) Marriott LLC Merger Sub will remain a wholly owned subsidiary of Marriott, (b) Starwood LLC (formerly known as Starwood) will become a wholly owned direct subsidiary of Marriott LLC Merger Sub, (c) Starwood Merger Sub will cease to exist, (d) Marriott Corporate Merger Sub will cease to exist and (e) Holdco will cease to exist. Set forth below is a diagram depicting the structure of the steps described above and the structure of the combined entity after giving effect to the Combination Transactions:

## **Background of the Combination Transactions**

Starwood's Board, together with Starwood's management and with the assistance of Starwood's advisors, has periodically reviewed and considered various strategic opportunities available to Starwood and ways to enhance stockholder value and to enhance Starwood's performance and prospects, including in light of competitive, macroeconomic and industry developments. These reviews have included discussions as to whether the continued execution of Starwood's strategy as a stand-alone company or the possible sale of Starwood to, or

## **Table of Contents**

combination of Starwood or certain of its businesses with, a third party offered the best avenue to enhance stockholder value, and the potential benefits and risks of any such transaction.

As part of those reviews, on February 10, 2015, concurrently with the release of its financial and operating results for the fiscal year ended December 31, 2014, and prior to and separate from Starwood's Board's decision to undertake the review of strategic alternatives which culminated with the entry into the Combination Transactions with Marriott, Starwood announced its intent to spin off its Vistana business into a separate publicly traded company. Starwood had engaged Citi and another investment bank to serve as financial advisors in connection with that spin-off. Shortly thereafter, effective February 13, 2015, Frits van Paasschen resigned his positions as President and Chief Executive Officer of Starwood and as a member of Starwood's Board. Effective February 14, 2015, Starwood's Board appointed Adam Aron, a member of Starwood's Board, as the interim Chief Executive Officer. On February 17, 2015, Starwood announced the resignation of Mr. van Paasschen, the appointment of Mr. Aron and the launch of a search for a permanent Chief Executive Officer, which search would be conducted by Starwood's Board and would evaluate both internal and external candidates.

During February and March 2015 and as part of Starwood's regular consideration of its strategy and available strategic opportunities, members of Starwood's management, at the direction of Starwood's Board, began an enhanced outreach program to Starwood's significant stockholders. As part of this outreach, members of Starwood's management engaged in a series of discussions with significant Starwood stockholders to hear their views regarding Starwood's strategic direction, including potential mergers and acquisitions options and other strategic opportunities.

By March 2015, while Starwood's enhanced outreach to its stockholders was ongoing, a number of hedge funds had accumulated significant holdings of Starwood common stock. At that time, Starwood's Board determined to continue Starwood's process of outreach and dialogue with major Starwood stockholders and decided to engage Lazard, an investment bank with a longstanding relationship with Starwood and experience in the lodging sector, as Starwood's financial advisor. Starwood and Lazard entered into an engagement letter on March 31, 2015.

During the stockholder engagement process, certain significant stockholders encouraged Starwood to undertake a full strategic review with a focus on potential strategic combinations, among other actions.

On April 14, 2015, the Starwood Corporate Governance and Nominating Committee met, along with representatives of Cravath, Swaine & Moore LLP ( Cravath ), Starwood's legal counsel. During this meeting, the Starwood Corporate Governance and Nominating Committee discussed Starwood's ongoing stockholder outreach program and the feedback that had been received to date from Starwood stockholders.

On April 15, 2015, Starwood Chairman Bruce W. Duncan and the Chairman and Chief Executive Officer of a U.S. lodging company (referred to as Company A ) met, at Company A's request, to discuss a potential combination of Company A and Starwood. Company A did not make any specific proposal at this initial meeting.

On April 20 and April 21, 2015, Starwood's Board met, with members of Starwood's management, including then-Executive Vice President & Chief Financial Officer Thomas B. Mangas and Chief Administrative Officer & General Counsel Kenneth S. Siegel, and representatives of Lazard and Cravath participating, to discuss the feedback that Starwood's management had received from Starwood's significant stockholders as part of its stockholder outreach program. Lazard and Starwood's management reported that Starwood's significant stockholders were generally of the view that Starwood had strong brands and high levels of customer loyalty but that it was underperforming relative to its peers, were concerned about Starwood's long-term growth prospects, and had conveyed that Starwood would benefit from a combination with another lodging company to achieve additional scale and diversity of brands in the value chain. Lazard and Starwood's management reported that Starwood's significant stockholders were generally of



the view that Starwood should undertake a full strategic review, which review should focus on potential strategic combinations as a way to enhance stockholder value. During this meeting Starwood's Board, together with members of Starwood's management, including Mr. Mangas and Mr. Siegel, and representatives of Lazard, discussed the various strategic and financial alternatives

## **Table of Contents**

which Starwood could consider pursuing as a means to increase stockholder value, including possible mergers and acquisitions alternatives as well as continuing to operate as a stand-alone company.

At this meeting, Starwood's Board determined that Starwood should undertake a full review of strategic alternatives, including, among other alternatives, a potential sale of Starwood. Starwood's Board determined that it would announce that it was conducting a review of strategic alternatives concurrently with Starwood's upcoming earnings release on April 29, 2015.

To enhance efficiency, at the April 20-21, 2015 meeting, Starwood's Board decided to create a special committee (the Strategy Committee) to manage and oversee Starwood's strategic review. The Strategy Committee was tasked with evaluating potential strategic alternatives, including by reaching out to potential counterparties with respect to a potential strategic transaction between Starwood and those counterparties. The Strategy Committee decided that Starwood's financial advisors should act as the primary communication channel with potential counterparties. The Strategy Committee was comprised of Clayton C. Daley, Jr., Mr. Duncan and Eric Hippeau. These directors were chosen for their extensive experience in corporate finance and strategic development, as well as their knowledge of Starwood and its industry.

Also during this meeting, Starwood's Board authorized Lazard to set up preliminary meetings with the management of Marriott and another U.S. lodging company (referred to as Company C) to determine whether Marriott or Company C would potentially be interested in a combination with Starwood. Starwood's Board decided to engage with Marriott and Company C at the outset of the strategic review process because Starwood's Board, taking into account the views of Starwood's management and financial advisors, believed that Marriott and Company C were the two possible counterparties with the potential to provide the most value to Starwood stockholders in a transaction with Starwood, given their size and business mix.

Between April 20, 2015 and the entry into the merger agreement with Marriott, the Strategy Committee held a number of meetings and discussions as part of the strategic review process. Members of Starwood's management, including Mr. Aron, Mr. Mangas and Mr. Siegel, along with Starwood's financial and legal advisors, participated in many of these meetings and the Strategy Committee regularly updated the other Board members on the status of the strategic review.

In mid-April 2015, the Chairman of a U.S. lodging company (referred to as Company B) contacted Mr. Duncan to express Company B's potential interest in a combination of Company B and Starwood. Company B did not make any specific proposals during this initial discussion. Following this initial discussion, at the direction of Starwood, Starwood's financial advisors engaged in a series of preliminary discussions with Company B and its financial advisors regarding a possible combination of Company B and Starwood.

On April 23, 2015, at the direction of Starwood, representatives of Lazard met with the Chief Executive Officer of Company C to discuss whether Company C would potentially be interested in a combination with Starwood. There had also been preliminary discussions between representatives of Starwood and Company C regarding a possible combination of the two companies in 2013. Between April and June 2015 there were a series of preliminary discussions between representatives of Starwood's financial advisors and Company C regarding whether Company C would be interested in pursuing a strategic transaction with Starwood. Company C never made a proposal for a combination with Starwood. In June 2015, Company C discontinued discussions without conducting due diligence on the basis that it had decided to continue pursuing its own stand-alone strategy.

In addition, on April 23, 2015, at the direction of Starwood, representatives of Lazard met with Marriott Chief Executive Officer Arne Sorenson, then-Marriott Chief Financial Officer Carl Berquist and Marriott Executive Vice

President for Mergers, Acquisitions and Business Development Richard Hoffman to discuss Marriott's potential interest in a combination with Starwood. Following this meeting, Mr. Sorenson, Mr. Berquist, Mr. Hoffman and other members of Marriott's management considered a possible transaction with Starwood, but did not engage in any further discussions or negotiations with Starwood at that time.

**Table of Contents**

On April 27, 2015, at an industry event, the Chairman of a U.S. lodging company (referred to as Company E ) spoke to a representative of Lazard and indicated that Company E may be interested in a potential transaction with Starwood and would like to continue discussions as Starwood's strategic alternatives process continued.

On April 29, 2015, concurrently with Starwood's release of its financial and operating results for the quarter ended March 31, 2015, Starwood announced that Starwood's Board had determined to explore a full range of strategic and financial alternatives to increase stockholder value, and had retained Lazard to assist in the process.

On May 5, 2015, the Strategy Committee decided to engage Citi, an investment bank with a longstanding relationship with Starwood and experience in the lodging sector and which was serving as a financial advisor in connection with the spin-off of its Vistana business, as Starwood's financial advisor, together with Lazard, in connection with the strategic alternatives process. Starwood and Citi subsequently entered into an engagement letter on August 26, 2015.

On May 6, 2015, the Chief Executive Officers of a foreign lodging company (referred to as Company D ) and a foreign company with hotel investments (referred to as Company F ) separately called a representative of Lazard. Each of these companies expressed that it might be interested in a potential transaction and would like to continue discussions as Starwood's strategic alternatives process continued.

On May 7, 2015, a representative of a foreign company with hotel investments (referred to as Company G ) called a representative of Lazard and expressed that Company G was interested in a potential transaction with Starwood. The representative of Lazard and a representative of Company G arranged for a meeting on May 12, 2015. At that meeting, the representative of Company G reiterated that Company G would be interested in a potential transaction, including the possibility of making a minority investment in Starwood.

On May 14, 2015, at the direction of Starwood, a representative of Lazard met with a representative of the financial advisor of Company E, who expressed that Company E might be interested in a potential acquisition of Starwood, with consideration to consist of substantially all cash.

On May 15, 2015, the Chief Executive Officer of a foreign lodging company (referred to as Company H ) called a representative of Lazard and expressed that Company H might be interested in a potential transaction. Also on May 15, 2015, Mr. Duncan and a representative of Lazard met with the Chief Executive Officer of Company H.

From May through June 2015, members of Starwood's management, including Mr. Aron, Mr. Mangas and Mr. Siegel, with the assistance of Citi and Lazard, performed a review of Starwood, analyzed potential strategic alternatives and prepared materials on Starwood to provide to potential counterparties. During this time and thereafter, members of Starwood's management, including Mr. Aron, Mr. Mangas and Mr. Siegel, with the assistance of Citi and Lazard, reported on a regular basis to the Strategy Committee.

On May 18 and May 19, 2015, members of Starwood's management, including Mr. Aron, Mr. Mangas and Mr. Siegel, and representatives of Citi and Lazard presented a summary of their preliminary review of a range of potential strategic alternatives to the Strategy Committee, including various merger and acquisition alternatives involving both strategic and financial counterparties, brand dispositions, accelerated asset dispositions, a leveraged recapitalization, as well as continuing to operate on a stand-alone basis. At the May 18-19 meeting, representatives of Citi and Lazard reviewed with the Strategy Committee that a number of potential counterparties had expressed an interest in engaging with Starwood regarding a range of potential strategic transactions, including in certain instances a merger or sale.

On May 26, 2015, Mr. Duncan met with the Chairman of Company D. At that meeting, the Chairman of Company D discussed Company D's strengths and the benefits of a potential transaction between Company D and Starwood.

Specifics of a potential transaction were not discussed.

## **Table of Contents**

On May 27 and May 28, 2015, Starwood's Board, with members of Starwood's management, including Mr. Mangas and Mr. Siegel, and representatives of Citi and Lazard participating, met to discuss the work done to date by the Strategy Committee, with the assistance of Starwood's financial advisors, with respect to the strategic review. At this meeting, Starwood's Board discussed the Strategy Committee's preliminary review of potential strategic alternatives to enhance stockholder value, which included alternatives such as a transformational merger with a strategic partner, a sale of Starwood for cash, potential acquisitions of other lodging companies and a variety of other alternatives. Starwood's Board discussed Starwood's strengths and weaknesses as compared to competitors in the lodging industry, the relative merits of various strategic alternatives, including continuing to operate as a stand-alone company and strategies for approaching a variety of potential counterparties, including strategic counterparties and cash acquirors. Also at this meeting, members of Starwood's management, including Mr. Mangas and Mr. Siegel, discussed with Starwood's Board management's projections of Starwood's future financial performance that formed the basis of the Starwood Forecasts Base Case.

On June 4, 2015, a representative of a foreign hotel group (referred to as Company I) contacted Simon Turner, Starwood's President, Global Development, to propose a meeting between the Chairman and the CEO of Starwood and the Chairman of Company I to discuss a potential partnership. The representative of Company I did not propose a specific transaction. Over the next several weeks, representatives of Starwood and Company I discussed the possibility of Starwood and Company I engaging in a strategic transaction. During these discussions, Company I expressed an interest in making a minority investment in Starwood as part of a strategic partnership and, in discussions with Lazard, Company I expressed that it was considering partnering with a number of financial parties to pursue a potential transaction.

On June 9, 2015, a representative of Lazard spoke with Mr. Sorenson and discussed a potential transaction with Starwood. Mr. Sorenson expressed that Marriott was unsure as to whether it would be interested in a transaction with Starwood at that time.

On June 15, 2015, the Strategy Committee met, with members of Starwood's management, including Mr. Aron, Mr. Mangas and Mr. Siegel, and representatives of Citi and Lazard participating, to discuss the strategic alternatives review process, plans for contacting potential counterparties and an updated set of projections of Starwood's future financial performance.

On June 16, 2015, a wholly owned subsidiary of Starwood filed an initial registration statement on Form 10 in connection with the spin off of Starwood's Vistana business.

On June 17, 2015, at the direction of Starwood, a representative of Lazard met with Company D's Chief Executive Officer to discuss a potential transaction between Company D and Starwood. Company D did not make a specific proposal for a transaction.

On June 18, 2015, at the direction of Starwood, a representative of Lazard met with a representative of Company G to discuss Company G's potential interest in a cash acquisition of Starwood. The representative of Company G said that Company G was developing a proposal to acquire Starwood and had retained a financial advisor, but did not make a specific proposal for a transaction.

On June 22, 2015, the Strategy Committee met, with members of Starwood's management, including Mr. Aron and Mr. Mangas, and representatives of Citi, Lazard and Cravath participating, to further discuss the process for engaging with potential counterparties, including the finalization of confidentiality agreement drafts, which would be sent to potential counterparties. The Strategy Committee authorized and directed Citi and Lazard to begin reaching out to potential counterparties to evaluate their interest in a potential transaction with Starwood and to invite potential

counterparties to perform diligence on Starwood, subject to the execution of confidentiality agreements.

In late June 2015, at the direction of the Strategy Committee, Citi and Lazard continued to reach out to representatives of potential counterparties to evaluate their potential interest in a transaction with Starwood. Over the course of the strategic alternatives process, more than 30 parties were contacted or made contact with

## **Table of Contents**

Starwood or its financial advisors, ten of which expressed interest in a potential sale or merger transaction and were sent draft confidentiality agreements and seven of which signed confidentiality agreements.

On July 1, 2015, at the direction of Starwood, a representative of Lazard sent Company C a draft confidentiality agreement and representatives of Citi and Lazard engaged in a series of follow-up discussions with Company C regarding potential interest in a transaction. On July 9, 2015, a representative of Company C notified Lazard that Company C would not participate in an evaluation process of Starwood and Company C never signed a confidentiality agreement.

Also on July 1, 2015, at the direction of Starwood, Lazard contacted and sent a draft confidentiality agreement to Company H. Company H never signed the confidentiality agreement and declined to participate in the process, stating that it believed it would not be competitive as compared to other potential counterparties because of challenges it believed it would face in obtaining financing and the value of its stock.

Between July 1, 2015 and July 23, 2015, representatives of Starwood's financial advisors and members of Starwood's management sent draft confidentiality agreements to each of Marriott, Company A, Company D, Company E, Company G and Company I. Between July 15, 2015 and July 24, 2015, Starwood entered into confidentiality agreements with each of Marriott, Company A, Company D, Company E, Company G and Company I, and on September 2, 2015, Starwood entered into a confidentiality agreement with Company F. The confidentiality agreements with each of Marriott, Company D, Company E, Company F and Company G contained customary standstill provisions that would automatically terminate upon the entry by Starwood into a definitive acquisition agreement with a third party. The confidentiality agreements entered into in July with Company A and Company I did not contain such standstill provisions because Company A and Company I were not prepared to agree to a nondisclosure agreement that included all the provisions requested by Starwood until after they had further discussions with Starwood to determine whether they would move forward in evaluating a transaction with Starwood. Starwood informed Company A and Company I that if, after those discussions, Company A or Company I decided to move forward in evaluating a transaction with Starwood that they would have to amend their respective confidentiality agreements to include customary standstill provisions. Company I's confidentiality agreement was amended on September 11, 2015 to include similar standstill provisions; Company A's confidentiality agreement was never amended because the Strategy Committee, as further described below, decided not to pursue a transaction with Company A.

Beginning on July 15, 2015, a confidential information memorandum regarding Starwood was provided to each of the potential counterparties that had signed confidentiality agreements with Starwood other than Company A and Company I, until Company I's confidentiality agreement was amended. In the weeks leading up to July 15, 2015, the Strategy Committee, including at a meeting on July 6, 2015, reviewed the contents of the confidential information memorandum, including the Starwood Forecasts Base Case, which were based on the financial forecasts discussed by Starwood's Board on May 27 and 28, 2015, with certain adjustments to reflect feedback from Starwood's business divisions, and approved its use by Citi and Lazard.

On July 21, 2015, a representative of Lazard contacted a large stockholder of a U.S. lodging company (referred to as Company J) to determine whether Company J would be interested in a transaction between Company J and Starwood. The stockholder of Company J suggested that Lazard reach out to the Chief Executive Officer of Company J. A representative of Lazard called the Chief Executive Officer of Company J, but Company J did not engage with Starwood until Company J's financial advisor called Mr. Aron on September 6, 2015.

On July 22, 2015, the Strategy Committee and representatives of Citi and Lazard met with Company A's Chairman and Chief Executive Officer, other members of management and financial advisor. Company A expressed its



preliminary interest in a combination of Starwood and Company A, which transaction would include a leveraged recapitalization of Starwood that included an approximately \$22.50 cash dividend per share of Starwood common stock, followed by an at-market stock-for-stock merger of Company A and Starwood that would result in Starwood's existing stockholders owning 50% of the combined company and a subsequent separation of the combined company's timeshare businesses.

## **Table of Contents**

On July 24, 2015, Starwood and Lazard entered into an engagement letter in connection with a potential sale or merger transaction.

On July 27, 2015, the Strategy Committee, with members of Starwood's management, including Mr. Aron, Mr. Mangas and Mr. Siegel, and representatives of Citi, Lazard and Cravath participating, met to discuss an update on potential strategic counterparties and acquirors who had executed confidentiality agreements.

On July 30, 2015, the Chairman of Company D informed Mr. Duncan that it had decided not to engage in discussions with Starwood at that time because legal requirements applicable to Company D restricted Company D from engaging with Starwood confidentially.

Also on July 30, 2015, Starwood released its financial and operating results for the quarter ended June 30, 2015.

On July 31, 2015, at the direction of Starwood, a representative of Citi sent a representative of Company B a draft confidentiality agreement. Upon review and receipt of discussion materials received from Company B on August 12, 2015, a determination was made not to proceed with Company B, including not to execute a confidentiality agreement with Company B or disclose confidential information about Starwood to Company B, given the value proposition reflected in Company B's discussion materials as compared to other potential alternatives.

In the weeks leading up to the meeting of Starwood's Board scheduled for August 12, 2015, representatives of Lazard, at the direction of the Strategy Committee, invited the potential counterparties which had expressed an interest in a transaction with Starwood to make presentations on a potential transaction with Starwood to the Strategy Committee prior to the August 12, 2015 meeting of Starwood's Board. On August 10, 2015, Company E made its management presentation to the Strategy Committee, which included, among other things, an overview of Company E's business and management philosophies and conceptual parameters under which Company E could envision a transaction, including views on synergies expectations and real estate ownership. Prior to this presentation, Company E informed a representative of Lazard that a potential transaction between Company E and Starwood would involve stock consideration but did not provide proposed economic terms. No other potential counterparties made management presentations at this time.

In late July and early August, Marriott's management, including Mr. Sorenson, Mr. Berquist and Mr. Hoffman, reviewed the information provided by Starwood. At Marriott's Board's regularly scheduled August 6, 2015 meeting, Mr. Sorenson briefed Marriott's Board on a potential combination with Starwood. In mid-August, Marriott decided not to pursue a possible combination with Starwood, primarily because the relative trading prices of the stock of the two companies at that time made the transaction economically unattractive.

On August 12, 2015, Starwood's Board met, with representatives of Citi and Lazard participating, to continue to review potential strategic alternatives, including potential transactions with Company E (which had indicated to Lazard that any transaction would involve largely stock consideration) and Company G, strategies for re-engaging Company D on a potential transaction and Company A's proposal. At that time, nine potential counterparties had been sent a draft confidentiality agreement, three of those potential counterparties (Company B, Company C and Company H) had not signed a confidentiality agreement and six potential counterparties (Marriott, Company A, Company D, Company E, Company G and Company I) had signed a confidentiality agreement. Company F was subsequently sent a draft confidentiality agreement on August 29, 2015 and signed a confidentiality agreement on September 2, 2015. Company D had informed Starwood that it had decided not to engage in discussions with Starwood. Marriott, Company E, Company G and Company I remained engaged in the process but had not made a proposal or an indication of interest for a potential transaction with Starwood, and Company A had made a proposal for a potential transaction with Starwood. On that date, Mr. Hoffman informed Lazard that Marriott was no longer interested in a

transaction with Starwood and was withdrawing from the process.

At this meeting, Starwood's Board reviewed Starwood's management's five-year operating plan, including the Starwood Forecasts Base Case and the Starwood Forecasts Conservative Case. Starwood's Board

## **Table of Contents**

approved those forecasts for use by Starwood's financial advisors and discussed the relative merits and risks of Starwood continuing to operate as a stand-alone company and continuing to execute its five-year operating plan as contemplated in the Starwood Forecasts Base Case as compared to pursuing one of the strategic alternatives under consideration. Starwood's Board also discussed with Citi and Lazard preliminary financial analyses of Starwood as a stand-alone company.

During the August 12, 2015 Starwood Board meeting, Starwood's Board also discussed an opportunity to bid for a foreign lodging company (referred to as Company K), which was exploring a potential sale process and had requested initial indications of interest by August 14, 2015. Representatives of Citi and Lazard reviewed with Starwood's Board Citi's and Lazard's preliminary financial analyses related to this opportunity. Starwood's Board authorized Lazard to make a non-binding indication of interest to Company K and following that meeting, a representative of Lazard contacted a representative of Company K's financial advisor and indicated that Starwood would potentially be interested in acquiring Company K at a specified price range. Company K's financial advisor told a representative of Lazard that Starwood's price range was materially below Company K's expectations. As a result of this feedback from Company K's financial advisor, there were no further discussions regarding a potential transaction between Starwood or its financial advisors, on the one hand, and Company K or its financial advisors, on the other hand.

Also on August 12, 2015, Starwood's Board discussed and evaluated Company A's proposal. After that discussion and evaluation, Starwood's Board determined not to pursue Company A's proposal as a result of, among other things, Starwood's Board's opinion that the businesses of Company A and Starwood were not complementary, the difficulty and risk involved in executing such a transaction and the fact that such a transaction did not offer sufficient value to Starwood and its stockholders.

Also on August 12, 2015, the financial advisor for Company B sent discussion materials to Starwood's financial advisors that contemplated a stock transaction in which Starwood would acquire Company B at a premium to Company B's stock price and Company B's management would run the combined company. Following receipt of this proposal, at a subsequent meeting, the Strategy Committee discussed the merits of Company B's proposal, directed Citi and Lazard to conduct conversations with the financial advisors of Company B regarding a potential combination and ultimately determined not to pursue the opportunity further because it involved Starwood acquiring Company B at a premium which the Strategy Committee believed did not reflect the relative values of Starwood and Company B and also because of concerns regarding the future growth prospects of Company B and the strategic fit between Company B and Starwood.

On August 13, 2015, Starwood's Board met, with members of Starwood's management, including Mr. Mangas and Mr. Siegel, to discuss Company D's and Company E's businesses and the merits and risks of potential combinations with each of Company D and Company E.

Beginning in early August 2015, Company G sent several preliminary indications of interest to Lazard in which Company G proposed acquiring Starwood in an all-cash transaction. The first letter, dated August 13, 2015, did not include any economic terms and provided little information regarding how Company G would finance a transaction and also provided little information regarding timing to complete a transaction. At the direction of Starwood, Lazard worked with Company G's financial advisor to attempt to help Company G develop a proposal with specific terms. On August 24, 2015 and again on August 31, 2015, Company G sent preliminary non-binding indications of interest to Lazard proposing to acquire Starwood in an all-cash transaction at price range of \$82.50 to \$86 per share of Starwood common stock, excluding the Vistana business. Notwithstanding the fact that Starwood's financial advisors had informed Company G's financial advisor that certainty of financing would be an important part of Starwood's evaluation of any proposal, these letters did not provide the requested amounts of detail on sources and availability of financing. At the direction of Starwood, Lazard continued to encourage Company G, through its financial advisor, to

engage in the due diligence process to confirm the prices offered in its preliminary non-binding indications of interest, to set up calls between the companies' respective chairmen and to provide assurances regarding financing. Company G never engaged in the

**Table of Contents**

due diligence process and did not provide requested amounts of detail on sources and availability of financing. In mid-September, Company G's financial advisor notified Lazard that Company G was withdrawing from the process.

On August 19, 2015, Mr. Mangas met with a representative of Company I to discuss Starwood's strategic alternatives process and to discuss if Company I was interested in a possible transaction with Starwood. The representative of Company I did not propose a specific transaction.

On August 24, 2015, representatives of Citi and Lazard briefed the Strategy Committee, with members of Starwood's management, including Mr. Aron, Mr. Mangas and Mr. Siegel, and a representative of Cravath participating, on the status of discussions with several potential counterparties.

On August 26, 2015, Starwood and Citi entered into an engagement letter in connection with a potential sale or merger transaction.

On August 28, 2015, Company E's financial advisors presented to Lazard a proposal from Company E for Starwood and Company E to combine. The terms of Company E's proposal did not include economic terms. The terms of Company E's proposal provided that the board of directors of the combined company would be comprised of eight members from Starwood's Board and seven members from Company E's board of directors. It contained certain other governance terms that would not provide Starwood stockholders with voting rights in the combined company equal to those provided to certain other stockholders of the combined company. Starwood's Board and the Strategy Committee, with the assistance of Starwood's management, including Mr. Mangas and Mr. Siegel, Citi and Lazard, reviewed Company E's proposal and discussed concerns around the potential governance issues raised by Company E's proposal, and determined economic terms would be critical to evaluating a proposal.

On August 29, 2015, the Chairman of Company F, together with members of Company F's management and a representative of Company F's financial advisor, met with Mr. Aron, Mr. Mangas and representatives of Citi and Lazard and made a preliminary non-binding verbal indication of interest to acquire Starwood in an all-cash transaction at a premium of approximately 20% to the trading price of Starwood common stock. Company F did not provide any information regarding its ability to finance such a transaction. In addition, Company F did not indicate whether its proposed premium included the Vistana business. At the direction of the Strategy Committee, representatives of Citi and Lazard relayed to Company F that the indication of interest would need to be made in an offer letter with additional detail, including financing plans, before Starwood could proceed further, and sent Company F a draft confidentiality agreement.

On August 31, 2015, Starwood's Board met, with members of Starwood's management, including Mr. Mangas and Mr. Siegel, and representatives of Citi, Lazard and Cravath participating, to discuss the status of discussions with several potential strategic partners or acquirors.

On September 2, 2015, Starwood entered into a confidentiality agreement with Company F, which contained customary standstill provisions that would automatically terminate upon the entry by Starwood into a definitive acquisition agreement with a third party.

On September 6, 2015, Mr. Aron received a call from a representative of Company J's financial advisor proposing that Starwood buy Company J's business, but with no specified price or other terms. Mr. Aron reported such proposal to the Strategy Committee and, at the direction of the Strategy Committee, a representative of Lazard spoke with the representative of Company J's financial advisor to learn more specifics about the opportunity. The Strategy Committee discussed the opportunity and concluded that Starwood should consider pursuing this opportunity only in the event that more compelling strategic opportunities were not available.



## **Table of Contents**

On September 8, 2015, the Strategy Committee met, with members of Starwood's management, including Mr. Aron, Mr. Mangas and Mr. Siegel, and representatives of Citi, Lazard and Cravath participating, to discuss financial and strategic aspects of a potential combination with Company D, who had previously withdrawn from the process. In particular, representatives of Citi and Lazard reviewed with the Strategy Committee preliminary financial analyses of such a potential combination and discussed certain considerations, including execution risk from a regulatory standpoint given Company D's business, Company D's prior exit from the process and challenges in realizing the potential benefits from a transaction with Company D. During mid to late September 2015, the Strategy Committee discussed re-approaching Company D with a business combination proposal.

On September 10, 2015, a representative of legal counsel to Starwood in the jurisdiction in which Company D was domiciled and listed met with a representative of Company D's legal counsel to discuss the potential for Starwood and Company D to re-engage in discussions regarding a potential transaction.

On September 11, 2015, representatives of Company E's financial advisors sent to representatives of Lazard a revised proposal from Company E for Starwood and Company E to combine. The terms of Company E's proposal provided that (i) each of Starwood and Company E would declare and pay a pre-combination dividend of \$7.95 per share of Starwood common stock and \$7.00 per share of Company E common stock to their respective stockholders, (ii) Company E's stockholders would receive 0.88 shares of stock in the combined company for each share of Company E common stock and Starwood stockholders would receive one share of stock in the combined company for each share of Starwood common stock, resulting in Company E's stockholders receiving a premium of approximately 14% to the trading price of Company E's common stock prior to the combination, (iii) the combined company's Chief Executive Officer would be the current Chief Executive Officer of Company E and the combined company's Chief Financial Officer would be the current Chief Financial Officer of Starwood and (iv) the board of directors of the combined company would be comprised of eight members from Starwood's board of directors and seven members from Company E's board of directors. The Company E proposal still contained governance terms that would not have provided Starwood stockholders with voting rights in the combined company commensurate with the proposed economic allocation among Starwood stockholders and Company E's stockholders.

Also on September 11, 2015, in order to allow Company I to engage in due diligence on Starwood and receive the confidential information memorandum, the confidentiality agreement with Company I was amended to provide for customary standstill provisions that would automatically terminate upon the entry by Starwood into a definitive acquisition agreement with a third party. At the direction of the Strategy Committee, representatives of Lazard repeatedly contacted Company I, both before and after the amendment to the confidentiality agreement, to attempt to engage Company I in the diligence process, but Company I rescheduled meetings and expected deadlines for engagement. Company I ultimately performed little diligence and did not make any proposals for a transaction between Company I and Starwood.

On September 17, 2015, the Strategy Committee met, with members of Starwood's management, including Mr. Aron, Mr. Mangas and Mr. Siegel, and representatives of Citi, Lazard and Cravath participating, to discuss financial and strategic aspects of a potential combination with Company E and to review the terms of Company E's proposal from September 11, 2015. In particular, representatives of Citi and Lazard reviewed with the Strategy Committee Citi's and Lazard's preliminary financial analyses of that potential combination and discussed certain considerations with respect to a transaction with Company E, including the strategic rationale for that transaction, go-forward brand strategies, management team composition and exposure to owned real estate. The Strategy Committee also discussed that a combined company with the governance features proposed by Company E, in particular that Starwood stockholders would not receive voting rights in the combined company commensurate with the proposed economic allocation among Starwood stockholders and Company E's stockholders, might result in the combined company stock to be held by Starwood stockholders trading at a discount. The Strategy Committee also received an update from Citi and Lazard



on discussions with other potential buyers.

## **Table of Contents**

On September 20, 2015, the Strategy Committee met, with members of Starwood's management participating, to discuss strategies for approaching Company D, including the possibility of sending Company D a letter, and to responding to Company E's proposal.

On September 21, 2015, the Strategy Committee met, with representatives of Citi, Lazard and Cravath participating, to discuss strategies for approaching Company D to see if they would re-engage in discussions, and conducting due diligence of Company D. The Strategy Committee also discussed how to respond to Company E's proposal. The Strategy Committee determined that Starwood should respond to Company E with a counterproposal that would involve either Starwood stockholders receiving (1) the stock with the same rights as all other Company E stockholders in a combination with Company E or (2) a control premium in a combination with Company E. The Strategy Committee authorized representatives of Lazard to communicate that response to representatives of Company E's financial advisors, which representatives of Lazard did.

On September 22, 2015, Starwood's Board met, with members of Starwood's management, including Mr. Mangas and Mr. Siegel, and representatives of Citi and Lazard participating, to review the status of potential strategic transactions.

On September 23, 2015, the Chairman of Company E sent a letter to Mr. Duncan proposing to meet on September 24, 2015, which Mr. Duncan accepted after consultation with the Strategy Committee. At the September 24, 2015 meeting, the Chairman of Company E and Mr. Duncan discussed a possible combination of Company E and Starwood, including strategies for financing the pre-combination dividend.

On September 24, 2015, the Chairman of Company F met with Mr. Duncan, Mr. Aron and Mr. Mangas and made a preliminary non-binding verbal indication of interest for a cash acquisition of Starwood at a price of \$86 per share of Starwood common stock. That verbal indication of interest did not identify sources of financing and Company F did not specify whether its proposal contemplated a pre-closing spin-off of Vistana. Mr. Duncan and the members of Starwood's management asked Company F to submit a formal offer letter.

On September 28, 2015, the Strategy Committee met, with representatives of Citi, Lazard and Cravath participating, to discuss the next steps on evaluating Company E's proposal, including conducting further diligence on Company E. The Strategy Committee also discussed the strategy for approaching Company D to see if they would re-engage in discussions, and received an update on the discussions that had occurred with other potential parties.

On October 5, 2015, the Strategy Committee met, with representatives of Citi, Lazard and Cravath participating, to review a potential proposal to be sent to Company D for a combination transaction. At this meeting, the Strategy Committee also discussed and reviewed various brand separation options in the context of potential strategic alternatives.

On October 6, 2015, Mr. Aron, Mr. Mangas and a representative of Lazard attended a meeting with the CEO of Company J and a representative of Company J's financial advisor to discuss a potential transaction involving Company J and Starwood. No specific terms regarding a transaction were discussed.

On October 7, 2015, Mr. Aron and Mr. Sorenson attended an industry conference. At this conference, Mr. Aron encouraged Mr. Sorenson to reconsider a possible transaction with Starwood.

Following the discussion between Mr. Aron and Mr. Sorenson, Marriott's management, led by Mr. Hoffman, prepared updated preliminary financial analyses for a potential business combination transaction between Marriott and Starwood reflecting, among other things, the changes in relative market valuations of Starwood and Marriott from August 2015 when Marriott previously considered a combination with Starwood. On October 13, 2015, these

preliminary analyses were provided to Marriott's Corporate Growth Committee, which is comprised of members of Marriott's senior management, including Mr. Sorenson, Mr. Berquist, Marriott's Global Chief Development Officer, Marriott's General Counsel, Marriott's Chief Marketing and Commercial Officer and the Presidents of each of Marriott's continental divisions.

## Table of Contents

On October 9, 2015, at the direction of Starwood's Board, Mr. Duncan sent a letter to the Chairman and to the CEO of Company D with a proposal for a combination of Starwood and Company D that provided that (i) Starwood stockholders would receive a premium, (ii) the board of directors of the combined company would be comprised of a majority of members from Starwood's current board of directors, (iii) the Chairman of the combined company would be nominated by Starwood, (iv) the Chief Executive Officer would be from Company D, the Chief Financial Officer would be from Starwood and the balance of the senior management of the combined company would be comprised of members of existing senior management of Starwood and Company D and (v) the combined company would be primarily listed in the United States. The letter further proposed to meet over the weekend of October 17, 2015 with each company's respective working teams to both discuss a potential transaction and to conduct mutual diligence. On October 12, 2015, Company D rejected Starwood's proposal because it did not want to pay a premium in the transaction with Starwood, objected to Starwood receiving a majority of seats of the board of directors of the combined company and did not want the combined company to be primarily listed in the United States.

On October 13, 2015, at the direction of the Strategy Committee, Mr. Duncan sent a revised letter to the Chairman and to the CEO of Company D with a revised proposal for a combination of Starwood and Company D. This revised proposal expressed openness in discussing governance matters and the listing of the combined company and did not expressly contemplate that Starwood stockholders would receive a premium. Mr. Duncan again proposed to meet over the weekend of October 17, 2015. Company D responded by agreeing to a meeting.

On October 13, 2015, Marriott contacted Gibson, Dunn & Crutcher LLP (Gibson Dunn) in connection with a possible combination with Starwood and on October 22 formally engaged Gibson Dunn to act as Marriott's legal counsel.

On October 14, 2015, the Strategy Committee met, with representatives of Citi, Lazard and Cravath participating, to discuss progress on a diligence review of Company E, which included meetings between management of Starwood and Company E, and to decide on the terms of a counterproposal to Company E. The Strategy Committee discussed that after receiving additional diligence information, a potential combination with Company E remained financially attractive but still posed concerns for Starwood stockholders as voting rights in the combined company were not commensurate with their economic ownership in the combined company. The Strategy Committee also planned for meetings over the upcoming weekend with Company D and representatives of Citi and Lazard reviewed with the Strategy Committee Citi's and Lazard's preliminary financial analyses of a potential combination with each of Company D and Company E.

Also on October 14, 2015, Starwood's Board met with members of Starwood's management, including Mr. Mangas and Mr. Siegel, and representatives of Lazard and Citi to discuss the status of potential transactions with Company D and Company E in advance of meetings with Company D scheduled for October 17 and October 18, 2015.

On October 15, 2015, at the direction of the Strategy Committee, a representative of Lazard sent a representative of the financial advisor of Company E a proposal for an all-stock combination of Starwood and Company E. The proposal provided that (i) Starwood stockholders would receive consideration at a premium of 15% based on the 20-day volume weighted average price of Starwood common stock and Company E common stock, with Starwood common stock valued after giving effect to the Vistana spin-off, (ii) Company E would declare and pay a pre-combination dividend of \$6 per share to its stockholders, (iii) the board of directors of the combined company would be commensurate with ownership percentages, the result being that a majority its members would be from Starwood's current board of directors and (iv) the combined company would commit to at least \$3 billion in asset sales in addition to Starwood continuing to sell select assets under its current asset-light strategy. The proposal also contained a proposed framework for allocating certain director and management positions from individuals of Starwood and Company E. The proposal also provided that the combined company would have a share structure such that all stockholders of the combined company who maintain beneficial ownership of shares for five years after

closing would receive 10 votes for each share held for that five-year period, and all other shares would have one vote. The proposal also provided that certain

**Table of Contents**

incumbent stockholders of Company E would be required to vote at the direction of the majority of independent directors during that five-year period.

On October 17 and October 18, 2015, the Strategy Committee, members of Starwood's management, including Mr. Mangas, and representatives of Citi, Lazard and Starwood's legal counsel in the jurisdiction in which Company D was domiciled and listed performed in-person due diligence on Company D at the office of Company D's outside legal counsel. On October 17, 2015, Company D's management gave a management presentation to the members of the Strategy Committee. Following the diligence performed on October 17, 2015 and Company D's management presentation, the Strategy Committee discussed with members of Starwood's management and representatives of Starwood's financial and legal advisors the concern that a transaction with Company D presented execution risk and the concern that potential difficulties in effectively integrating the two companies and realizing synergies presented the risk that Starwood stockholders would not realize the full potential of long-term value that would otherwise be achievable.

On October 18, 2015, at the direction of the Strategy Committee, Starwood made an all-stock combination proposal to Company D for a combination of Starwood and Company D that provided that (i) existing Starwood stockholders would own 58.5% of the combined company, (ii) the senior management of the combined company would be comprised of members of existing senior management of Starwood and Company D, (iii) the board of directors of the combined company would be comprised of an equal number of members from Starwood's and Company D's respective current boards of directors and (iv) the combined company would be domiciled and headquartered in, and listed on, Company D's current domicile, headquarters and exchange. Starwood's proposal implied a range of premiums of 10% to 15% to the trading price of Starwood common stock based on the 20-day volume weighted average price of Starwood common stock and Company D common stock as of October 16, 2015, with Starwood common stock valued after giving effect to the Vistana spin-off.

On October 18, 2015, Starwood received a counterproposal from Company D for an all-stock combination of Starwood and Company D that provided that (i) existing Starwood stockholders would own 56.5% of the combined company, (ii) the senior management of the combined company would be comprised of members of existing senior management of Company D, (iii) the board of directors of the combined company would be comprised of an equal number of members from Starwood's and Company D's respective current boards of directors and the Chairman of the combined company would be the Chairman of Company D and (iv) the combined company would be domiciled and headquartered in, and listed on, Company D's current domicile, headquarters and exchange. Company D's counterproposal implied a range of premiums of 0% to 5% to the trading price of Starwood common stock based on the 20-day volume weighted average price of Starwood common stock and Company D common stock as of October 16, 2015, with Starwood common stock valued after giving effect to the Vistana spin-off. The full Starwood Board held regular update calls over the weekend of October 17, 2015.

Starwood and Company D were not able to reach agreement on the terms of a transaction, and on October 18, 2015, Starwood's legal counsel was informed by a representative of Company D that Company D would not make a new offer.

Also on October 17 and October 18, 2015, at the direction of Starwood's Board, the Strategy Committee, members of Starwood's management, including Mr. Mangas, and representatives of Citi and Lazard discussed with Company E a potential combination of Starwood and Company E. On October 17, 2015, Starwood received a revised proposal from Company E for Starwood and Company E to combine. The terms of Company E's revised proposal provided that (i) Starwood stockholders would receive consideration consisting of 70% in stock of the combined company and 30% in cash at a 10% premium based on the 20-day volume weighted average price as of October 16, 2015 of Starwood common stock and Company E common stock, (ii) the combined company would have common stock with one vote

per share, increasing to 10 votes per share for shares held continuously by a holder from the date of execution of definitive documentation for the combination through the date that is four years thereafter, (iii) the combined company would have a classified board of directors comprised of four members from Starwood's Board and 11 members from Company E's board of directors, with

---

**Table of Contents**

the Chairman being Company E's current Chairman, (iv) the Chief Executive Officer of the combined company would be Company E's current Chief Executive Officer and the Chief Financial Officer would be Mr. Mangas, (v) the definitive documentation would not include a termination right on the part of Starwood or Company E to accept a superior proposal, and would include a termination fee of 4% of the equity value of the combination if either Starwood's Board or Company E's board of directors changed its recommendation for the transaction, would include a fee of 1% of the equity value of the combination upon failure to obtain stockholder approval and would include expense reimbursement of up to \$35 million upon failure to obtain stockholder approval or termination due to the other party's breach and (vi) the combined company would target several billion dollars in asset sales.

On October 18, 2015, following a meeting of Starwood's Board, with members of Starwood's management, including Mr. Mangas, and representatives of Citi and Lazard participating, Starwood and Company E reached an understanding on non-binding preliminary terms for a combination of Starwood and Company E that provided that, among other things, (i) Starwood stockholders would receive consideration consisting of 80% in stock of the combined company and 20% in cash at a 10% premium based on the 20-day volume weighted average price as of October 16, 2015 of Starwood common stock and Company E common stock, which implied an exchange ratio of 1.097 shares of common stock of the combined company for each share of Starwood common stock, (ii) the combined company would have common stock with one vote per share, increasing to 10 votes per share for shares held continuously by a holder from the date of execution of definitive documentation for the combination through the date that is four years thereafter, (iii) the combined company would have a classified board of directors comprised of four members from Starwood's Board and 11 members from Company E's board of directors, with the Chairman being Company E's current Chairman, (iv) the Chief Executive Officer of the combined company would be Company E's current Chief Executive Officer and the Chief Financial Officer would be Mr. Mangas, (v) the definitive documentation would not include a termination right on the part of Starwood or Company E to accept a superior proposal, and would include a termination fee of 2.75% of the equity value of the combination if either Starwood's Board or Company E's board of directors changed its recommendation for the transaction, would not include a fee for failure to obtain stockholder approval and would include expense reimbursement of up to \$20 million upon failure to obtain stockholder approval or termination due to the other party's breach and (vi) the combined company would target an aggregate of \$3 billion in asset sales in addition to Starwood continuing to sell select assets under its current asset-light strategy. Following October 18, 2015, each of Starwood and Company E began a mutual confirmatory diligence process and negotiation of definitive documentation.

On October 19, 2015, the Chairman of Marriott's Board, J.W. Marriott, Jr., Mr. Sorenson, Mr. Berquist and other senior members of Marriott's management, including Global Chief Development Officer Anthony Capuano and the Presidents of each of Marriott's continental divisions, met to discuss a possible combination with Starwood. At the meeting, Marriott's Management reviewed updated preliminary financial analyses which showed that, because of changes in the relative trading prices of Marriott and Starwood common stock, the acquisition of Starwood might be significantly less expensive than Marriott had thought it would be when it considered the transaction in August. The closing prices per share of Starwood common stock and Marriott common stock on August 11, 2015 were \$76.41 and \$72.14, respectively. The closing prices per share of Starwood common stock and Marriott common stock on October 16, 2015 were \$67.48 and \$73.83, respectively. In light of the potential reduction in the cost to acquire Starwood, Marriott's management decided that a possible combination with Starwood merited further consideration and decided to inform Starwood that Marriott was interested in a potential combination transaction.

On October 21, 2015, Mr. Hoffman called a representative of Lazard to discuss the potential for Marriott to re-engage in the process and, on October 22, 2015, Mr. Hoffman and representatives of Lazard held a preliminary discussion regarding Marriott re-engaging in discussions. On October 23, 2015, Mr. Sorenson called Mr. Duncan and proposed an all-stock acquisition of Starwood whereby each Starwood stockholder would receive one share of Marriott common stock for each share of Starwood common stock, which proposed exchange ratio would need to be adjusted



downward to reflect any disposition of the Vistana business prior to a

## Table of Contents

combination transaction. Mr. Duncan emphasized the importance of both price and speed to signing in pursuing a potential transaction with Marriott. On October 23, 2015, Mr. Hoffman confirmed to a representative of Lazard that Mr. Sorenson was referring to a valuation of Starwood including the Vistana business and, without the Vistana business, the exchange ratio implied an approximate nominal premium of 11% based on the trading prices of Marriott common stock and Starwood common stock as of market close on October 23, 2015, excluding an illustrative Vistana share price. The representative of Lazard expressed to Marriott that it needed to quickly conduct diligence of Starwood and submit a best and final offer, as Starwood was in advanced discussions with another party. Marriott then re-engaged on its due diligence review of Starwood.

From October 23 to October 30, 2015, multiple diligence sessions were held among Starwood, Company E and their respective advisors.

From October 26 to November 15, Marriott, with the assistance of its advisors, engaged in a due diligence investigation of Starwood's business. Multiple diligence sessions were held among Starwood, Marriott and their respective advisors.

On October 27, 2015, *The Wall Street Journal* reported rumors of acquisition interest in Starwood by several foreign acquirors, which caused Starwood's stock price to rise 9.1%, its largest single-day gain since 2009.

Also on October 27, 2015, Starwood entered into definitive agreements with ILG, Iris Merger Sub, Inc., a wholly owned subsidiary of ILG, and Vistana to effect the Vistana-ILG transactions.

On October 28, 2015, Starwood released its financial and operating results for the quarter ended September 30, 2015 and announced the execution of definitive agreements to effect the Vistana-ILG transactions. Also on October 28, 2015, on behalf of Starwood, Cravath distributed a draft merger agreement to Company E's legal counsel. From early November until November 15, 2015, Starwood and representatives of Cravath, on the one hand, and Company E and Company E's legal counsel, on the other hand, held numerous discussions and engaged in negotiations regarding the terms of a merger agreement between Company E and Starwood.

On October 29 and October 31, 2015, Company D's financial advisors reached out to a representative of Lazard to express Company D's interest in re-engaging with Starwood.

On November 1, 2015, the Strategy Committee met, with members of Starwood's management and representatives of Citi, Lazard and Cravath participating, to discuss the implications of Starwood's recent stock price increases. October 27, 2015's *The Wall Street Journal* report and October 28, 2015 stories in multiple news outlets reporting rumors of other potential acquirors in talks to combine with Starwood had resulted in significant movement in the exchange ratios implied by current market trading such that the proposed exchange ratios no longer reflected a premium to the at-market exchange ratio.

On November 2, 2015, Marriott engaged Deutsche Bank as its financial advisor in connection with the possible combination with Starwood. Deutsche Bank began to prepare financial analyses of the proposed transaction.

On November 3, 2015, Mr. Aron, Mr. Mangas and representatives of Citi and Lazard met with the Chairman of Company F, who again made a preliminary non-binding indication of interest for an all-cash acquisition of Starwood at a price of \$83 to \$86 per Starwood share. Company F, which had not performed a detailed diligence review of Starwood, withdrew its indication of interest before the meeting concluded after Company F was informed that it would not be practical for Starwood to let Company F proceed in the process without a written offer with specific financing plans.

On November 4 and November 5, 2015, Starwood's Board met with members of Starwood's management, including Mr. Mangas and Mr. Siegel, and representatives of Citi, Lazard and Cravath to discuss the status of the strategic alternatives process, primarily focusing on the preliminary offer from Marriott, the agreed-upon preliminary terms with Company E and the other options that the Strategy Committee had considered over the course of the strategic alternatives process.

---

**Table of Contents**

On November 4, 2015 and November 5, 2015, Marriott's Board held meetings at which members of Marriott's management and representatives of Gibson Dunn and Deutsche Bank were present. Over the two days of meetings, members of Marriott's management, including Mr. Sorenson and Mr. Hoffman, made presentations about the proposed combination with Starwood, including key financial metrics and models, the strategic rationale for the transaction and the potential benefits and value creation of combining the two companies, as well as the potential risks and operational challenges to such a combination. Members of Marriott's internal legal team also provided an update on the due diligence process and findings to date. A representative of Gibson Dunn reviewed with Marriott's Board its fiduciary duties in such a transaction and, together with a representative of Deutsche Bank, reviewed the potential terms of a transaction and strategies for completing the transaction. Following the discussion, after consideration of the benefits and risks presented by Marriott's management and advisors, Marriott's Board determined it was advisable to continue negotiations with Starwood. Marriott's Board authorized Marriott's management to take steps to further a combination with Starwood, including further due diligence and negotiation, beginning with a submission of a non-binding indication of interest to Starwood proposing an all-stock merger in which each share of Starwood common stock would be converted into the right to receive 0.885 shares of Marriott common stock (assuming a prior transaction to separately spin off Starwood's Vistana business), and to continue to negotiate the terms of a proposed transaction within the parameters discussed at this meeting.

On November 5, 2015, Mr. Hoffman sent a representative of Lazard a letter for delivery to Starwood's Board confirming Marriott's preliminary proposal for an all-stock combination of Starwood and Marriott, with each Starwood stockholder to receive 0.885 shares of Marriott common stock for each share of Starwood common stock, after adjusting for the Vistana-ILG transactions. Marriott noted that the price of Starwood's common stock had increased 14% since acquisition rumors were reported in *The Wall Street Journal*. From November 5, 2015 until November 15, 2015, Starwood and its representatives conducted a due diligence review of Marriott and numerous diligence sessions were held among Starwood, Marriott and their respective advisors.

On November 5, 2015, the Chief Executive Officer of Company D called Lazard to express a desire to re-engage in the process and suggested that the Chief Executive Officer of Company D meet with the Strategy Committee on November 9, 2015 to see if there was a viable path for a combination of Starwood with Company D.

Starwood's Board discussed with members of Starwood's management, including Mr. Mangas and Mr. Siegel, and Starwood's advisors the risks of a re-engagement with Company D at that time, including that, if engaging in discussions with Starwood would require Company D to make a public announcement, such an announcement would significantly jeopardize the continued engagement of Company E and Marriott. Starwood's Board decided to authorize a meeting between Starwood and Company D on the condition that Company D agree that no public announcement would be required under legal requirements applicable to Company D. Company D agreed that a meeting between Starwood and Company D would not require a public announcement, and a meeting was arranged for November 9, 2015 between Company D and Messrs. Daley and Hippeau. Starwood's Board also discussed what a potential proposal for a transaction with Company D might entail in light of the prior discussions with Company D and the other options available to Starwood, including the potential transactions with Marriott and Company E.

Also on November 5, 2015, members of Starwood's management, including Mr. Aron, and representatives of Citi and Lazard attended a management presentation by Company J in connection with Company J's sale process. The Strategy Committee considered the alternative of bidding for the assets to be sold by Company J, but decided that offers made by Company E and Marriott provided Starwood stockholders with greater value and decided that it would only pursue a transaction with Company J if it was unable to reach agreement with Company E or Marriott.

On November 6, 2015, following press reports of Company D's interest in potential strategic transactions, Company D advised Starwood that a re-engagement of negotiations between Starwood and Company D would



## Table of Contents

require a public announcement under legal requirements applicable to Company D. The Strategy Committee discussed with members of Starwood's management and Starwood's advisors the risks of such an announcement to the potential transactions with Company E and Marriott and directed a representative of Lazard to inform Company D's financial advisors that if Company D intended to make a public announcement that Starwood would not meet with Company D. For this reason, the planned meeting between Starwood and Company D was canceled.

Also on November 6, 2015, on behalf of Starwood, Cravath distributed a draft merger agreement to Gibson Dunn. From that point until November 15, 2015, Starwood and representatives of Cravath, on the one hand, and Marriott and representatives of Gibson Dunn, on the other hand, held numerous discussions and engaged in negotiations regarding the terms of the merger agreement.

Throughout this period, members of Starwood's management and Starwood's advisors continued to discuss the proposed combination with Company E, and Cravath and Company E's legal counsel negotiated the terms of a draft merger agreement.

On November 9, 2015, the Strategy Committee met, with members of Starwood's management and representatives of Citi and Lazard participating. Representatives of Citi and Lazard reviewed with the Strategy Committee Citi's and Lazard's preliminary financial analyses of the proposed combinations with each of Marriott and Company E and the Strategy Committee discussed the terms of a counterproposal to Marriott.

Also on November 9, 2015, Starwood made a counterproposal to Marriott for an all-stock combination of Starwood and Marriott, with each Starwood stockholder to receive 0.950 shares of Marriott common stock for each share of Starwood common stock, after adjusting for the Vistana-ILG transactions.

On November 10 and November 11, 2015, the Strategy Committee met, with members of Starwood's management, including Mr. Aron, Mr. Mangas and Mr. Siegel, and representatives of Citi, Lazard and Cravath participating. Representatives of Citi and Lazard reviewed with the Strategy Committee Citi's and Lazard's preliminary financial analyses of the potential transactions with each of Marriott and Company E.

On November 10, 2015, Marriott increased the exchange ratio for its proposed acquisition of Starwood from 0.885 shares of Marriott common stock for each share of Starwood common stock to 0.910 shares of Marriott common stock for each share of Starwood common stock, after adjusting for the Vistana-ILG transactions, and proposed a termination fee equal to 4% of the transaction value. In a draft of the merger agreement sent by Cravath to Gibson Dunn on the morning of November 11, 2015, Starwood proposed a termination fee equal to 2% of the transaction value. In addition, following the receipt of Marriott's revised offer, the Strategy Committee, together with members of Starwood's management and representatives of Citi and Lazard, discussed potential responses. The Strategy Committee authorized a representative of Lazard to inform Marriott that it should increase the consideration offered to Starwood stockholders. On November 11, 2015, a representative of Lazard called Mr. Hoffman to encourage Marriott to increase the consideration offered by Marriott to Starwood stockholders. On November 11, 2015, Marriott proposed that, in addition to 0.910 shares of Marriott common stock, each Starwood stockholder would receive \$2.00 in cash for each share of Starwood common stock. On November 12, 2015, Marriott increased the exchange ratio for its proposed acquisition of Starwood from 0.910 shares of Marriott common stock for each share of Starwood common stock to 0.920 shares of Marriott common stock for each share of Starwood common stock, after adjusting for the Vistana-ILG transactions, with the proposed transaction also including \$2.00 per share in cash consideration. On November 13, 2015, Gibson Dunn sent Cravath a draft merger agreement that included a termination fee equal to \$400 million, or approximately 3.3% of the transaction value.

On November 12, 2015, Marriott's management, including Mr. Sorenson, Mr. Berquist and Mr. Hoffman, gave a management presentation to the Strategy Committee and responded to questions from the Strategy Committee.

## Table of Contents

On November 13, 2015, Marriott's Board held a meeting to discuss the potential combination with Starwood. Members of Marriott's management and representatives of Gibson Dunn and Deutsche Bank were present. Mr. Sorenson, Mr. Berquist, Mr. Hoffman and Marriott's advisors updated Marriott's Board on the current status of the negotiations, including the proposed consideration of 0.920 shares of Marriott common stock, plus \$2.00, for each share of Starwood common stock. Representatives of Gibson Dunn gave a presentation to Marriott's Board on its fiduciary duties in such a transaction, on the status of the negotiations on the merger agreement, the material terms and provisions of the current draft merger agreement, and on certain antitrust related considerations. Marriott's Board, members of Marriott's management and Marriott's advisors discussed key open points in the merger agreement, updated key due diligence findings, updated financial models, the strategic and financial rationale of the proposed transaction including the synergies expected to be realized in the transaction, potential risks and integration challenges, and other strategic, business and legal considerations relating to the potential transaction. Following the discussion, Marriott's Board determined it was advisable to continue negotiations with Starwood toward entering into a definitive merger agreement within the parameters discussed at this meeting and directed Marriott's management and Marriott's advisors to do so.

On November 13, 2015, at the direction of the Strategy Committee, Mr. Duncan spoke with the Chairman of Company E and a representative of Lazard spoke with a representative of Company E's financial advisor to inform Company E that its current proposal was not sufficient.

On November 14, 2015, Company E, through its financial advisors, communicated to representatives of Lazard a revised proposal to acquire Starwood for consideration of 1.120 shares of common stock of the combined company for each share of Starwood common stock, plus \$17.74 in cash per share of Starwood common stock to be paid through a special dividend. Each Company E stockholder would receive one share of common stock of the combined company for each share of Company E common stock. Company E's proposal also included an approximately \$435 million termination fee if either Starwood's Board or Company E's board of directors changed its recommendation for the transaction and a provision pursuant to which Company E could require that Starwood stockholders vote on a proposed transaction even if Starwood's Board changed its recommendation. Company E's proposal also provided that (i) the combined company would have common stock with one vote per share, increasing to 10 votes per share for shares held continuously by a holder from the date of execution of definitive documentation for the combination through the date that is four years thereafter, and (ii) the combined company would have a classified board of directors comprised of four members from Starwood's Board and 11 members from Company E's board of directors.

At this time, Marriott's proposal provided that (i) Starwood stockholders would receive consideration of 0.920 shares of Marriott common stock, plus \$2.00, for each share of Starwood common stock, (ii) a \$400 million termination fee would be payable if either Starwood's Board or Marriott's Board changed its recommendation for the transaction, (iii) the combined company would have a board of directors elected annually and comprised of three members from Starwood's Board and 11 members from Marriott's Board and (iv) the combined company would have common stock with equal voting rights. Marriott's proposal did not include a provision pursuant to which Marriott could require that Starwood stockholders vote on a proposed transaction even if Starwood's Board changed its recommendation.

On November 14 and November 15, 2015, Starwood's Board met, with members of Starwood's management, including Mr. Mangas and Mr. Siegel, and representatives of Lazard, Citi and Cravath participating, to discuss and consider the combination proposals made by Marriott and Company E.

Mr. Duncan and a representative of Lazard reviewed with Starwood's Board the current status of negotiations with Marriott and Company E, and discussed the revised proposal received that day from Company E. Representatives of Cravath then reviewed with Starwood's Board its fiduciary duties in considering a merger of Starwood with a third party and in connection with the evaluation of the offers from Marriott and Company E. At the request of Starwood's



Board, representatives of Cravath then reviewed with Starwood's Board the terms of, and considerations with respect to, a forum selection bylaw, including the scope of forum selection bylaws, the enforceability of forum selection bylaws and the potential benefits of adopting a forum selection bylaw.

## Table of Contents

Starwood's Board discussed the advantages to adopting a forum selection bylaw and selecting Maryland as the exclusive forum, including that it would be more efficient and cost-effective for stockholder litigation arising from any transaction to be brought in one state, that litigation on the same matter in multiple jurisdictions could result in inconsistent outcomes and that Maryland courts would be a logical forum because Starwood is incorporated in Maryland and any applicable litigation would be governed under Maryland law. Representatives of Cravath then reviewed the material terms of the draft merger agreement between Starwood and Marriott.

Representatives of Citi and Lazard then reviewed with Starwood's Board the strategic alternatives process that had led to the proposals from each of Marriott and Company E. The representatives of Citi and Lazard reviewed Citi's and Lazard's preliminary financial analyses of the proposed transactions with each of Marriott and Company E.

Starwood's Board reviewed the proposals and, after discussion, concluded that Marriott's proposal, together with the terms of the proposed merger agreement with Marriott, represented a transaction that offered superior long-term value than the proposal submitted by Company E, due to, among other things, the superior strategic benefits of a combination with Marriott because of the strong management team and lower risk of execution, greater scale of the resulting combined company, potential synergies that were more likely to be realized, more diversified chain scale mix and a more asset-light business model, as well as Company E's complex proposed voting structure that could impair the trading value of the combined company's stock, the fact that Company E's cash consideration would reduce the combined company's leverage capacity (which capacity could have been accessed by Starwood on a stand-alone basis) and concerns around the trading value of equity securities of the combined company. Starwood's Board also considered a number of other differences between the bids, including that Company E's proposed merger agreement provided for a higher termination fee than Marriott's and included a provision pursuant to which Company E could require that Starwood stockholders vote on a proposed transaction even if Starwood's Board changed its recommendation, each of which would provide greater obstacles for a competing bidder should one emerge after the execution of the merger agreement. See the section entitled "Starwood's Reasons for the Combination Transactions; Recommendation of Starwood's Board" beginning on page 73.

After considering these factors, Starwood's Board concluded that entry into the Combination Transactions with Marriott on the terms of the proposed merger agreement was in the best interests of Starwood stockholders.

After discussion, Starwood's Board also concluded that it would not be in the best interests of Starwood stockholders for Starwood to attempt to renegotiate with Marriott due to, among other things, the negotiations that had already occurred which had resulted in several improvements to Marriott's offer, and the risk that Marriott would walk away from its current proposal, which was determined to be more favorable to Starwood stockholders than Company E's proposal.

Later on November 15, 2015, following the finalization of the merger agreement, Starwood's Board reconvened and requested that Citi and Lazard render to Starwood's Board their respective opinions with respect to the proposed transaction with Marriott. Representatives of Citi and Lazard reviewed with Starwood's Board Citi's and Lazard's financial analyses of the proposed transaction with Marriott and then each of Citi and Lazard rendered to Starwood's Board an oral opinion, confirmed by delivery by each of Citi and Lazard of a written opinion dated November 15, 2015, that, as of that date and based upon and subject to the various assumptions made, procedures followed, matters considered and qualifications and limitations upon the review undertaken as set forth in their respective written opinions, the merger consideration to be paid to holders of Starwood common stock (other than excluded holders) was fair, from a financial point of view, to those holders. For more information about Citi's and Lazard's respective opinions, see the sections entitled "Opinions of Starwood's Financial Advisors Opinion of Citigroup Global Markets Inc." beginning on page 78 and "Opinions of Starwood's Financial Advisors Opinion of Lazard Frères & Co. LLC" beginning on page 81.

After discussing potential reasons for and against the proposed Combination Transactions described above and in the section entitled Starwood's Reasons for the Combination Transactions; Recommendation of

## Table of Contents

Starwood's Board beginning on page 73, Starwood's Board unanimously approved and declared advisable the merger agreement, the combination transactions and all of the other transactions contemplated by the merger agreement; declared that it is in the best interests of Starwood and its stockholders that Starwood enter into the merger agreement and consummate the combination transactions and all of the other transactions contemplated by the merger agreement; directed that the merger agreement be submitted to a vote at a meeting of Starwood stockholders; and recommended that Starwood stockholders vote their shares in favor of the transactions contemplated by the merger agreement. Starwood's Board also approved an amendment of Starwood's bylaws to provide that courts in Baltimore County, Maryland be the exclusive forum for derivative actions or proceedings brought on behalf of Starwood, actions asserting a claim of breach of any duty owed by any director, officer or other employee of Starwood to Starwood or its stockholders, actions asserting a claim arising pursuant to the MGCL, Starwood's charter or Starwood's bylaws and certain other types of actions.

On November 15, 2015, Marriott's Board held a meeting at which members of Marriott's management, including Mr. Sorenson, Mr. Berquist and Mr. Hoffman, and representatives of Gibson Dunn and Deutsche Bank were present. Marriott's management and Marriott's advisors provided Marriott's Board with information on changes to the merger agreement since the last meeting of Marriott's Board. During the meeting, Deutsche Bank reviewed its financial analysis of the proposed transaction and delivered to Marriott's Board its oral opinion, which Deutsche Bank confirmed by delivery of a written opinion dated November 15, 2015, to the effect that, as of that date and based upon and subject to the assumptions, limitations, qualifications and conditions set forth in its opinion, the proposed merger consideration was fair, from a financial point of view, to Marriott, as more fully described below in the section entitled "Opinion of Marriott's Financial Advisor" beginning on page 100. Gibson Dunn reviewed with Marriott's Board its fiduciary duties and the key provisions of the merger agreement. Marriott's Board asked questions and discussed the merger agreement provisions and related matters. After discussion in which Marriott's Board considered the factors discussed further in the section entitled "Marriott's Reasons for the Combination Transactions; Recommendation of Marriott's Board" beginning on page 97, the members of Marriott's Board unanimously approved the merger agreement and the transactions contemplated by the merger agreement. Marriott's Board also deemed it advisable, and in the best interests of Marriott and its stockholders, to consummate the Combination Transactions, on the terms and subject to the conditions set forth in the merger agreement, and to recommend that Marriott stockholders vote to approve the issuance of Marriott common stock to Starwood stockholders as contemplated by the merger agreement.

Marriott and Starwood then executed the merger agreement and related agreements in connection with the Combination Transactions.

Prior to the opening of markets in the United States on November 16, 2015, Starwood and Marriott jointly announced the Combination Transactions.

### **Starwood's Reasons for the Combination Transactions; Recommendation of Starwood's Board**

Starwood's Board, at a meeting held on November 15, 2015, unanimously:

approved and declared advisable the merger agreement, the Combination Transactions and all of the other transactions contemplated by the merger agreement;

declared that it is in the best interests of Starwood and its stockholders that Starwood enter into the merger agreement and consummate the Combination Transactions and all of the other transactions contemplated by

the merger agreement;

directed that the merger agreement be submitted to a vote at a meeting of Starwood stockholders; and

recommended that Starwood stockholders vote their shares in favor of the transactions contemplated by the merger agreement.

**Table of Contents**

**Accordingly, Starwood's Board unanimously recommends a vote FOR the Starwood combination transactions proposal and a vote FOR all other proposals.**

In evaluating the proposed Combination Transactions, Starwood's Board consulted with and received the advice of Starwood's outside legal and financial advisors, held discussions with Starwood's management and considered a number of factors that it believed supported its decision to enter into the merger agreement. These factors included, but were not limited to, the following:

the per share merger consideration, having an implied value of \$72.08 per share of Starwood common stock (comprised of (i) \$2.00 in cash, without interest, plus (ii) 0.920 shares of Marriott common stock valued at \$70.08 per share of Starwood common stock based on Marriott's 20-day volume weighted average price ending November 13, 2015), representing a premium of approximately 6% over Starwood's common stock price using the 20-day volume weighted average price ending November 13, 2015 and a premium of approximately 19% using the 20-day volume weighted average price ending October 26, 2015 (prior to acquisition rumors), in each case, after adjusting for an implied value of the Vistana business per share of Starwood common stock of \$7.91, which will be separately received by Starwood stockholders in the Vistana-ILG transactions;

the relative valuation of Starwood based on the implied value of the per share merger consideration representing an equivalent EBITDA multiple to that of Marriott, which is the multiple leader in the sector and has a greater EBITDA growth profile over the next several years;

the relative growth profiles of Marriott and Starwood, including the expectation that Marriott's fee-based revenue stream will benefit from its strong U.S. presence in select service and grow more rapidly than Starwood's over the next several years, Marriott's strong net rooms growth rate relative to Starwood's over the next several years and Marriott's track record of performance and growth;

Starwood's Board's understanding of the business operations, financial conditions, earnings and prospects of Starwood, including the prospects of Starwood on a standalone basis, Starwood's Board's views of market competition and the challenges and opportunities facing the lodging industry;

that Marriott is a best-in-class operator with a seasoned and stable management team and an industry-leading Chief Executive Officer that would lead the combined company;

the fact that the per share merger consideration to be paid to Starwood stockholders consisted of a high Marriott common stock component and that Starwood stockholders would own approximately 37% of the equity interests of Marriott's common stock immediately following the completion of the Combination Transactions, which would give former Starwood stockholders the opportunity to participate in any future earnings and growth of Marriott and future appreciation in the value of Marriott's common stock following the Combination Transactions should they decide to retain the Marriott common stock they would receive in the Combination Transactions;

the Starwood Board's review of Marriott's business operations, financial condition, investment grade balance sheet, earnings and prospects;

the combined Starwood and Marriott portfolio comprising approximately 30 brands, with Starwood's leading luxury and lifestyle brands and international footprint and Marriott's presence in luxury and select service and a leading franchise business;

the financial profile of a combined Starwood and Marriott relative to that of Starwood as a standalone company, with a greater free cash flow as well as the synergies anticipated to be achievable through the Combination Transactions and the anticipated market capitalization, liquidity and capital structure of the combined company;

the financial analyses reviewed and discussed with Starwood's Board by representatives of Lazard and Citi as well as the oral opinion of each of Lazard and Citi rendered to Starwood's Board on November 15, 2015 (which were subsequently confirmed by delivery of a written opinion of each of

**Table of Contents**

Lazard and Citi dated the same date) to the effect that, as of November 15, 2015 and based on and subject to the qualifications, limitations and assumptions set forth in those opinions, the merger consideration to be paid to Starwood stockholders (other than excluded holders) in the Combination Transactions pursuant to the merger agreement was fair, from a financial point of view, to such stockholders;

other opportunities for the combined company to generate additional stockholder value, including:

the fact that the combined company will be the world's largest branded hotel company with over one million rooms globally and leading positions in the luxury, upper upscale and upscale chain scales, and also a strong upper midscale presence;

the potential for the combined company to realize synergies following the Combination Transactions by utilizing operating efficiencies;

the fact that the combined company will have the largest room pipeline in the industry, which will be diversified across chain scales;

the strength of the loyalty programs of each of Starwood and Marriott, which drives significant occupancy demand and premium-related business;

the potential to drive greater value for hotel owners through operating efficiencies, which is expected to lead to accelerated unit growth;

management's expectation that the Combination Transactions will be accretive to earnings as a result of increased efficiencies and accelerated unit growth;

the continuation of Starwood's significant capital recycling program following the Combination Transactions;

the fact that, on a pro forma combined basis, Marriott and Starwood generated \$2.7 billion in fee revenue in the twelve months ending September 30, 2015, which provides the combined company with the ability to continue to provide strong returns to stockholders;

the fact that the combined company will result in an asset-light entity with a larger franchise business segment and 70% of fees generated in North America;



the combined company's broad global footprint and anticipated acceleration of global growth through the leveraging of Marriott's worldwide development organization and franchisee relationships;

the position of the combined company as a leader in the lifestyle space of the lodging industry;

the combined company's ability to realize increased efficiency by taking advantage of economies of scale in areas such as reservations, procurement and shared services, which should permit improved bottom line performance of the hotels, thereby enhancing the company's appeal to third party owners and operators and increase the company's unit growth prospects; and

both Marriott's and Starwood's strong track records in merger integration;

the fact that Marriott's management indicated its belief that Marriott would be successful in reaching mutually beneficial arrangements with MVW and ILG for their use of Marriott's and Starwood's loyalty programs and distribution platforms after the closing under their respective timeshare license agreements;

the fact that three of the 14-member board of directors of the combined company will be comprised of three members from the existing Starwood Board as mutually agreed by all of the parties;

the fact that Starwood stockholders will be able to either retain the stock portion of the per share merger consideration or, given the expected liquidity of the combined company's stock, at their option, dispose of the stock portion of the per share merger consideration;

**Table of Contents**

the fact that the exchange ratio included in the merger agreement provides for a fixed number of shares of Marriott common stock which offers Starwood stockholders the opportunity to benefit from any increase in the trading price of Marriott common stock before the closing of the Combination Transactions;

the likelihood that the proposed Combination Transactions would be consummated based on, among other things:

the absence of a financing condition in the merger agreement;

the likelihood and anticipated timing of consummating the Combination Transactions in light of the limited scope of the conditions to closing;

the level of the commitments by the parties to obtain applicable regulatory approvals, which in the view of Starwood's Board after considering the advice of counsel, made it highly likely that the Combination Transactions once announced would be completed; and

that Starwood is entitled to enforce specifically the terms of the merger agreement;

other terms of the merger agreement, including:

Starwood's ability, at any time before obtaining Starwood stockholder approval and under certain circumstances, to consider and respond to an unsolicited acquisition proposal, to furnish non-public information to the person making such a proposal and to engage in discussions or negotiations with the person making such a proposal;

the Starwood Board's ability, under certain circumstances, to withdraw, qualify or modify the Starwood Board's recommendation to Starwood stockholders that they vote in favor of the approval of the transactions contemplated by the merger agreement or to approve or recommend an alternative acquisition proposal; and

Starwood's ability, under certain circumstances, to terminate the merger agreement in order to enter into an agreement providing for a superior proposal, provided that Starwood concurrently with such termination pays to Marriott a termination fee of \$400 million;

the Starwood Board's strategic alternatives process, which included a review of a variety of possible strategic alternatives other than a sale of Starwood, including the acquisition of other companies, various leverage, recapitalization and return of capital scenarios as well as continuing to operate as a standalone company, and through which the parties (including both strategic and financial parties) that were believed to be the most

able and willing to pay the highest price for Starwood were solicited, including being given an opportunity to make offers to acquire Starwood;

the assessment by Starwood's Board, taking into account, among other things, its review of potential strategic alternatives with the assistance of Starwood's management and Starwood's advisors, that none of these strategic alternatives were reasonably likely to present superior opportunities for Starwood, or reasonably likely to create greater value for Starwood stockholders, than the Combination Transactions;

the risk that pursuing other potential strategic alternatives, including continuing to operate on a standalone basis, could have resulted in the loss of an opportunity to consummate a transaction with Marriott; and

the expected receipt by Starwood of an opinion from Cravath, Swaine & Moore LLP, tax counsel to Starwood, regarding the qualification of the Combination Transactions as reorganizations within the meaning of Section 368(a) of the Code.

**Table of Contents**

In the course of its deliberations, Starwood's Board also considered a variety of risks and other countervailing factors related to entering into the merger agreement, the Combination Transactions and the other transactions contemplated thereby, including but not limited to:

the possibility that the Combination Transactions may be delayed or not occur at all, due to a failure of conditions to closing;

the risk that regulatory agencies may not approve the Combination Transactions or may impose terms and conditions on their approvals that would either materially impair the business operations of the combined company or adversely impact the ability of the combined company to realize the synergies that are expected to occur in connection with the Combination Transactions;

the risk that the Vistana spin-off or, if the Vistana-ILG transactions are not consummated, the completion of another spin-off, split-off or analogous distribution of Vistana or the sale of Vistana by Starwood, which is a condition to closing, may be delayed or not occur;

the risks and costs to Starwood if the Combination Transactions are delayed or do not occur at all, including the potential negative impact on Starwood's ability to retain key employees, the diversion of Starwood's management and employee attention and the potential disruptive effects on Starwood's day-to-day operations and Starwood's relationships with third parties, including its customers, vendors and partners;

the restrictions on the conduct of Starwood's business prior to the consummation of the Combination Transactions, including restrictions on amending, modifying or waiving any of the agreements that will effect the Vistana-ILG transactions, which may delay or prevent Starwood from undertaking business opportunities that may arise or other actions it would otherwise take with respect to Starwood's operations pending consummation of the Combination Transactions;

the challenges inherent in the combination of two businesses of the size and complexity of Starwood and Marriott, including potential risks associated with achieving anticipated synergies and successfully integrating Starwood's business, operations and workforce with those of Marriott, the fact that the resulting portfolio of approximately 30 brands could be challenging to maintain and grow, the potential for brand saturation and overlap and the potential for revenue dis-synergies;

the fact that the exchange ratio included in the merger agreement provides for a fixed number of shares of Marriott common stock, meaning Starwood stockholders cannot be sure at the time they vote on the Combination Transactions of the market value of the merger consideration they will receive, and the possibility that Starwood stockholders could be adversely affected by a decrease in the market price of Marriott common stock before the closing of the Combination Transactions;

the risk of incurring substantial expenses related to the Combination Transactions, including in connection with any litigation resulting from the announcement or pendency of the Combination Transactions;

the provisions of the merger agreement that restrict Starwood's ability to solicit or participate in discussions or negotiations regarding alternative acquisition proposals, subject to specified exceptions, and that require Starwood to give Marriott the opportunity to propose revisions to the terms of the transactions contemplated by the merger agreement before Starwood would be able to terminate the merger agreement to accept a superior proposal;

the possibility that, if the Combination Transactions are not consummated, under certain circumstances, Starwood may be required to pay to Marriott a termination fee of \$400 million, as more fully described in the section entitled "The Merger Agreement - Termination of the Merger Agreement," which could discourage other third parties from making an alternative acquisition proposal for Starwood, but which Starwood's Board believed would not be a meaningful deterrent;

## **Table of Contents**

Marriott's ability, under certain circumstances, to terminate the merger agreement in order to enter into an agreement providing for a superior proposal, provided that Marriott concurrently with such termination pays to Starwood a termination fee of \$400 million; and

the risks of the type and nature described in the section entitled "Risk Factors."

In addition, Starwood's Board was aware of and considered the interests of its directors and executive officers that are different from, or in addition to, the interests of Starwood stockholders generally, including the treatment of Starwood stock options and other equity-based awards held by such directors and executive officers in the Combination Transactions described in the section entitled "Interests of Starwood Directors and Executive Officers in the Combination Transactions," Marriott's agreement to indemnify Starwood directors and officers against certain claims and liabilities and the fact that certain of Starwood's directors would continue to be directors on the board of directors of the combined company as described in the section entitled "The Merger Agreement Governance."

The foregoing discussion of the information and factors that Starwood's Board considered is not intended to be exhaustive, but rather is meant to include the material factors that Starwood's Board considered. Starwood's Board collectively reached the conclusion to approve the merger agreement, the Combination Transactions and all of the other transactions contemplated by the merger agreement in light of the various factors described above and other factors that the members of Starwood's Board believed were appropriate. In view of the complexity and wide variety of factors, both positive and negative, that Starwood's Board considered in connection with its evaluation of the Combination Transactions, Starwood's Board did not find it practical, and did not attempt, to quantify, rank or otherwise assign relative or specific weights or values to any of the factors it considered in reaching its decision and did not undertake to make any specific determination as to whether any particular factor, or any aspect of any particular factor, was favorable or unfavorable to the ultimate determination of Starwood's Board. Rather, in considering the various factors, individual members of Starwood's Board considered all of these factors as a whole and concluded, based on the totality of information presented to them and the investigation conducted by them, that, on balance, the positive factors outweighed the negative factors and that they supported a determination to approve the merger agreement, declare its advisability and recommend that Starwood stockholders vote to approve the Combination Transactions. In considering the factors discussed above, individual directors may have given different weights to different factors and the factors are not presented in any order of priority.

## **Opinions of Starwood's Financial Advisors**

Starwood retained each of Citi and Lazard as financial advisors to, among other things, advise Starwood's Board in connection with a possible direct or indirect sale of Starwood and, if requested, render an opinion to Starwood's Board as to the fairness, from a financial point of view, to Starwood stockholders of the consideration to be paid to such stockholders in a transaction within the scope, and in accordance with the terms, of their respective engagement letters.

### ***Opinion of Citigroup Global Markets Inc.***

On November 15, 2015, Citi rendered its oral opinion to Starwood's Board, which was confirmed by delivery of a written opinion dated November 15, 2015, to the effect that, as of such date and based on and subject to the assumptions made, procedures followed, matters considered and limitations and qualifications set forth in the written opinion, the merger consideration to be paid to Starwood stockholders (other than excluded holders) in the Combination Transactions pursuant to the merger agreement was fair, from a financial point of view, to such stockholders.

**The full text of Citi's written opinion, dated November 15, 2015, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken by Citi in rendering its opinion, is attached to this joint proxy statement/prospectus as**

**Table of Contents**

**Annex B and is incorporated into this joint proxy statement/prospectus by reference in its entirety. The summary of Citi's opinion set forth below is qualified in its entirety by reference to the full text of the opinion. We urge you to read the opinion carefully and in its entirety. Citi's opinion, the issuance of which was authorized by Citi's fairness opinion committee, was provided to Starwood's Board (in its capacity as such) in connection with its evaluation of the Combination Transactions and was limited to the fairness, from a financial point of view, as of the date of the opinion, to Starwood stockholders (other than excluded holders) of the merger consideration to be paid to such stockholders in the Combination Transactions pursuant to the merger agreement. Citi's opinion does not address any other aspects or implications of the Combination Transactions and does not constitute a recommendation to any stockholder as to how such stockholder should vote or act on any matters relating to the Combination Transactions. Citi's opinion does not address the underlying business decision by Starwood to effect the Combination Transactions, the relative merits of the Combination Transactions as compared to any alternative business strategies that might exist for Starwood or the effect of any other transaction in which Starwood may engage. The following is a summary of Citi's opinion.**

In arriving at its opinion, Citi, among other things:

reviewed a draft of the merger agreement, dated November 14, 2015;

held discussions with certain senior officers, directors and other representatives and advisors of Starwood and certain senior officers and other representatives and advisors of Marriott concerning the businesses, operations and prospects of Starwood and Marriott;

examined certain publicly available business and financial information relating to Starwood and Marriott;

examined certain financial forecasts and other information and data relating to Starwood and Marriott which were provided to or discussed with Citi by the respective managements of Starwood and Marriott, including (a) the Starwood Forecasts Base Case and the Starwood Forecasts Conservative Case described in the section entitled The Combination Transactions Certain Starwood Financial Forecasts, (b) the Starwood-adjusted Marriott Forecasts Base Case and the Starwood-adjusted Marriott Forecasts Conservative Case described in the section entitled The Combination Transactions Certain Starwood Financial Forecasts and (c) information relating to the potential strategic implications and operational benefits (including the amount, timing and achievability thereof) anticipated by the managements of Starwood and Marriott to result from the Combination Transactions;

reviewed the financial terms of the Combination Transactions as set forth in the merger agreement in relation to, among other things, current and historical market prices and trading volumes of Starwood common stock and Marriott common stock, the historical and projected earnings and other operating data of Starwood and Marriott and the capitalization and financial condition of Starwood and Marriott;

considered, to the extent publicly available, the financial terms of certain other transactions which Citi considered relevant in evaluating the Combination Transactions;



analyzed certain financial, stock market and other publicly available information relating to the businesses of other companies whose operations Citi considered relevant in evaluating those of Starwood and Marriott;

evaluated certain potential pro forma financial effects of the Combination Transactions on Marriott;

at the direction of Starwood, approached and held discussions with third parties to solicit indications of interest in the possible acquisition of Starwood; and

conducted such other analyses and examinations and considered such other information and financial, economic and market criteria as Citi deemed appropriate in arriving at its opinion.

---

**Table of Contents**

In rendering its opinion, Citi assumed and relied, without independent verification, upon the accuracy and completeness of all financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with Citi and upon the assurances of the managements of Starwood and Marriott that they were not aware of any relevant information that was omitted or that remained undisclosed to Citi. At the direction of Starwood, for purposes of Citi's analysis of Marriott, Citi used the financial forecasts provided by Marriott's management as adjusted and extrapolated by Starwood's management. With respect to financial forecasts and other information and data provided to or otherwise reviewed by or discussed with Citi, Citi was advised by the respective managements of Starwood and Marriott that such forecasts and other information and data were reasonably prepared on bases reflecting the best currently available estimates and judgments of the managements of Starwood and Marriott as to the future financial performance of Starwood and Marriott, the potential strategic implications and operational benefits anticipated to result from the Combination Transactions and the other matters covered thereby, and assumed, with Starwood's consent, that the financial results (including the potential strategic implications and operational benefits anticipated to result from the Combination Transactions) reflected in such forecasts and other information and data will be realized in the amounts and at the times projected.

Citi also assumed, with Starwood's consent, that the Combination Transactions will be consummated in accordance with their terms, without waiver, modification or amendment of any material term, condition or agreement, including that the Vistana spin-off will be consummated before the closing of the Combination Transactions. Citi further assumed, with Starwood's consent, that the Vistana spin-off will be consummated on the terms set forth in the Vistana documents, without any waiver, modification or amendment of any material term, condition or agreement thereof or, if the Vistana-ILG transactions are not consummated, that the terms of the Vistana spin-off will not differ from the terms of the Vistana-ILG transactions in any respect material to Citi's analysis. Citi also assumed that, in the course of obtaining the necessary regulatory or third party approvals, consents and releases for the Combination Transactions, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on Starwood, Marriott or the contemplated benefits of the Combination Transactions. Representatives of Starwood advised Citi, and Citi assumed, that the final terms of the merger agreement would not vary materially from those set forth in the draft reviewed by Citi. Citi also assumed, with Starwood's consent, that the Combination Transactions will be treated as tax-free reorganizations for U.S. federal income tax purposes. Citi's opinion related to the relative values of Starwood and Marriott. Citi did not express any opinion as to what the value of Marriott common stock actually will be when issued pursuant to the Combination Transactions or the price at which shares of Marriott common stock will trade at any time. Citi did not make and it was not provided with an independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of Starwood or Marriott and Citi did not make any physical inspection of the properties or assets of Starwood or Marriott. Citi's opinion did not address the underlying business decision of Starwood to effect the Combination Transactions, the relative merits of the Combination Transactions as compared to any alternative business strategies that might exist for Starwood or the effect of any other transaction in which Starwood might engage. Citi expressed no view or opinion as to any terms or other aspects (other than the merger consideration to the extent expressly specified in its opinion) of the Combination Transactions or as to any terms or aspects of the Vistana-ILG transactions or the Vistana spin-off. Citi also expressed no view as to, and Citi's opinion did not address, the fairness (financial or otherwise) of the amount or nature or any other aspect of any compensation to any officers, directors or employees of any parties to the Combination Transactions, or any class of such persons, relative to the merger consideration or otherwise. Citi's opinion was necessarily based upon information available to it, and financial, stock market and other conditions and circumstances existing, as of November 15, 2015.

For a summary of the material financial analyses presented by Citi, together with Lazard, to Starwood's Board in connection with delivery of Citi's opinion, see the section entitled "Summary of Joint Financial Analyses of Citi and Lazard" beginning on page 84.

Under the terms of Citi's engagement, Starwood has agreed to pay Citi for its financial advisory services in connection with the Combination Transactions an aggregate fee of approximately \$17 million, \$5 million of which was payable upon delivery by Citi of its opinion and the remainder of which is payable upon completion

## Table of Contents

of the Combination Transactions. Subject to certain limitations, Starwood also has agreed to reimburse Citi, subject to certain conditions, for reasonable and documented travel and other reasonable and documented out-of-pocket expenses incurred by Citi in performing its services, including reasonable and documented fees and expenses of its legal counsel, and to indemnify Citi and related persons against certain liabilities, including liabilities under the federal securities laws, arising out of its engagement.

Citi and its affiliates in the past have provided, and are currently providing, services to Starwood and Marriott unrelated to the Combination Transactions, for which services Citi and such affiliates have received and expect to receive compensation, including, without limitation, during the two year period ending on November 15, 2015, having acted or acting (i) as financial advisor to Starwood in connection with the Vistana-ILG transactions, (ii) as joint book-runner in connection with Starwood's \$350 million and \$300 million senior unsecured notes issuances in September 2014, (iii) as lender, co-syndication agent, joint lead arranger, joint book-runner and/or dealer, as applicable, in connection with a credit facility and commercial paper program of Starwood, (iv) as co-manager in connection with Marriott's \$600 million senior notes offering in September 2015 and \$400 million senior notes offering in October 2014, (v) as lender in connection with a credit facility of Marriott and (vi) as global cash manager for Marriott providing various standby credit, clearing, settlement and foreign exchange services. In the ordinary course of business, Citi and its affiliates may actively trade or hold the securities of Starwood and Marriott for their own account or for the accounts of their customers and, accordingly, may at any time hold a long or short position in such securities. In addition, Citi and its affiliates (including Citigroup Inc. and its affiliates) may maintain relationships with Starwood, Marriott and their respective affiliates. During the two-year period ending on November 15, 2015, Citi and its affiliates received fees of approximately \$3 million in the aggregate for services rendered to Starwood and fees of approximately \$7 million in the aggregate for services rendered to Marriott.

Starwood's Board selected Citi to act as one of its financial advisors in connection with the Combination Transactions based on Citi's reputation and experience. Citi is an internationally recognized investment banking firm which regularly engages in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive bids, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes.

### *Opinion of Lazard Frères & Co. LLC*

At a meeting of Starwood's Board held to evaluate the Combination Transactions on November 15, 2015, Lazard rendered an oral opinion to Starwood's Board, subsequently confirmed in writing, to the effect that, as of such date, and based upon and subject to the assumptions, procedures, factors, qualifications and limitations set forth in Lazard's written opinion, the merger consideration to be paid to Starwood stockholders (other than excluded holders) in the Combination Transactions pursuant to the merger agreement was fair, from a financial point of view, to such stockholders.

**The full text of Lazard's written opinion, dated November 15, 2015, which sets forth the assumptions made, procedures followed, factors considered and qualifications and limitations on the review undertaken by Lazard in connection with its opinion, is attached as Annex C to this joint proxy statement/prospectus and is incorporated into this joint proxy statement/prospectus by reference.**

**Lazard's opinion was directed to and for the benefit of Starwood's Board (in its capacity as such) for the information and assistance of Starwood's Board in connection with its evaluation of the Combination Transactions and only addressed the fairness, from a financial point of view, to Starwood stockholders (other than excluded holders) of the merger consideration to be paid to such stockholders in the Combination Transactions pursuant to the merger agreement as of the date of Lazard's opinion, and Lazard's opinion did not**

**address any other aspect of the Combination Transactions. Lazard's opinion did not address the relative merits of the Combination Transactions as compared to any other transaction or business strategy in which Starwood might engage or the merits of the underlying decision by Starwood to engage in the Combination Transactions. Lazard's opinion was not intended to and does not constitute a**

**Table of Contents**

**recommendation to any stockholder as to how such stockholder should vote or act with respect to the Combination Transactions or any matter relating thereto. Lazard's opinion was necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to Lazard as of, the date of Lazard's opinion. Lazard assumed no responsibility for updating or revising its opinion based on circumstances or events occurring after the date of Lazard's opinion. Lazard's opinion did not express any opinion as to the price at which shares of Starwood common stock or Marriott common stock may trade at any time after the announcement of the Combination Transactions.**

**The following is a summary of Lazard's opinion. The description of Lazard's opinion set forth in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of Lazard's written opinion attached as Annex C to this joint proxy statement/prospectus. We encourage you to read Lazard's opinion and this section carefully and in their entirety.**

In connection with its opinion, Lazard:

reviewed the financial terms and conditions of a draft, dated November 14, 2015, of the merger agreement;

reviewed certain publicly available historical business and financial information relating to Starwood and Marriott;

reviewed various financial forecasts and other data provided to Lazard by Starwood relating to the business of Starwood (including the Starwood Forecasts Base Case and the Starwood Forecasts Conservative Case described in the section entitled "The Combination Transactions Certain Starwood Financial Forecasts"), reviewed various financial forecasts and other data provided to Lazard by Marriott relating to the business of Marriott and adjustments thereto and extrapolations therefrom as provided to Lazard by Starwood (including the Starwood-adjusted Marriott Forecasts Base Case and the Starwood-adjusted Marriott Forecasts Conservative Case described in the section entitled "The Combination Transactions Certain Starwood Financial Forecasts"), and reviewed the projected synergies and other benefits, including the amount and timing thereof, anticipated by the managements of Starwood and Marriott to be realized from the Combination Transactions;

held discussions with members of the senior managements of Starwood and Marriott with respect to the business and prospects of Starwood and Marriott, respectively, and held discussions with members of the senior managements of Starwood and Marriott with respect to the projected synergies and other benefits anticipated by the managements of Starwood and Marriott to be realized from the Combination Transactions;

reviewed public information with respect to certain other companies in lines of business Lazard believed to be relevant in certain respects in evaluating the businesses of Starwood and Marriott, respectively;

reviewed the financial terms of certain business combinations involving companies in lines of business Lazard believed to be generally relevant in evaluating the business of Starwood;

reviewed historical stock prices and trading volumes of Starwood common stock and Marriott common stock;

reviewed the potential pro forma financial impact of the Combination Transactions on Marriott based on the financial forecasts referred to above relating to Starwood and Marriott; and

conducted such other financial studies, analyses and investigations as Lazard deemed appropriate.

Lazard assumed and relied upon the accuracy and completeness of the foregoing information, without independent verification of such information. Lazard did not conduct any independent valuation or appraisal of any of the assets or liabilities (contingent or otherwise) of Starwood or Marriott or concerning the solvency or fair value of Starwood or Marriott, and Lazard was not furnished with any such valuation or appraisal. At the direction of Starwood, for purposes of its analysis of Marriott, Lazard utilized the financial forecasts provided by

## **Table of Contents**

Marriott as adjusted and extrapolated by Starwood. Lazard assumed, with Starwood's consent, that the financial forecasts utilized in its analyses, including those related to projected synergies and other benefits anticipated by the managements of Starwood and Marriott to be realized from the Combination Transactions, had been reasonably prepared on bases reflecting the best currently available estimates and judgments as to the future financial performance of Starwood and Marriott, respectively, and such synergies and other benefits. Lazard assumed no responsibility for and expressed no view as to any such forecasts or the assumptions on which they are based.

In rendering its opinion, Lazard assumed, with Starwood's consent, that the Combination Transactions would be consummated on the terms described in the merger agreement, without any waiver or modification of any material terms or conditions, including that the Vistana spin-off will be consummated before the closing of the Combination Transactions. Lazard further assumed, with Starwood's consent, that the Vistana spin-off will be consummated on the terms set forth in the Vistana documents, without any waiver or modification of any material terms or conditions thereof or, if the Vistana-ILG transactions are not consummated, that the terms of the Vistana spin-off will not differ from the terms of the Vistana-ILG transactions in any respect material to Lazard's analysis. Representatives of Starwood advised Lazard, and Lazard assumed, that the merger agreement, when executed, would conform to the draft reviewed by Lazard in all material respects. Lazard also assumed, with Starwood's consent, that obtaining the necessary governmental, regulatory or third party approvals and consents for the Combination Transactions would not have an adverse effect on Starwood, Marriott or the Combination Transactions. Lazard further assumed, with Starwood's consent, that the Combination Transactions would qualify for U.S. federal income tax purposes as reorganizations within the meaning of Section 368(a) of the Code. Lazard did not express any opinion as to any tax or other consequences that might result from the Combination Transactions, nor did Lazard's opinion address any legal, tax, regulatory or accounting matters, as to which Lazard understood that Starwood obtained such advice as it deemed necessary from qualified professionals. Lazard expressed no view or opinion as to any terms or other aspects (other than the merger consideration to the extent expressly specified in its opinion) of the Combination Transactions or as to any terms or aspects of the Vistana-ILG transactions or the Vistana spin-off. In addition, Lazard expressed no view or opinion as to the fairness of the amount or nature of, or any other aspects relating to, the compensation to any officers, directors or employees of any parties to the Combination Transactions, or class of such persons, relative to the merger consideration or otherwise.

For a summary of the material financial analyses presented by Lazard, together with Citi, to Starwood's Board in connection with delivery of Lazard's opinion, see [Summary of Joint Financial Analyses of Citi and Lazard](#) below.

In connection with Lazard's services as financial advisor, Starwood has agreed to pay Lazard an aggregate fee of approximately \$25 million, \$5 million of which was payable upon the rendering of Lazard's opinion and the remainder of which is contingent upon the closing of the Combination Transactions. Starwood also agreed to reimburse Lazard for certain expenses incurred in connection with Lazard's engagement and to indemnify Lazard and certain related persons under certain circumstances against certain liabilities that may arise from or relate to Lazard's engagement.

Lazard has in the past provided certain investment banking services to Starwood for which Lazard has received compensation, including, during the two-year period ending on November 15, 2015, having provided advisory services to Starwood for which Lazard was paid certain quarterly fees. Lazard has received fees of approximately \$500,000 in the aggregate during such two-year period for investment banking services rendered to Starwood.

In the ordinary course, Lazard and its affiliates and employees may trade securities of Starwood, Marriott and certain of their respective affiliates for their own accounts and for the accounts of their customers, may at any time hold a long or short position in such securities, and may also trade and hold securities on behalf of Starwood, Marriott and certain of their respective affiliates. The issuance of Lazard's opinion was approved by the Opinion Committee of Lazard.





---

**Table of Contents**

Starwood's Board selected Lazard to act as one of its financial advisors in connection with the Combination Transactions based on Lazard's qualifications, experience, reputation and familiarity with Starwood and Marriott and their respective businesses. Lazard is an internationally recognized investment banking firm providing a broad range of financial advisory and other services. Lazard, as part of its investment banking business, is continually engaged in valuations of businesses and securities, including in connection with mergers and acquisitions, leveraged buyouts, financings and restructurings.

***Summary of Joint Financial Analyses of Citi and Lazard***

In preparing their respective opinions to Starwood's Board, each of Citi and Lazard, which we refer to collectively in this section of this joint proxy statement/prospectus as the Starwood financial advisors, performed a variety of financial and comparative analyses. The following is a summary of the material financial and comparative analyses that the Starwood financial advisors performed and reviewed with Starwood's Board and which analyses Citi and Lazard used in connection with rendering the opinions described above. The summary of the analyses of the Starwood financial advisors described below does not purport to be a complete description of the financial analyses performed by the Starwood financial advisors, nor does the order of analyses described represent the relative importance or weight given to those analyses by the Starwood financial advisors. The preparation of a fairness opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, is not readily susceptible to partial or summary description. In arriving at their respective opinions, the Starwood financial advisors considered the results of all of the analyses undertaken by them and assessed as a whole and did not draw, in isolation, conclusions from or with regard to any one factor or method of analysis considered by them. Rather, the Starwood financial advisors made their determination as to fairness on the basis of their experience and professional judgment after considering the results of all of the analyses. Accordingly, the Starwood financial advisors believe that their analyses must be considered as a whole and that selecting portions of their analyses and factors or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying their analyses and opinions.

For purposes of their analyses and reviews, the Starwood financial advisors considered industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Starwood or Marriott. No company, business or transaction used in the analyses of the Starwood financial advisors is identical to Starwood or Marriott or the Combination Transactions, and such analyses may not necessarily utilize all companies or businesses that could be deemed comparable to Starwood or Marriott. Accordingly, an evaluation of the results of those analyses is not entirely mathematical. Rather, the analyses and reviews involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies, businesses or transactions used in the Starwood financial advisors' analyses and reviews. The estimates contained in the Starwood financial advisors' analyses and reviews and the ranges of valuations resulting from any particular analysis or review are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by the Starwood financial advisors' analyses and reviews. In addition, analyses and reviews relating to the value of companies, businesses or securities do not purport to be appraisals or to reflect the prices at which companies, businesses or securities actually may be sold. Accordingly, the estimates used in, and the results derived from, the Starwood financial advisors' analyses and reviews are inherently subject to substantial uncertainty.

The type and amount of the merger consideration was determined through negotiations between Starwood and Marriott and was approved by the Starwood and Marriott boards of directors. Neither of the Starwood financial advisors was requested to, and neither did, recommend the specific merger consideration payable in the Combination Transactions or advise that any given merger consideration constituted the only appropriate consideration for the

Combination Transactions. The decision to enter into the merger agreement was solely that of the Starwood and Marriott boards of directors and each of the opinions of the Starwood financial advisors was

## Table of Contents

only one of many factors taken into consideration by Starwood's Board in its evaluation of the Combination Transactions. Consequently, the analyses described below should not be viewed as determinative of the views of Starwood's Board or Starwood's management with respect to the Combination Transactions or the merger consideration.

**The summary of the analyses and reviews provided below includes information presented in tabular format. In order to fully understand the Starwood financial advisors' analyses and reviews, the tables must be read together with the full text of each summary. The tables alone do not constitute a complete description of the Starwood financial advisors' analyses and reviews. Considering the data in the tables below without considering the full description of the analyses and reviews, including the methodologies and assumptions underlying the analyses and reviews, could create a misleading or incomplete view of the Starwood financial advisors' analyses and reviews.**

For purposes of their analyses, the Starwood financial advisors assumed that the Vistana spin-off would be consummated before the closing of the Combination Transactions in accordance with the terms of the Vistana-ILG transactions. The Starwood financial advisors therefore excluded from their financial analyses of Starwood the implied value of the Vistana business. Throughout this section of this joint proxy statement/prospectus, we refer to the business of Starwood that excludes the Vistana business as Starwood Ex-Vistana.

In addition, throughout this section of this joint proxy statement/prospectus, (i) the EBITDA of a company for a given period refers to the earnings before income, taxes, depreciation and amortization of such company during such period, (ii) the estimated Adjusted EBITDA of Starwood Ex-Vistana for a given period refers to the estimated Adjusted EBITDA of Starwood Ex-Vistana for such period (which includes non-cash compensation as an expense and does not include amortization of deferred gains), as projected in the Starwood financial forecasts and further described in the section entitled "The Combination Transactions Certain Starwood Financial Forecasts" beginning on page 93, (iii) the estimated Adjusted EBITDA of Marriott for a given period refers to the estimated Adjusted EBITDA of Marriott for such period (which includes non-cash compensation as an expense and does not include interest income), as projected in the Starwood-adjusted Marriott financial forecasts and further described in the section entitled "The Combination Transactions Certain Starwood Financial Forecasts," and (iv) references to the net debt of a company (including Starwood and Marriott), as used in this section, refer to (x) the consolidated net debt of such company, plus (y) the amount of net debt of any unconsolidated joint venture hotel in which such company has an interest, prorated based on such company's ownership stake in such joint venture hotel.

### *Discounted Cash Flow Analysis*

#### Starwood Ex-Vistana

The Starwood financial advisors performed a discounted cash flow analysis for the purpose of determining the implied per share equity value of Starwood Ex-Vistana on a standalone basis. In conducting the discounted cash flow analysis, the Starwood financial advisors utilized the Starwood Forecasts Base Case and the Starwood Forecasts Conservative Case. The Starwood financial advisors arithmetically derived the estimated standalone unlevered, after-tax free cash flows that Starwood Ex-Vistana was forecasted to generate from January 1, 2016 through December 31, 2019 based on the Starwood Forecasts Base Case and Starwood Forecasts Conservative Case prepared and provided to the Starwood financial advisors by Starwood's management as further described in the section entitled "The Combination Transactions Certain Starwood Financial Forecasts," beginning on page 93. The Starwood financial advisors also calculated a range of terminal values for Starwood Ex-Vistana utilizing the EBITDA multiple method by applying a forward multiple, based on the Starwood financial advisors' professional judgment given the nature of Starwood and its business and industry, of 12.0x to 13.0x, to the estimated Adjusted EBITDA of Starwood Ex-Vistana in the

terminal year ending on December 31, 2020. The unlevered, after-tax free cash flows and the range of terminal values were then discounted to present value using a discount rate of 8.6% to 9.6%, based on an estimate of Starwood's weighted average cost of capital, to derive a range of implied enterprise values for Starwood Ex-Vistana. A range of implied equity values for Starwood Ex-Vistana was then calculated by reducing the range of implied

---

## Table of Contents

enterprise values by the amount of Starwood Ex-Vistana's projected net debt (calculated as debt less cash and cash equivalents) as of December 31, 2015 as provided in the Starwood financial forecasts. The Starwood financial advisors' analysis indicated an implied per share equity value reference range for Starwood Ex-Vistana on a standalone basis of \$78.11 to \$87.57 utilizing the Starwood Forecasts' Base Case and of \$71.82 to \$80.54 utilizing the Starwood Forecasts' Conservative Case.

### Marriott

The Starwood financial advisors performed a discounted cash flow analysis for the purpose of determining the implied per share equity value of Marriott on a standalone basis. In conducting the discounted cash flow analysis, the Starwood financial advisors utilized the Starwood-adjusted Marriott Forecasts' Base Case and the Starwood-adjusted Marriott Forecasts' Conservative Case. The Starwood financial advisors arithmetically derived the estimated standalone unlevered, after-tax free cash flows that Marriott was forecasted to generate from January 1, 2016 through December 31, 2019 based on the Starwood-adjusted Marriott Forecasts' Base Case and the Starwood-adjusted Marriott Forecasts' Conservative Case prepared and provided to the Starwood financial advisors by Starwood's management as further described in the section entitled "The Combination Transactions' Certain Starwood Financial Forecasts." The Starwood financial advisors also calculated a range of terminal values for Marriott utilizing the EBITDA multiple method by applying a forward multiple, based on the Starwood financial advisors' professional judgment given the nature of Marriott and its business and industry, and taking into account their observation that Marriott had generally traded at a premium to Starwood based on the companies' respective long-term historical trading averages, of 12.5x to 13.5x, to the estimated Adjusted EBITDA of Marriott in the terminal year ending on December 31, 2020. The unlevered, after-tax free cash flows and the range of terminal values were then discounted to present value using a discount rate of 8.4% to 9.4%, based on an estimate of Marriott's weighted average cost of capital, to derive a range of implied enterprise values for Marriott. A range of implied equity values for Marriott was then calculated by reducing the range of implied enterprise values by the amount of Marriott's projected net debt (calculated as debt less excess cash) and increasing the range of implied enterprise values by the projected amount of Marriott's outstanding notes receivable, in each case as of December 31, 2015 and as provided in the Starwood-adjusted Marriott financial forecasts. The Starwood financial advisors' analysis indicated an implied per share equity value reference range for Marriott on a standalone basis of \$101.17 to \$113.36 utilizing the Starwood-adjusted Marriott Forecasts' Base Case and of \$92.21 to \$103.37 utilizing the Starwood-adjusted Marriott Forecasts' Conservative Case.

### Implied Adjusted Exchange Ratio Analysis

The Starwood financial advisors then calculated an implied adjusted exchange ratio reference range by dividing the low end of the implied per share equity value reference range for Starwood Ex-Vistana, less the per share cash consideration of \$2.00 to be paid to Starwood stockholders in the Combination Transactions, which we refer to in this section of this joint proxy statement/prospectus as the "cash consideration," by the high end of the implied per share equity value reference range for Marriott, and by dividing the high end of the implied per share equity value reference range for Starwood Ex-Vistana, less the cash consideration, by the low end of the implied per share equity value reference range for Marriott, in each case as indicated by the discounted cash flow analyses for Starwood Ex-Vistana and Marriott described above based on the Starwood financial forecasts and the Starwood-adjusted Marriott financial forecasts. This analysis indicated the following implied exchange ratio reference ranges utilizing, on the one hand, the Starwood Forecasts' Base Case and the Starwood-adjusted Marriott Forecasts' Base Case, and on the other hand, the Starwood Forecasts' Conservative Case and the Starwood-adjusted Marriott Forecasts' Conservative Case, as compared to the exchange ratio provided for in the Combination Transactions:

<b>Implied Exchange Ratio</b>	<b>Implied Exchange Ratio</b>	<b>Exchange Ratio in the</b>
<b>(Base Cases)</b>	<b>(Conservative Cases)</b>	<b>Combination Transactions</b>
0.67x 0.85x	0.68x 0.85x	0.92x

**Table of Contents**

*Selected Public Companies Analysis*

The Starwood financial advisors reviewed and analyzed publicly available financial information, implied multiples and market trading data relating to certain companies, which we refer to in this section of this joint proxy statement/prospectus as the selected public companies, and compared that information to the corresponding information for Starwood Ex-Vistana and Marriott. Although none of the selected public companies are directly comparable to Starwood Ex-Vistana or Marriott, the selected public companies are publicly traded companies with operations and other criteria, such as lines of business, markets, financial characteristics, business risks and size and scale of business, which for purposes of this analysis the Starwood financial advisors considered most relevant to consider in relation to Starwood Ex-Vistana and Marriott. The selected public companies are listed below:

Hilton Worldwide Holdings Inc.

Marriott

Starwood Ex-Vistana

InterContinental Hotels Group PLC

Hyatt Hotels Corporation

Choice Hotels International, Inc.

The Starwood financial advisors calculated and reviewed, among other things, the total enterprise value of each selected public company as a multiple of the estimated EBITDA of such company for the calendar year ending on December 31, 2015, which we refer to in this section of this joint proxy statement/prospectus as the TEV/2015E EBITDA multiple, and for the calendar year ending on December 31, 2016, which we refer to in this section of this joint proxy statement/prospectus as the TEV/2016E EBITDA multiple. Total enterprise values were generally calculated as equity value (based, except as set forth in the note to the table below, on the per share closing price of each selected public company on November 11, 2015 multiplied by such company's outstanding equity securities, calculated on a fully diluted basis, on such date), plus debt (including the pro rata share of unconsolidated joint venture debt), plus minority interests, less cash and cash equivalents (in the case of debt, minority interests, cash and cash equivalents, as set forth on the most recent publicly available balance sheet of such company, and in the case of minority interests, where applicable). The estimated financial data of the selected public companies (including, for this purpose, Starwood Ex-Vistana and Marriott) used by the Starwood financial advisors for this analysis were based on selected publicly available equity research analysts' consensus estimates, as adjusted by the Starwood financial advisors to provide a like-for-like comparison across companies (for example, to consistently exclude amortization of gains and to consistently treat stock-based compensation as an expense). The TEV/2015E EBITDA multiple and the TEV/2016E EBITDA multiple for each of the selected public companies, as well as the median and mean of such metrics for the selected public companies, are set forth in the table below:



<b>Selected Public Company</b>	<b>TEV / 2015E EBITDA</b>	<b>TEV / 2016E EBITDA</b>
Hilton Worldwide Holdings Inc.	13.2x	11.8x
Marriott	14.8x	13.4x
Starwood Ex-Vistana <sup>(1)</sup>	13.6x	12.9x
InterContinental Hotels Group PLC <sup>(2)</sup>	13.6x	12.8x
Hyatt Hotels Corporation	11.0x	10.0x
Choice Hotels International, Inc.	15.4x	14.4x
Median	13.6x	12.9x
Mean	13.6x	12.5x

- (1) In calculating the equity value of Starwood Ex-Vistana, the Starwood financial advisors subtracted from the per share closing price of Starwood common stock on November 11, 2015 an amount equal to \$7.91, representing the implied value of the Vistana business per share of Starwood common stock, and multiplied

**Table of Contents**

the resulting difference by the number of Starwood's fully diluted outstanding equity securities as of such date. The Starwood financial advisors calculated the \$7.91 per share implied value of the Vistana business based on (i) the percentage of outstanding equity securities of ILG that Starwood stockholders were expected to own following consummation of the Vistana-ILG transactions based on the publicly disclosed terms of such transactions and (ii) the volume weighted average price for the common stock of ILG for the twenty consecutive trading days ending on November 11, 2015.

In calculating the estimated EBITDA of Starwood Ex-Vistana for purposes of deriving the TEV/EBITDA multiples above, the Starwood financial advisors utilized selected publicly available equity research analysts' consensus estimates for Starwood and subtracted, at the direction of Starwood's management, \$134 million from estimated EBITDA for the calendar year ending on December 31, 2015 and \$165 million from estimated EBITDA for the calendar year ending on December 31, 2016, in each case to exclude the implied value of the Vistana business as estimated by Starwood's management.

- (2) The TEV/EBITDA multiples for InterContinental Hotels Group PLC reflect an adjustment for the publicly announced sale of InterContinental Hong Kong to a consortium of investors managed by Gaw Capital Partners, with expected approximate proceeds of \$929 million being included as an addition to cash.

**Starwood Ex-Vistana**

The Starwood financial advisors then applied, based on their review of the selected public companies and their experience and professional judgment, a reference range of multiples of 13.1x to 14.1x (the midpoint of which corresponds to the median of the estimated TEV/2015E EBITDA multiples for the selected public companies) to the estimated Adjusted EBITDA of Starwood Ex-Vistana for the calendar year ending on December 31, 2015 based on the Starwood financial forecasts, which projected the same amount of Adjusted EBITDA for Starwood Ex-Vistana in both the Starwood Forecasts' Base Case and the Starwood Forecasts' Conservative Case for the calendar year ending on December 31, 2015, to derive a range of implied enterprise values for Starwood Ex-Vistana. A range of implied equity values for Starwood Ex-Vistana was then calculated by reducing the range of implied enterprise values by the amount of Starwood Ex-Vistana's projected net debt (calculated as debt less cash and cash equivalents) as of December 31, 2015 as provided in the Starwood financial forecasts. The Starwood financial advisors' analysis indicated an implied per share equity value reference range for Starwood Ex-Vistana on a standalone basis of \$62.72 to \$68.12.

The Starwood financial advisors also applied, based on their review of the selected public companies and their experience and professional judgment, a reference range of multiples of 12.4x to 13.4x (the midpoint of which corresponds to the median of the estimated TEV/2016E EBITDA multiples for the selected public companies) to the estimated Adjusted EBITDA of Starwood Ex-Vistana for the calendar year ending on December 31, 2016 based on the Starwood financial forecasts, which projected the same amount of Adjusted EBITDA for Starwood Ex-Vistana in both the Starwood Forecasts' Base Case and the Starwood Forecasts' Conservative Case for the calendar year ending on December 31, 2016, to derive a range of implied enterprise values for Starwood Ex-Vistana. A range of implied equity values for Starwood Ex-Vistana was then calculated by reducing the range of implied enterprise values by the amount of Starwood Ex-Vistana's projected net debt (calculated as debt less cash and cash equivalents) as of December 31, 2015 as provided in the Starwood financial forecasts. The Starwood financial advisors' analysis indicated an implied per share equity value reference range for Starwood Ex-Vistana on a standalone basis of \$66.67 to \$72.72.

**Marriott**

The Starwood financial advisors applied, based on their review of the selected public companies and their experience and professional judgment, a reference range of multiples of 13.1x to 14.1x (the midpoint of which corresponds to the median of the estimated TEV/2015E EBITDA multiples for the selected public companies) to the estimated Adjusted EBITDA of Marriott for the calendar year ending on December 31, 2015 based on the Starwood-adjusted Marriott financial forecasts, which projected the same amount of Adjusted EBITDA for

**Table of Contents**

Marriott in both the Starwood-adjusted Marriott Forecasts Base Case and the Starwood-adjusted Marriott Forecasts Conservative Case for the calendar year ending on December 31, 2015, to derive a range of implied enterprise values for Marriott. A range of implied equity values for Marriott was then calculated by reducing the range of implied enterprise values by the amount of Marriott's projected net debt (calculated as debt less excess cash) and increasing the range of implied enterprise values by the projected amount of Marriott's outstanding notes receivable, in each case as of December 31, 2015 and as provided in the Starwood-adjusted Marriott financial forecasts. The Starwood financial advisors' analysis indicated an implied per share equity value reference range for Marriott on a standalone basis of \$65.99 to \$72.14.

The Starwood financial advisors also applied, based on their review of the selected public companies and their experience and professional judgment, a reference range of multiples of 12.4x to 13.4x (the midpoint of which corresponds to the median of the estimated TEV/2016E EBITDA multiples for the selected public companies) to the estimated Adjusted EBITDA of Marriott for the calendar year ending on December 31, 2016 based on the Starwood-adjusted Marriott financial forecasts, which projected the same amount of Adjusted EBITDA for Marriott in both the Starwood-adjusted Marriott Forecasts Base Case and the Starwood-adjusted Marriott Forecasts Conservative Case for the calendar year ending on December 31, 2016, to derive a range of implied enterprise values for Marriott. A range of implied equity values for Marriott was then calculated by reducing the range of implied enterprise values by the amount of Marriott's projected net debt (calculated as debt less excess cash) and increasing the range of implied enterprise values by the projected amount of Marriott's outstanding notes receivable, in each case as of December 31, 2015 and as provided in the Starwood-adjusted Marriott financial forecasts. The Starwood financial advisors' analysis indicated an implied per share equity value reference range for Marriott on a standalone basis of \$71.09 to \$78.02.

**Implied Adjusted Exchange Ratio Analysis**

The Starwood financial advisors then calculated an implied adjusted exchange ratio reference range by dividing the low end of the implied per share equity value reference range for Starwood Ex-Vistana, less the cash consideration, by the high end of the implied per share equity value reference range for Marriott, and by dividing the high end of the implied per share equity value reference range for Starwood Ex-Vistana, less the cash consideration, by the low end of the implied per share equity value reference range for Marriott, in each case as indicated by the selected public companies analyses described above based on the Starwood financial forecasts and the Starwood-adjusted Marriott financial forecasts. This analysis indicated the following implied exchange ratio reference ranges utilizing, on the one hand, estimated Adjusted EBITDA of each of Starwood Ex-Vistana and Marriott for the calendar year ending on December 31, 2015, and on the other hand, estimated Adjusted EBITDA of Starwood Ex-Vistana and Marriott for the calendar year ending on December 31, 2016, in each case as compared to the exchange ratio provided for in the Combination Transactions:

<b>Implied Exchange Ratio</b>		<b>Implied Exchange Ratio</b>		<b>Exchange Ratio in the Combination Transactions</b>
<b>(2015E EBITDA)</b>		<b>(2016E EBITDA)</b>		
0.84x	1.00x	0.83x	0.99x	0.92x

**Table of Contents***Sum-of-the-Parts Analysis*

The Starwood financial advisors also conducted a sum-of-the-parts analysis to derive an implied per share equity value reference range for each of Starwood Ex-Vistana and Marriott and ultimately an implied adjusted exchange ratio reference range. In carrying out this analysis, each of Starwood Ex-Vistana's and Marriott's sources of revenue was divided into various segments, as set forth in the table below:

<b>Starwood Ex-Vistana</b>	
Owned Hotels (incl. Consolidated Joint Venture Hotels)	
Leased Hotels	
Unconsolidated Joint Venture Hotels	
Fees from Managed Properties	
Fees from Franchised Properties	
Starwood Vacation Ownership License Fees	
Other Income	
<b>Marriott</b>	
Owned and Leased Hotels	
Unconsolidated Joint Venture Hotels	
Fees from Managed Properties	
Fees from Franchised Properties	
Marriott Vacations Worldwide Royalty Fees	
Other Income	

In performing the sum of the parts analysis, the Starwood financial advisors reviewed and analyzed publicly available information, implied multiples and market trading data relating to: (i) the selected public companies described above in the section entitled "Selected Public Companies Analysis" beginning on page 87, which for purposes of such analysis the Starwood financial advisors considered similar, due to their being more heavily weighted toward revenue generated from managed and franchised properties than toward revenue generated from owned and leased properties, to the operations of the Fees from Managed Properties, Fees from Franchised Properties and Starwood Vacation Ownership License Fees segments of Starwood Ex-Vistana, and to the operations of the Fees from Managed Properties, Fees from Franchised Properties and Marriott Vacations Worldwide Royalty Fees segments of Marriott; and (ii) certain other companies, which we refer to in this section of this joint proxy statement/prospectus as the ownership/leasing selected companies as further described below, with operations that for purposes of such analysis the Starwood financial advisors considered similar to the operations of the Owned Hotels (including Consolidated Joint Venture Hotels), Leased Hotels and Unconsolidated Joint Venture Hotels segments of Starwood Ex-Vistana and to the operations of the Owned and Leased Hotels (including Consolidated Joint Venture Hotels) and Unconsolidated Joint Venture Hotels segments of Marriott.

The Starwood financial advisors divided the ownership/leasing selected companies into two categories, REIT/Owned Hotels, comprised of companies that generate revenues primarily through the ownership of hotels, and Leased Hotels, comprised of companies that generate revenues primarily through the leasing of hotels. The ownership/leasing selected companies are set forth below, divided by category:

REIT/Owned Hotels:

Edgar Filing: MARRIOTT INTERNATIONAL INC /MD/ - Form S-4/A

Host Hotels & Resorts, Inc.

Sunstone Hotel Investors, Inc.

Chesapeake Lodging Trust

DiamondRock Hospitality Company

**Table of Contents**

## Leased Hotels:

Accor SA

## Hospitality Properties Trust

The Starwood financial advisors calculated the TEV/2016E EBITDA multiples for each ownership/leasing selected company using the same methodology used to calculate the TEV/2016E EBITDA multiples for the selected public companies described above (including by making certain adjustments to provide a like-for-like comparison across companies). The median TEV/2016E EBITDA multiple for the REIT/Owned Hotels ownership/leasing selected companies and the median TEV/2016E EBITDA multiple for the Leased Hotels ownership/leasing selected companies are set forth in the table below:

	<b>TEV/2016E EBITDA</b>
REIT/Owned Hotels (median)	11.6x
Leased Hotels (median)	9.9x

Starwood Ex-Vistana

In carrying out the sum-of-the-parts analysis for Starwood Ex-Vistana, the Starwood financial advisors applied, based on their review of the selected public companies (which are more heavily weighted toward revenue generated from managed and franchised properties than toward revenue generated from owned and leased properties), their review of the ownership/leasing selected companies and their experience and professional judgment, a particular reference range of multiples to the estimated Adjusted EBITDA attributable to each segment of the Starwood Ex-Vistana business for the calendar year ending on December 31, 2016 as projected in the Starwood financial forecasts. The reference ranges of multiples applied to the estimated Adjusted EBITDA of each segment of Starwood Ex-Vistana are set forth in the table below:

	<b>TEV/2016E EBITDA Multiple Reference Range</b>	
Owned Hotels (incl. Consolidated Joint Venture Hotels)	11.0x	12.0x
Leased Hotels	9.5x	10.5x
Unconsolidated Joint Venture Hotels	10.0x	11.0x
Fees from Managed Properties	12.0x	13.0x
Fees from Franchised Properties	13.5x	14.5x
Starwood Vacation Ownership License Fees	12.5x	13.5x
Other Income <sup>(1)</sup>	11.8x	12.8x

- (1) Selected range of multiples applied to the Other Income component reflects a blended range of multiples based on the weighted average of the ranges of multiples the Starwood financial advisors applied to the other components of Adjusted EBITDA of Starwood Ex-Vistana.

The Starwood financial advisors then subtracted, from the aggregate value implied by applying the applicable multiples to the various components of estimated Adjusted EBITDA described above, (i) the amount of estimated corporate overhead expenses projected in the Starwood financial forecasts for the calendar year ending on December 31, 2016 (which were not reflected in the amount of Adjusted EBITDA for any of the segments included in the table above), capitalized at a range of 11.8x to 12.8x (based on a blended range of multiples calculated in the same manner as the reference range of multiples applied to the Other Income component of Adjusted EBITDA of Starwood Ex-Vistana as set forth in the table above), (ii) the amount of Starwood Ex-Vistana's projected net debt (calculated as debt less cash and cash equivalents) as of December 31, 2015 as provided in the Starwood financial forecasts and (iii) the amount of cash taxes estimated in the Starwood financial forecasts to be paid by Starwood Ex-Vistana in the calendar year ending on December 31, 2016 as a result of certain asset dispositions in calendar year



**Table of Contents**

2015, discounted to December 31, 2015 at a rate of 9.1% based on the midpoint of an estimated range of Starwood Ex-Vistana's weighted average cost of capital. This analysis indicated an implied per share equity value reference range for Starwood Ex-Vistana on a standalone basis of \$63.15 to \$69.09.

**Marriott**

In carrying out the sum-of-the-parts analysis for Marriott, the Starwood financial advisors applied, based on their review of the selected public companies (which are more heavily weighted toward revenue generated from managed and franchised properties than toward revenue generated from owned and leased properties), their review of the ownership/leasing selected companies and their experience and professional judgment, a particular reference range of multiples to the estimated Adjusted EBITDA attributable to each segment of Marriott's business for the calendar year ending on December 31, 2016 as projected in the Starwood-adjusted Marriott financial forecasts. The reference ranges of multiples applied to the estimated Adjusted EBITDA of each segment of Marriott are set forth in the table below:

	<b>TEV/2016E EBITDA Multiple Reference Range</b>	
Owned and Leased Hotels	12.0x	13.0x
Unconsolidated Joint Venture Hotels	10.0x	11.0x
Fees from Managed Properties	12.5x	13.5x
Fees from Franchised Properties	14.0x	15.0x
Marriott Vacations Worldwide Royalty Fees	12.5x	13.5x
Other Income <sup>(1)</sup>	13.0x	14.0x

(1) Selected range of multiples applied to the Other Income component reflects a blended range of multiples based on the weighted average of the ranges of multiples the Starwood financial advisors applied to the other components of Adjusted EBITDA of Marriott.

The Starwood financial advisors then subtracted, from the aggregate value implied by applying the applicable multiples to the various components of estimated Adjusted EBITDA as described above, the estimated amount of corporate overhead expenses projected in the Starwood-adjusted Marriott financial forecasts for the calendar year ending on December 31, 2016 (which were not reflected in the amount of Adjusted EBITDA for any of the segments included in the table above), capitalized at a range of 13.0x to 14.0x (based on a blended range of multiples calculated in the same manner as the reference range of multiples applied to the Other Income component of Adjusted EBITDA of Marriott as set forth in the table above). The Starwood financial advisors then subtracted from the resulting difference the amount of Marriott's estimated net debt (calculated as debt less excess cash) as of December 31, 2015 as projected in the Starwood-adjusted Marriott financial forecasts and added (i) the amount of Marriott's outstanding notes receivable as of December 31, 2015 as projected in the Starwood-adjusted Marriott financial forecasts and (ii) the amount of net proceeds from certain asset sales estimated in the Starwood-adjusted Marriott financial forecasts to be received by Marriott in the calendar year ending on December 31, 2016, discounted to December 31, 2015 at a rate of 8.9% based on the midpoint of an estimated range of Marriott's weighted average cost of capital. The Starwood financial advisors' analysis indicated an implied per share equity value reference range for Marriott on a standalone basis of \$76.08 to \$82.97.

**Implied Adjusted Exchange Ratio Analysis**

The Starwood financial advisors then calculated an implied adjusted exchange ratio reference range by dividing the low end of the implied per share equity value reference range for Starwood Ex-Vistana, less the cash consideration, by the high end of the implied per share equity value reference range for Marriott, and by dividing the high end of the implied per share equity value reference range for Starwood Ex-Vistana, less the cash consideration, by the low end of the implied per share equity value reference range for Marriott, in each case as indicated by the sum-of-the-parts analyses described above based on the Starwood financial forecasts and the

**Table of Contents**

Starwood-adjusted Marriott financial forecasts. This analysis indicated the following implied exchange ratio reference range, as compared to the exchange ratio provided for in the Combination Transactions:

<b>Implied Exchange Ratio</b>	<b>Exchange Ratio in the Combination Transactions</b>
0.74x 0.88x	0.92x

**Certain Starwood Financial Forecasts**

Starwood does not, as a matter of course, publicly disclose forecasts as to future performance, earnings or other results due to the unpredictability of the underlying assumptions and estimates. However, Starwood has included below certain financial forecasts of Starwood that, as described below, were furnished to Starwood's Board, Starwood's financial advisors, Marriott and Marriott's financial advisor in connection with discussions concerning the Combination Transactions. In addition, Starwood's management provided to Starwood's Board and Starwood's financial advisors financial forecasts of Marriott, which were based on financial forecasts for Marriott provided to Starwood's management by Marriott's management.

The estimates of Starwood's future financial performance set forth below entitled "Starwood Forecasts Base Case" were prepared by Starwood's management based on management's reasonable best estimates and assumptions with respect to Starwood's future financial performance at the time such estimates were prepared and speak only as of that time. Starwood's management furnished the Starwood Forecasts Base Case to Starwood's Board, Starwood's financial advisors, Marriott and Marriott's financial advisor. The estimates of Starwood's future financial performance set forth below entitled "Starwood Forecasts Conservative Case" were prepared by Starwood's management, and reflect more conservative assumptions regarding Starwood's future results, driven by more conservative assumptions regarding the growth rate of revenue per available room. Starwood's management furnished the Starwood Forecasts Conservative Case to Starwood's Board and Starwood's financial advisors. We refer to the Starwood Forecasts Base Case and Starwood Forecasts Conservative Case in this joint proxy statement/prospectus as the "Starwood financial forecasts." The Starwood financial forecasts exclude the revenue and earnings from the assets that were sold in the fiscal year ended December 31, 2015 and assume no future asset sales from the fiscal year ended December 31, 2016 to the fiscal year ended December 31, 2020. Additionally, the Starwood financial forecasts include the impact of the Vistana-ILG transactions as if the closing of such transactions had occurred on January 1, 2015.

In addition, Starwood's management provided to Starwood's Board and Starwood's financial advisors financial forecasts of Marriott which were based on estimates of Marriott's future financial performance provided to Starwood's management by Marriott's management, with adjustments made by Starwood's management to those forecasts as a result of Starwood's due diligence with respect to Marriott. Marriott's management provided to Starwood's management estimates of Marriott's future financial performance for the fiscal years ended December 31, 2015, 2016, 2017 and 2018 that reflect assumptions regarding the growth rate of revenue per available room that are similar to the assumptions regarding the growth rate of revenue per available room underlying the Starwood Forecasts Conservative Case. The financial forecasts of Marriott's future financial performance set forth below entitled "Starwood-adjusted Marriott Forecasts Conservative Case" were based on the estimates of Marriott's future financial performance for the fiscal years ended December 31, 2015, 2016, 2017 and 2018 or, in the case of the fiscal years ended December 31, 2019 and 2020, extrapolations thereof. The estimates of Marriott's future financial performance set forth below entitled "Starwood-adjusted Marriott Forecasts Base Case" were based on the Starwood-adjusted Marriott Forecasts Conservative Case and reflect more optimistic assumptions regarding Marriott's future results, including more optimistic assumptions regarding the growth rate of revenue per available room that are similar to the assumptions regarding the growth rate of revenue per available room underlying the Starwood Forecasts Base Case. We refer to the

Starwood-adjusted Marriott Forecasts Base Case and Starwood-adjusted Marriott Forecasts Conservative Case in this joint proxy statement/prospectus as the Starwood-adjusted Marriott financial forecasts. Starwood's management furnished

---

**Table of Contents**

the Starwood-adjusted Marriott financial forecasts to Starwood's Board and Starwood's financial advisors. The Starwood-adjusted Marriott financial forecasts assume approximately \$300 million in proceeds from asset sales from the fiscal year ended December 31, 2016 to the fiscal year ended December 31, 2020.

Based on instructions from Starwood's management, Lazard and Citi utilized the Starwood financial forecasts and the Starwood-adjusted Marriott financial forecasts for their analyses and for purposes of their opinions. These financial forecasts were not prepared with a view toward public disclosure or with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial data, published guidelines of the SEC regarding forward-looking statements or GAAP. A summary of this information is presented below.

While the Starwood financial forecasts and the Starwood-adjusted Marriott financial forecasts were prepared in good faith, no assurance can be made regarding future events. The estimates and assumptions underlying these financial forecasts involve judgments with respect to, among other things, future economic, competitive, regulatory and financial market conditions and future business decisions that may not be realized and that are inherently subject to significant business, economic, competitive and regulatory uncertainties and contingencies, including, among other things, the inherent uncertainty of the business and economic conditions affecting the industries in which Starwood and Marriott operate, and the risks and uncertainties described under Risk Factors and Special Note Regarding Forward-Looking Statements, all of which are difficult to predict and many of which are outside the control of Starwood and Marriott and will be beyond the control of the combined company. Starwood stockholders and Marriott stockholders are urged to review Starwood's SEC filings for a description of risk factors with respect to Starwood's business and Marriott's SEC filings for a description of risk factors with respect to Marriott's business, as well as, in each case, the section entitled Risk Factors. There can be no assurance that the underlying assumptions will prove to be accurate or that the projected results will be realized, and actual results likely will differ, and may differ materially, from those reflected in the Starwood financial forecasts and the Starwood-adjusted Marriott financial forecasts, whether or not the Combination Transactions are completed. The inclusion in this joint proxy statement/prospectus of the Starwood financial forecasts and the Starwood-adjusted Marriott financial forecasts below should not be regarded as an indication that Starwood, Marriott, their respective boards of directors or their respective financial advisors considered, or now considers, these forecasts to be a reliable predictor of future results. The Starwood financial forecasts and the Starwood-adjusted Marriott financial forecasts are not fact and should not be relied upon as being necessarily indicative of future results, and readers of this joint proxy statement/prospectus are cautioned not to place undue reliance on this information. The Starwood financial forecasts and the Starwood-adjusted Marriott financial forecasts assume that each of Starwood and Marriott would continue to operate as standalone companies and do not reflect any impact of the Combination Transactions.

The Starwood financial forecasts and the Starwood-adjusted Marriott financial forecasts include certain non-GAAP financial measures. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP, and non-GAAP financial measures as presented in this joint proxy statement/prospectus may not be comparable to similarly titled amounts used by Starwood, Marriott or other companies. The footnotes to the tables below provide certain supplemental information with respect to the calculation of these non-GAAP financial measures. All of the financial forecasts summarized in this section were prepared by Starwood's management. Neither Ernst & Young LLP (Starwood's and Marriott's independent registered public accounting firm) nor any other independent registered public accounting firm has examined, compiled or otherwise performed any procedures with respect to the prospective financial information contained in these financial forecasts and, accordingly, neither Ernst & Young LLP nor any other independent registered public accounting firm has expressed any opinion or given any other form of assurance with respect thereto and no independent registered public accounting firm assumes any responsibility for the prospective financial information. The Ernst & Young LLP reports incorporated by reference in this joint proxy statement/prospectus relate to the historical financial information

of Starwood and Marriott. Those reports do not extend to the financial forecasts and should not be read to do so.

**Table of Contents**

By including in this joint proxy statement/prospectus the Starwood financial forecasts and the Starwood-adjusted Marriott financial forecasts below, none of Starwood, Marriott or any of their respective representatives has made or makes any representation to any person regarding the ultimate performance of Starwood or Marriott compared to the information contained in the financial forecasts. Further, the inclusion of the Starwood financial forecasts and the Starwood-adjusted Marriott financial forecasts in this joint proxy statement/prospectus does not constitute an admission or representation by Starwood or Marriott that this information is material. The financial forecasts summarized in this section reflected the estimates and judgments available to Starwood's management at the time they were prepared and have not been updated to reflect any changes since the dates the financial forecasts were prepared. Neither Starwood, Marriott, nor, after completion of the Combination Transactions, the combined company undertakes any obligation, except as required by law, to update or otherwise revise the Starwood financial forecasts or the Starwood-adjusted Marriott financial forecasts to reflect circumstances existing since their preparation or to reflect the occurrence of unanticipated events, even in the event that any or all of the underlying assumptions are shown to be in error, or to reflect changes in general economic or industry conditions.

The summary of the financial forecasts is not included in this joint proxy statement/prospectus in order to induce any stockholder to vote in favor of the Starwood combination transactions proposal or any of the other proposals to be voted on at the Starwood and Marriott special meetings, but because the Starwood financial forecasts and the Starwood-adjusted Marriott financial forecasts were made available to Starwood's Board and Starwood's financial advisors and, in the case of the Starwood Forecasts Base Case, to Marriott and Marriott's financial advisor.

**Starwood Forecasts Base Case**

The following table presents select financial forecasts of Starwood for the fiscal years ending 2015 through 2020 prepared by Starwood's management.

	Fiscal Year Ending December 31,					
	2015E	2016E	2017E	2018E	2019E	2020E
	(\$ in millions)					
Revenues from Owned, Leased and Consolidated Hotels	\$ 1,061	\$ 1,108	\$ 1,160	\$ 1,217	\$ 1,273	\$ 1,335
Total Fees <sup>(1)</sup>	\$ 876	\$ 950	\$ 1,044	\$ 1,145	\$ 1,252	\$ 1,373
Adjusted EBITDA <sup>(2)</sup>	\$ 917	\$ 1,026	\$ 1,127	\$ 1,240	\$ 1,370	\$ 1,525
Capital Expenditures <sup>(3)</sup>	\$ 347	\$ 322	\$ 295	\$ 312	\$ 330	\$ 349
Unlevered Free Cash Flow <sup>(4)</sup>	\$ 1,153	\$ 462	\$ 563	\$ 622	\$ 705	\$ 800

**Starwood Forecasts Conservative Case**

The following table presents select financial forecasts of Starwood for the fiscal years ending 2015 through 2020 prepared by Starwood's management.

	Fiscal Year Ending December 31,					
	2015E	2016E	2017E	2018E	2019E	2020E
	(\$ in millions)					
Revenues from Owned, Leased and Consolidated Hotels	\$ 1,061	\$ 1,108	\$ 1,151	\$ 1,194	\$ 1,233	\$ 1,278

Total Fees <sup>(1)</sup>	\$ 876	\$ 950	\$ 1,034	\$ 1,121	\$ 1,210	\$ 1,304
Adjusted EBITDA <sup>(2)</sup>	\$ 917	\$ 1,026	\$ 1,109	\$ 1,196	\$ 1,292	\$ 1,405
Capital Expenditures <sup>(3)</sup>	\$ 347	\$ 322	\$ 294	\$ 310	\$ 326	\$ 345
Unlevered Free Cash Flow <sup>(4)</sup>	\$ 1,153	\$ 462	\$ 551	\$ 591	\$ 652	\$ 717

- (1) Total fees includes management fees and franchise fees from hotels and license fees from Starwood's vacation ownership business, assuming the consummation of the Vistana-ILG transactions.
- (2) Adjusted earnings before interest, taxes, depreciation and amortization ( Adjusted EBITDA ) is a non-GAAP financial measure and should not be considered as an alternative to operating income or net income as a measure of operating performance or cash flows or as a measure of liquidity. For purposes of the



**Table of Contents**

Starwood financial forecasts, Adjusted EBITDA is defined as net income, plus income tax (expense)/benefit, plus interest expense, net, less equity (earnings) / losses in unconsolidated joint ventures ( UJVs ), plus depreciation and amortization, plus UJV EBITDA and less the non-cash amortization deferred gains resulting from the historical sales of hotels subject to long-term management contracts. Adjusted EBITDA for purposes of the Starwood financial forecasts differs from Adjusted EBITDA as historically reported by Starwood in its earnings releases in that amortization of deferred gains was excluded from Adjusted EBITDA for purposes of the Starwood financial forecasts. The amount of amortization of deferred gains excluded from Adjusted EBITDA in the Starwood financial forecasts was estimated to be \$96 million in 2015 and \$84 million for each of 2016, 2017, 2018, 2019 and 2020.

- (3) Capital expenditures includes contract acquisition investment costs for each period presented.
- (4) Starwood unlevered free cash flows are defined as Adjusted EBITDA, less cash taxes, plus net proceeds from asset sales and less capital expenditures. Unlevered free cash flows for Starwood were arithmetically derived by Lazard and Citi based on the Starwood financial forecasts prepared and provided to Lazard and Citi by Starwood s management.

**Starwood-adjusted Marriott Forecasts Base Case**

The following table presents select financial forecasts of Marriott for the fiscal years ending 2015 through 2020, which were derived from financial forecasts prepared by Marriott s management, as adjusted and extrapolated by Starwood s management.

	Fiscal Year Ending December 31,					
	2015E	2016E	2017E	2018E	2019E	2020E
	(\$ in millions)					
Total Fees <sup>(1)</sup>	\$ 1,897	\$ 2,080	\$ 2,320	\$ 2,626	\$ 2,906	\$ 3,218
Adjusted EBITDA <sup>(2)</sup>	\$ 1,610	\$ 1,814	\$ 2,051	\$ 2,348	\$ 2,634	\$ 2,961
Capital Expenditures <sup>(3)</sup>	\$ 466	\$ 260	\$ 390	\$ 398	\$ 398	\$ 398
Unlevered Free Cash Flow <sup>(4)</sup>	\$ 1,429	\$ 1,279	\$ 1,158	\$ 1,400	\$ 1,525	\$ 1,747

**Starwood-adjusted Marriott Forecasts Conservative Case**

The following table presents select financial forecasts of Marriott for the fiscal years ending 2015 through 2020, which were derived from financial forecasts prepared by Marriott s management, as adjusted and extrapolated by Starwood s management.

	Fiscal Year Ending December 31,					
	2015E	2016E	2017E	2018E	2019E	2020E
	(\$ in millions)					
Total Fees <sup>(1)</sup>	\$ 1,897	\$ 2,080	\$ 2,303	\$ 2,552	\$ 2,779	\$ 2,997
Adjusted EBITDA <sup>(2)</sup>	\$ 1,610	\$ 1,814	\$ 2,030	\$ 2,263	\$ 2,489	\$ 2,707
Capital Expenditures <sup>(3)</sup>	\$ 466	\$ 260	\$ 390	\$ 398	\$ 398	\$ 398
Unlevered Free Cash Flow <sup>(4)</sup>	\$ 1,429	\$ 1,279	\$ 1,144	\$ 1,342	\$ 1,426	\$ 1,574

- (1) Total fees includes management fees, and franchise fees from hotels and license fees from Marriott Vacations Worldwide fees.

- (2) Adjusted EBITDA is a non-GAAP financial measure and should not be considered as an alternative to operating income or net income as a measure of operating performance or cash flows or as a measure of liquidity. For purposes of the Starwood-adjusted Marriott financial forecasts, Adjusted EBITDA is defined as net income, plus income taxes, less equity in (earnings) / losses in UJVs, less interest income, plus interest expense, less gain and other income, plus depreciation and amortization, plus UJV EBITDA and plus or minus certain other adjustments that are de minimis in the aggregate. For purposes of the Starwood-adjusted Marriott financial forecasts, Adjusted EBITDA includes non-cash compensation as an expense.

---

**Table of Contents**

- The amount of non-cash compensation included in Adjusted EBITDA as an expense in the Starwood-adjusted Marriott financial forecasts was estimated to be \$111 million for each of 2015, 2016, 2017, 2018, 2019 and 2020.
- (3) Capital expenditures includes contract acquisition investment costs for each period presented.
- (4) Marriott unlevered free cash flows are defined as Adjusted EBITDA, less cash taxes, plus net proceeds from asset sales and less capital expenditures and contract acquisition costs. Unlevered free cash flows for Marriott were arithmetically derived by Lazard and Citi based on the Starwood-adjusted Marriott financial forecasts provided to Lazard and Citi, and prepared by Marriott's management as adjusted and extrapolated by Starwood's management.

**Marriott's Reasons for the Combination Transactions; Recommendation of Marriott's Board**

After careful consideration, Marriott's Board, at a meeting held on November 15, 2015, determined that the merger agreement, the issuance of shares of Marriott common stock in the Initial Holdco Merger and the other transactions contemplated by the merger agreement are advisable, fair to and in the best interest of Marriott and its stockholders; authorized and approved the merger agreement, the issuance of shares of Marriott common stock in the Initial Holdco Merger and the other transactions contemplated thereby by a unanimous vote of its directors; and adopted resolutions directing that the Marriott stock issuance proposal be submitted to Marriott stockholders for their consideration. Accordingly, Marriott's Board unanimously recommends that Marriott stockholders vote **FOR** the Marriott stock issuance proposal.

Marriott's Board considered many reasons in making its decision to recommend the adoption of the merger agreement and the approval of the transactions contemplated by the merger agreement. In arriving at its decision, Marriott's Board consulted with Marriott's senior management, legal advisors, financial advisors and other advisors, reviewed a significant amount of information, considered a number of reasons and concluded in its business judgment that the proposed Combination Transactions are likely to result in significant strategic and financial benefits to Marriott and its stockholders, including the following anticipated benefits (which are not listed in any relative order of importance):

***Strategic and Financial Benefits of the Combination Transactions***

Combining Starwood and Marriott would create a more globally diversified company, with the combined company operating or franchising more than 5,500 hotels with 1.1 million rooms worldwide, creating the world's largest hotel company;

The greater scale and combined platform resulting from a combination of Starwood and Marriott should enhance the combined company's ability to compete in a quickly evolving global marketplace, with new forms of competition and emerging players seeking to capture a share of the lodging market, enhancing the combined company's ability to realize its goal of providing the right product, in the right place at the right price for more potential customers;

With greater distribution, the combined company is expected to be able to realize higher guest satisfaction, guest loyalty, property-level revenue, property-level profitability and owner and franchisee preference by leveraging economies of scale in areas such as reservations, procurement, and shared services; increasing sales efficiency and account coverage for group business; and offering enhanced choice and location selections for all guests;

By conducting Starwood's and Marriott's business as part of a single enterprise, Marriott expects to deliver on a stabilized basis at least \$200 million in annual cost savings by leveraging operational and general and administrative cost efficiencies;

Combining Starwood's well-known and respected lifestyle brands and international footprint with Marriott's strong presence in the luxury and limited-service tiers, as well as Marriott's convention and resort segment, will create a more comprehensive and desirable portfolio for guests, meeting planners and hotel developers;

**Table of Contents**

The Combination Transactions are expected to be accretive to Marriott's earnings by the second full year following the closing, excluding one-time transaction and transition costs, through realization of synergies, accelerated unit growth on certain of Starwood's under-penetrated brands, and utilization of free cash flow, including proceeds from asset sales, to return capital to stockholders;

The combined company will retain Marriott's asset-light business model through the expected continuation of Starwood's capital recycling program, generating an estimated \$1.5 billion to \$2.0 billion of after-tax proceeds from the sales of owned hotels over the next two years, including the period before the closing of the Combination Transactions, which are expected to be sold subject to long-term operating agreements;

Marriott Rewards, with 54 million members, and Starwood Preferred Guest, with 21 million members, are among the industry's most-awarded loyalty programs and should continue to drive significant repeat business when the companies are combined;

Based on outstanding shares of both companies as of November 15, 2015, Marriott stockholders would own approximately 63% of the combined company on a fully diluted basis immediately following the closing of the Combination Transactions and, therefore, will continue to participate in potential appreciation in equity value of the combined company;

The combination of Starwood and Marriott will enable the combined company to integrate the skill sets and capabilities of each of the companies' management and associate teams and to take advantage of strategic opportunities through a greater pool of talented associates working with an enhanced platform;

All 11 of Marriott's current directors will continue to serve on Marriott's Board with the expected addition of three members of Starwood's current board, ensuring continuity of Marriott's Board and the addition of directors with a deep knowledge of Starwood, enhancing the Marriott's Board's understanding of the integration process;

The oral and written opinion of Deutsche Bank to Marriott's Board, dated November 15, 2015, and related financial analysis by Deutsche Bank to Marriott's Board on such date, to the effect that, as of the date of such written opinion and based on and subject to the assumptions, limitations, qualifications and conditions described therein, the merger consideration in the proposed Combination Transactions was fair, from a financial point of view, to Marriott. A copy of that written opinion is included as Annex D to this joint proxy statement/prospectus and described under "Opinion of Marriott's Financial Advisor," beginning on page 100;

Given Marriott's Board's knowledge of Marriott's business, operations, financial condition, earnings and prospects and Marriott's Board's knowledge of Starwood's business, operations, financial condition, earnings and prospects, taking into account Starwood's publicly filed information and the results of Marriott's due diligence review of Starwood, the prospects for the combined company are favorable;

The combination of Marriott and Starwood will be able to serve guests, hotel owners and hotel franchisees more effectively, and be more competitive in the global hotel industry, which remains highly competitive and fragmented and subject to the emergence of new players fueled by technology;

The terms and conditions of the merger agreement reflect Starwood's and Marriott's commitment to closing. In addition, Marriott will be given the opportunity to match the terms of any potentially superior offer that Starwood may receive, further supporting the likelihood of completing the Combination Transactions;

While the merger agreement does not preclude a third party from making an unsolicited offer for a takeover proposal with Starwood or Marriott, under certain circumstances, Starwood or Marriott may furnish non-public information to and enter into discussions with such a third party about the takeover

**Table of Contents**

proposal. Should Starwood's Board or Marriott's Board, as applicable, withdraw or modify in a manner adverse to the other party its recommendations to Starwood or Marriott stockholders on the Combination Transactions, the changing party must pay the other party a termination fee of \$400 million if the other party elects to terminate the merger agreement as a result; and

After closing of the Combination Transactions, Marriott expects to continue to have a strong financial profile, enhancing its ability to maintain its investment-grade credit rating and enhancing its ability to return capital to its stockholders through dividends and share repurchases.

***Uncertainties, Risks and Potentially Negative Considerations***

In the course of its deliberations, Marriott's Board also considered a variety of uncertainties, risks and other potentially negative considerations relevant to the transaction, including the following:

The restrictions on the conduct of Marriott's business during the period between the execution of the merger agreement and the completion of the Combination Transactions;

The costs associated with completing the Combination Transactions and realizing the benefits Marriott expects to obtain in connection with the Combination Transactions, including management's time and energy and potential opportunity cost;

The challenges in absorbing the effect of any failure to complete the Combination Transactions, including potential termination fees and stockholder and market reactions;

The potential earnings dilution to Marriott stockholders following the closing of the Combination Transactions;

The challenges inherent in combining two businesses of the size and complexity of Starwood and Marriott, including the possible diversion of management and employee attention for an extended period of time;

The potential for diversion of management and employee attention during the period before completion of the Combination Transactions, and the potential negative effects on Marriott's and the combined company's business;

The risk that certain provisions in certain of Starwood's and Marriott's contracts may constrain or delay the timing for realizing, operational and development plans, synergies, cost savings and other anticipated benefits expected to result from a combination of Starwood and Marriott;

The difficulties of combining the businesses and workforces of Starwood and Marriott based on, among other things, differences in the cultures of the two companies, union and collective bargaining agreements, and other factors;

The risk that regulatory agencies may object to and challenge the Combination Transactions or may impose terms and conditions in order to resolve those objections that adversely affect the financial results of the combined company; see the section entitled Regulatory Clearances Required for the Combination Transactions beginning on page 119;

The risk that hotel owners and hotel franchisees with whom Starwood and Marriott have contractual relationships may not view the Combination Transactions favorably and those relationships may be negatively impacted as a result;

Starwood's right, subject to certain conditions, to respond to and negotiate on certain alternative takeover proposals made before the time Starwood stockholders approve the Starwood combination transactions proposal and the right of Starwood's Board to withdraw or modify in a manner adverse to Marriott its recommendation to Starwood stockholders with respect to the Starwood combination transactions proposal, subject to Starwood paying Marriott a termination fee of \$400 million if Starwood elects to terminate the merger agreement as a result;



## Table of Contents

The risk that Starwood stockholders or Marriott stockholders may object to and challenge the Combination Transactions and take actions that may prevent or delay the consummation of the Combination Transactions, including voting down the proposals at the Starwood or Marriott special meetings; and

The potential that the fixed exchange ratio under the merger agreement could result in Marriott delivering greater value to Starwood stockholders than had been anticipated by Marriott should the value of the shares of Marriott common stock increase from the date of the execution of the merger agreement.

Further, Marriott's Board considered that some members of Marriott's Board and certain Marriott executive officers may have interests in the proposed Combination Transactions as individuals that are in addition to, and that may be different from, the interest of Marriott stockholders generally, as described under Interests of Marriott Directors and Executive Officers in the Combination Transactions beginning on page 118.

After considering these potentially positive and potentially negative reasons, Marriott's Board unanimously concluded, in its business judgment, that the potentially positive reasons relating to the merger agreement and the transactions contemplated thereby (including the issuance of shares of Marriott common stock to Starwood stockholders) outweighed the potentially negative reasons.

The foregoing discussion of the information and reasons considered by Marriott's Board is not exhaustive but is intended to reflect the material reasons considered by Marriott's Board in its evaluation of the Combination Transactions. In view of the complexity, and the large number, of the reasons considered, Marriott's Board, both individually and collectively, did not find it practicable to, and did not attempt to, quantify or assign any relative or specific weight to the various reasons. Rather, Marriott's Board based its recommendation on the totality of the information presented to and considered by it. In addition, individual members of Marriott's Board may have given different weight to different reasons.

The foregoing discussion of the information and reasons considered by Marriott's Board is forward-looking in nature. This information should be read in light of the reasons described under Special Note About Forward-Looking Statements beginning on page 42.

## **Opinion of Marriott's Financial Advisor**

### *Opinion of Deutsche Bank*

Deutsche Bank has acted as financial advisor to Marriott in connection with the Combination Transactions. At the November 15, 2015 meeting of Marriott's Board, Deutsche Bank rendered its oral opinion to Marriott's Board, subsequently confirmed by delivery of a written opinion dated November 15, 2015, to the effect that, as of the date of such opinion, and based upon and subject to the assumptions, limitations, qualifications and conditions described in Deutsche Bank's opinion, the merger consideration was fair, from a financial point of view, to Marriott.

**The full text of Deutsche Bank's written opinion, dated November 15, 2015, which sets forth the assumptions made, procedures followed, matters considered and limitations, qualifications and conditions on the review undertaken by Deutsche Bank in connection with the opinion, is included in this document as Annex D and is incorporated herein by reference. The summary of Deutsche Bank's opinion in this document is qualified in its entirety by reference to the full text of the opinion. Deutsche Bank's opinion was approved and authorized for issuance by a Deutsche Bank fairness opinion review committee and was addressed to, and was for the use and benefit of, Marriott's Board in connection with and for the purpose of its evaluation of the Combination Transactions. Deutsche Bank's opinion was limited to the fairness of the merger consideration, from a financial**

**point of view, to Marriott as of the date of the opinion. Deutsche Bank's opinion did not address any other terms of the Combination Transactions or the merger**

Table of Contents

agreement. Nor did it address the terms of any other agreement entered into in connection with the Combination Transactions. Marriott did not ask Deutsche Bank to, and Deutsche Bank's opinion did not, address the fairness of the Combination Transactions, or any consideration received in connection therewith, to the holders of any class of securities, creditors or other constituencies of Marriott, nor did it address the fairness of the contemplated benefits of the Combination Transactions. Deutsche Bank expressed no opinion as to the merits of the underlying decision by Marriott to engage in the Combination Transactions or the relative merits of the Combination Transactions as compared to any alternative transactions or business strategies. Nor did Deutsche Bank express any opinion, and Deutsche Bank's opinion does not constitute a recommendation, as to how any holder of shares of Marriott common stock should vote on the Combination Transactions. In addition, Deutsche Bank did not express any view or opinion as to the fairness, financial or otherwise, of the amount or nature of any compensation payable to or to be received by any of the officers, directors, or employees of any parties to the Combination Transactions, or any class of such persons, in connection with the Combination Transactions relative to the merger consideration. Deutsche Bank's opinion does not in any manner address the prices at which Marriott common stock or other Marriott securities will trade following the announcement or consummation of the Combination Transactions.

In connection with its role as financial advisor to Marriott, and in arriving at its opinion, Deutsche Bank reviewed certain publicly available financial and other information concerning Starwood and Marriott, and certain internal analyses, financial forecasts and other information relating to Starwood, Marriott and the combined company prepared by Marriott's management. Deutsche Bank also held discussions with certain senior officers and other representatives and advisors of Marriott on the businesses and prospects of Starwood and Marriott, respectively, and the combined company. In addition, Deutsche Bank:

reviewed the reported prices and trading activity for Starwood common stock and Marriott common stock;

compared certain financial and stock market information for Starwood and Marriott with, to the extent publicly available, similar information for certain other companies Deutsche Bank considered relevant whose securities are publicly traded;

reviewed, to the extent publicly available, the financial terms of certain recent business combinations which Deutsche Bank deemed relevant;

reviewed the Merger Agreement; and

performed such other studies and analyses and considered such other factors as Deutsche Bank deemed appropriate.

Deutsche Bank did not assume responsibility for independent verification of, and did not independently verify, any information, whether publicly available or furnished to it, concerning Starwood or Marriott, including, without limitation, any financial information considered in connection with the rendering of its opinion. Accordingly, for purposes of its opinion, Deutsche Bank has, with the knowledge and permission of Marriott's Board, assumed and relied upon the accuracy and completeness of all such information. Deutsche Bank did not conduct a physical inspection of any of the properties or assets, and did not prepare, obtain or review any independent evaluation or

appraisal of any of the assets or liabilities (including any contingent, derivative or off-balance-sheet assets or liabilities), of Starwood or Marriott or any of their respective subsidiaries, nor did Deutsche Bank evaluate the solvency or fair value of Starwood, Marriott or any of their respective subsidiaries under any law relating to bankruptcy, insolvency or similar matters. With respect to the financial forecasts, including, without limitation, the analyses and forecasts of the amount and timing of certain cost savings, operating efficiencies, revenue effects, financial synergies and other strategic benefits projected by Marriott to be achieved as a result of the Combination Transactions (collectively, the Synergies ), made available to Deutsche Bank and used in its analyses, Deutsche Bank assumed, with the knowledge and permission of Marriott's Board, that such forecasts, including the Synergies, had been reasonably prepared on bases reflecting the best currently available estimates and judgments of

**Table of Contents**

Marriott's management as to the matters covered thereby. In rendering its opinion, Deutsche Bank expressed no view as to the reasonableness of such forecasts and projections, including, without limitation, the Synergies, or the assumptions on which they are based. Deutsche Bank's opinion was necessarily based upon economic, market and other conditions as in effect on, and the information made available to it as of, the date of its opinion. Deutsche Bank expressly disclaimed any undertaking or obligation to advise any person of any change in any fact or matter affecting its opinion of which it becomes aware after the date of its opinion.

For purposes of rendering its opinion, Deutsche Bank assumed with the knowledge and permission of Marriott's Board that, in all respects material to its analysis, the Combination Transactions would be consummated in accordance with the terms of the merger agreement, without any waiver, modification or amendment of any term, condition or agreement that would be material to its analysis. Deutsche Bank also assumed, with the knowledge and permission of Marriott's Board, that all material governmental, regulatory or other approvals and consents required in connection with the consummation of the Combination Transactions will be obtained and that, in connection with obtaining any necessary governmental, regulatory or other approvals and consents, no restrictions, terms or conditions will be imposed that would be material to its analysis. Deutsche Bank is not a legal, regulatory, tax or accounting expert and has relied on the assessments made by Marriott and its other advisors on such issues.

Marriott