case study

A New Age of Acquisitions in Hospitality & Tourism: The bidding war to acquire Starwood

By Nan Hua, Cynthia Mejia and Wei Wei

Learning Objectives

Upon successful completion of reading the case, the assigned supplemental readings, viewing the videos, preparing the discussion questions and related assignments, students will be able to:

- Connect financial performance information to a series of publicly reported organizational, managerial, and financial activities within firms.
- Interpret and apply four classic theories related to M&As which potentially can explain why these occur in a competitive global marketplace.
- Conduct research and synthesize pertinent and relevant evidence to support logical explanations for M&As.
- Evaluate and project the impacts of M&As from both the acquiring and acquired perspectives.

Preparation

In preparation for this case and subsequent assignments from the instructor, the student should be acquainted with a working knowledge of both managerial and financial accounting. In addition, although not mandatory, familiarity with operations and strategic hospitality management would be helpful. As an introduction to the case, students should view the following videos for context in preparation for the readings and discussion sections:

- https://www.youtube.com/watch?v=hrM1w-L58yQ
- https://www.youtube.com/watch?v=GEtEuO2ilxI&nohtml5=False

Introduction

The international nature of the hospitality and tourism industry has intensified competition among major business entities, including those outside the industry. The drive for growth in the global marketplace has precipitated a trend in mergers and acquisitions (M&As), revealing the tenuous nature of business decisions due to constant flux and competition. The focus of this case study is on one of the largest mergers in modern financial history in the lodging industry, between Marriott and Starwood, with potentially unprecedented impacts on branding, capacity, internationalization, economy of scale, market share, human capital and distribution channels. This merger may very well signify the start of a new consolidation age in the hotel industry, mimicking previous M&As in the airline industry; thus setting a milestone for other hotel companies in the future. At the time this case was written in April 2016, Marriott was on the brink of becoming the world's largest hotel chain, with over 5,500 hotels in more than 100 countries, spanned across 30 brands.

Nan Hua, Cynthia Mejia *and* **Wei Wei** *are all affiliated with University of Central Florida.*

Starwood Hotels and Resorts Worldwide, Inc.

Prior to April 2016, Starwood Hotels and Resorts Worldwide, Inc. was one of the leading hotel and leisure companies in the world. Headquartered in Stamford, Connecticut, U.S.A., Starwood was a fully integrated owner, operator and franchisor of hotels, spas, resorts, residences, and vacation ownership properties. Starwood owned nearly 1,300 properties and employed approximately 188,000 people in over 100 countries among its owned, managed, or franchised properties. The Starwood suite of 11 renowned brands included St. Regis®, The Luxury Collection®, W®, Westin®, Le Méridien®, Sheraton®, Tribute Portfolio™, Four Points® by Sheraton, Aloft®, Element®, along with an expanded partnership with Design Hotels™. The Company also boasted one of the industry's leading loyalty programs, the Starwood Preferred Guest (SPG®).

Marriott International, Inc.

Founded by J. Willard Marriott, Marriott International, Inc. is an American diversified hospitality company that manages and franchises a broad portfolio of hotel brands and related lodging facilities, such as The Ritz Carlton, BVLGARI® Hotel & Resorts, JW Marriott®, Renaissance® Hotels, Gaylord Hotels®, Courtyard by Marriott®, and Residence Inn by Marriott®. Headquartered in Bethesda, Maryland in the U.S. Washington, DC metropolitan area, in April 2016, Marriott had more than 4,087 properties in over 80 countries and territories around the globe. In 2011, Marriott opened the tallest hotel in the world, The Ritz-Carlton in Hong Kong, and in 2014, Marriott opened its 4,000th hotel, the Marriott Marquis in Washington, D.C. Aside from over 697,000 rooms (as of July 2014), Marriott also had plans for an additional 195,000 rooms in its development pipeline.

Nearly half of the Marriott family of brands was obtained through acquisitions and mergers, facilitating its dominance in the global market and establishment of a sound brand echelon. In 1987, Marriott's acquisition of Residence Inn was strategic in fulfilling its previous mid-scale business and leisure hotel market gap. In 1995, Marriott acquired The Ritz-Carlton as its first luxury hotel brand and in 1997, a series of acquisitions including Renaissance and Ramada, expanded Marriott's presence in the mid-scale business and resort hotels categories. In 2011 and 2014 respectively, Marriott acquired the Spanish hotel chain, ACHotel, and Africa's largest hotel chain brand, Protea, expanding its presence in the global market. On November 16, 2015, Marriott announced its intentions to acquire Starwood Hotels and Resorts Worldwide for US$12.2 billion, potentially creating the world's largest hotel chain.

Anbang Insurance Group Co., Ltd.

Anbang Insurance Group Co., Ltd. is one of the largest insurance groups in China, founded in 2004 as a regional property insurance business headquartered in Beijing. Its original shareholders included state-owned car maker Shanghai Automotive Industries Corp., which held a 20% stake. In 2005, the Chinese state-owned oil company, Sinopec, bought a 20% share in Anbang, and according to the Financial Times, Anbang is described as "one of China's most politically connected companies" (Massoudi and Fontanella-Khan, 2016).

Anbang has more than 30,000 employees and over 20 million customers in China, with subsidiaries covering a wide range of businesses, including property and casualty insurance, health insurance, pension insurance, life insurance, banking, financial leasing, asset management, insurance sales, insurance brokerage, and many other financial services. As one of the leading insurance groups in China with the most extensive branch coverage, Anbang boasts a comprehensive network of 3,000 service outlets across 31 cities, provinces, and autonomous regions in China. Since its inception, Anbang has grown rapidly and steadily, and as of February 2015, the total shareholders' equity was worth more than RMB 80 billion (US$12.4 billion) with total assets exceeding RMB 800 billion (US$123.8 billion).

As the Chinese travel market continues to grow at an accelerated pace, Anbang has mounted an aggressive expansion strategy into the U.S. hospitality industry. In March 2016, Anbang agreed to buy Strategic Hotels & Resorts from Blackstone for US$6.5 billion and finalized a deal from 2014 to acquire New York's Waldorf Astoria for US$1.95 billion. American hotels, especially Starwood, were an appealing asset for Anbang because they provide long-term cash flow and had strong global brand recognition (Rosenfeld, 2016).

The Bidding War

In the months preceding April 2016, declines in Starwood's public financial performance triggered a series of events, including the seemingly forced resignation of Frits van Paasschen, then CEO, on February 17, 2015. In his place, Board Member Adam Aron was appointed CEO until his replacement, Thomas Mangas was promoted from CFO to CEO later on December 15, 2015. According to both formal press releases and anecdotal speculation, even though fourth quarter and 2015 full year earnings revealed improved occupancy and average daily rate increases over all Starwood's brands, the year over year net incomes were on a pattern of net decline. Seeking a more aggressive strategy toward exceeding top line revenue and EBITDA (i.e. profit before interest tax depreciation and amortization) goals, then Starwood Chairman of the Board, Bruce Duncan, set into motion a call for intensified growth, improved performance, and operational excellence, which would necessitate new leadership. Van Paasschen would be the third major executive to resign from Starwood in 2015 (Sickel, 2016).

Prior to the highly publicized Starwood bidding war in March 2016, several other major hotel companies tossed their hat into the ring. On April 29, 2015, interim CEO Bruce Duncan, made an official announcement that Starwood was exploring strategic and financial options, which was an early indication that Starwood was open to being acquired. From this point, murmurs and speculation grew, as numerous industry reports surfaced. Marriott and Hilton discussions with Starwood were divulged at the end of April 2015. Later, at the end of July 2015, InterContinental expressed interest in a merger with Starwood and in October 2015, three prominent Chinese firms would begin competing to buy Starwood including, Shanghai Jin Jiang International Hotels Group, HNA Group (the parent company of Hainan Airlines), and China Investment Corporation (a sovereign wealth fund firm) (Wei and Karmin, 2015).

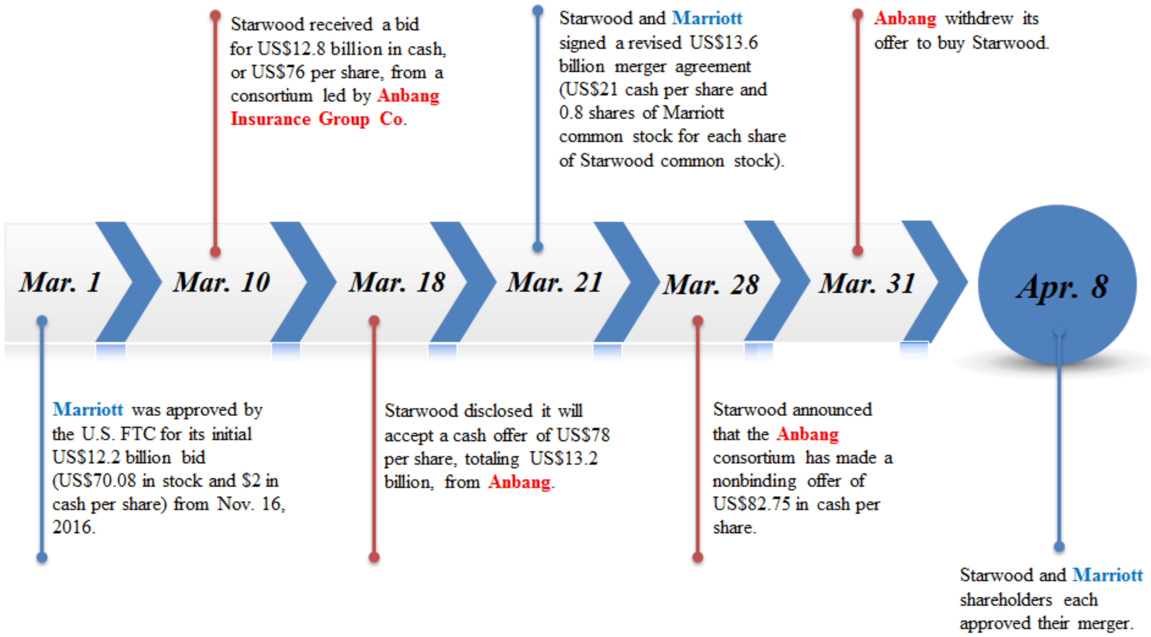
After divesting its US$1.5 billion vacation ownership business to Interval Leisure Group in late October 2015, Starwood announced at the same time the acquisition of Design Hotels, a boutique hotel collective which would fill a special niche in Starwood's portfolio. One month later in November 2015, InterContinental publicly denied a merger with Starwood, while in a private bidding war between Hyatt and Marriott to purchase Starwood, Marriott emerged the winner (Sickel, 2016).

On November 16, 2015, it was agreed that Marriott would purchase Starwood for US$12.2 billion, creating the world's largest hotel chain. This transaction would combine Starwood's international footprint and leading lifestyle brands with Marriott's strong presence in the luxury and select-service tiers, as well as the resort and convention segment, forming a more comprehensive business portfolio. The merged company would also offer more choices for guests, greater opportunities for employees, as well as unlock additional value for Starwood and Marriott shareholders. Thomas Mangas would become Starwood's CEO, and Marriott and Starwood shareholders would organize meetings in March 2016 to vote on the merger. The regulatory path toward Marriott's acquisition of Starwood was cleared in the same month by the U.S. Department of Justice and the U.S. Federal Trade Commission (U.S. FTC).

March Madness

In a sudden turn of events, on March 14, 2016, a fully financed and binding unsolicited bid for US$12.8 billion in cash from a Chinese investment company, Anbang Insurance Group Co., was offered to Starwood. Anbang purchased the iconic and struggling Waldorf Astoria

Timeline of the Marriott-Starwood-Anbang "March Madness" Bidding War



New York in 2014, so this Chinese financial investment giant was already well-known and established on the international hotel stage. After this sudden development, Marriott publicly announced a commitment to purchase Starwood despite Anbang's unsolicited bid, and issued Starwood a three day deadline to consider Marriott's offer (Sickel, 2016).

On March 18, 2016, Starwood made a stunning announcement. In a sudden course of events, Starwood publicized it would terminate the merger agreement with Marriott, instead favoring Anbang's bid. The events which followed marked the beginning of the most unprecedented bidding war in recent global financial news. Marriott raised their bid to US$13.6 billion days later on March 21. On March 28, Anbang submitted another unsolicited bid of US$14 billion, beating Marriott's previous offer (Marriott, 2016).

On March 31, 2016, Anbang notified Starwood of its decision to drop its bid due to "various market considerations", leaving the door open for Marriott International (Yu, 2016). According to an April 1, 2016 U. S. Securities and Exchange Commission filing from Starwood Hotels and Resorts, Anbang Insurance Group made a non-binding offer of US$82.75 per share before it decided to abruptly and mysteriously walk away from the deal. The three-week war for Starwood fought between Marriott International and Anbang Insurance Group was indeed an unprecedented struggle, as Bill Marriott said he doubted the hospitality industry would "see the likes of that deal anytime soon again" (Ting, 2016). Starwood Hotels and Resorts was now left with Marriott International's latest offer, a cash-and-stock bid worth US$77.94 per share as of April 2016. At the new price, Anbang effectively forced Marriott to pay more than US$1 billion over Starwood Hotels and Resorts' original price.

Aftermath

On the evening of March 31, 2016, Starwood's CEO Thomas B. Mangas wrote the following letter to all Starwood employees, both privately disseminated and released on the Internet (Ting, 2016):

> Dear Associates:
>
> There is no question that the last few weeks have felt like a rollercoaster ride for our company and our people. Like any ride, it could not go on forever, and I'd like to share with you that the Consortium led by Anbang just informed us that they have withdrawn their bid for Starwood. Many of you have told me that this journey has been both exciting and tiresome, and I agree, which is why I am pleased that we have reached resolution and can continue our important work with Marriott to bring together these two great companies.
>
> Although this has been a trying process, it did lead to a 15.4% increase in the value of our company, underscoring the success of Starwood and the talent of our people. I can tell you that after having a closer look at what we have to offer, Marriott is only more excited to join forces with Starwood. They greatly admire our approach to brands, the intense loyalty of our SPG members and our global footprint, infrastructure and teams. Throughout the back and forth, our Board of Directors remained committed to our merger with Marriott, and the strategic advantages of our combination which will offer our guests and customers 1.1 million rooms across 30 brands, deliver the most powerful loyalty program in the travel industry and create countless opportuni-

ties for our associates around the globe.

Our integration teams continue to work closely with their counterparts at Marriott, and we remain on track to close midyear. Next week is our shareholder vote which will be an important milestone, after which point we can really amp up our work to integrate the best of Starwood and the best of Marriott to create the world's leading hotel company.

It is interesting times to be sure, but it is not lost on me that for some, depending on where you sit, the potential of going in another direction had different professional implications. Clearly a merger of this magnitude can take a personal toll. However, we should all feel very proud of the sought after, innovative company we have created together. Let's continue to take great care of our guests every day and win in the marketplace, which is the very best way to ensure that Starwood's unique take on hospitality endures.

On behalf of our Senior Leadership Team and Board of Directors I would like to thank you for your resilience, patience and hard work during this unprecedented time.

Regards,

Tom Mangas

"Déjà Vu All Over Again"

On April 8, 2016, Marriott and Starwood shareholders met to vote on the merger. As the shareholders of the two companies agreed to the deal, the largest hotel chain in history was created. Owing to the earlier acquisition competition with the Chinese consortium Anbang, who mysteriously dropped its US$14 billion bid for Starwood, Marriott would end up paying approximately US$13.3 billion, which was US$1.1 billion higher than its initial offer in November 2015. The combined new chain would have 30 brands and own 1.1 million rooms, including Starwood's Westin®, W®, St. Regis®, and Marriott's Renaissance® Hotels, ACHotels, The Ritz-Carlton, and others. According to Marriott International CEO Arne Sorenson, this acquisition would create optimal synergistic effects for the company and EBITDA (i.e. profit before interest tax depreciation and amortization) will be multiplied (Finance.ifeng.com, 2016; Trejos, 2016).

Only five days after walking away from the intense bidding war for Starwood, on April 6, 2016, Anbang announced its plan to acquire Allianz Life Insurance Korea and Allianz Global Investors Korea, both of which were South Korean units of Germany's insurance giant Allianz SE. This new acquisition would cost Anbang US$215 million. Why Anbang suddenly dropped its historic bid for Starwood, still remains a mystery (Cendrowski, 2016; Wu, 2016).

Required Readings

Sickel, J. (2016). An ongoing timeline of Starwood's sale. Retrieved from http://www.businesstravelnews.com/Lodging/An-Ongoing-Timeline-of-Starwoods-Sale.

Trautwein, F. (1990). Merger motives and merger prescriptions. Strategic Management Journal, 11(4), 283-295.

Additional Readings:

Black, B. S. (1989). Bidder overpayment in takeovers. Stanford Law Review, 597-660.

Business Wire. (2015). Starwood to Explore Strategic and Financial Alternatives to Increase Shareholder Value. Retrieved from http://www.businesswire.com/news/home/20150429005421/en/Starwood-Explore-Strategic-Financial-Alternatives-Increase-Shareholder.

Cendrowski, S. (2016). Anbang keeps acquisitions rolling after dropping Starwood bid. Retrieved from http://fortune.com/2016/04/06/anbang-keeps-acquisitions-rolling/.

Epstein, D. L. (2014). Chain restaurant merger & acquisition census. Retrieved from http://www.jhchapman.com/SiteContent/Documents//LibraryPDFs/chainmanda//2014-Chain-Restaurant-M-A-Census.pdf.

Finance.ifeng.co Website. (2016). The twists and turns of the Starwood-Marriott marriage. 联姻一波三折，喜达屋最终花落万豪家. Retrieved from http://finance.ifeng.com/a/20160409/14313293_0.shtml. [In Chinese].

Marriott. (2016). Marriott International reaffirms its commitment to acquire Starwood Hotels & Resorts Worldwide. Retrieved from http://news.marriott.com/2016/03/marriott-international-reaffirms-its-commitment-to-acquire-starwood-hotels-resorts-worldwide-says-it.html.

Marriott. (2015). Marriott International to acquire Starwood Hotels & Resorts Worldwide, creating the world's largest hotel company. Retrieved from http://news.marriott.com/2015/11/marriott-international-to-acquire-starwood-hotels-resorts-worldwide-creating-the-worlds-largest-hote.html.

Massoudi, A. & Fontanella-Khan, J. (2016). China's Anbang agrees $6.5bn hotel deal with Blackstone. Retrieved from http://search.ft.com/search?queryText=China%E2%80%99s+Anbang+agrees+%246.5bn+hotel+deal+with+Blackstone

Porter, M. E. (1985). Competitive Advantage. New York: Free Press.

Ravenscraft, D. J. & Scherer, F. M. (1987). Life after takeover. The Journal of Industrial Economics, 147-156.

Rosenfeld, E. (2016). Anbang walking away from $14B Starwood deal. Retrieved from http://www.cnbc.com/2016/03/31/anbang-walking-away-from-starwood-deal-dj-citing-sources.html.

Ting, D. (2016). What Starwood's CEO is telling employees about Anbang walking away. Retrieved from http://skift.com/2016/04/01/what-starwoods-ceo-is-telling-employees-about-anbang-walking-away/.

Ting, D. (2016). Bill Marriott says "We were done" if Anbang had made another Starwood bid. Retrieved from https://skift.com/2016/04/06/bill-marriott-says-we-were-done-if-anbang-had-made-another-starwood-bid/

Trejos, N. (2016). Marriott, Starwood shareholders approve merger. Retrieved from http://www.usatoday.com/story/travel/roadwarriorvoices/2016/04/08/marriott-starwood-shareholders-vote-merger-friday/82781456/.

Wei, L. & Karmin, C. (2016). Chinese firms vie to buy Starwood Hotels: Deal could be the largest-ever Chinese takeover of a U.S. company. Retrieved from http://www.wsj.com/articles/chinese-firms-vie-to-buy-starwood-hotels-1445968609.

Wu, K. (2016). China's Anbang to buy Allianz's Korean operations after dropping Starwood bid. Retrieved from http://www.wsj.com/articles/chinas-anbang-to-buy-allianzs-korean-operations-days-after-dropping-starwood-bid-1459928432.

Yu, R. (2016). Anbang abandons pursuit of Starwood. Retrieved from http://www.usatoday.com/story/money/2016/03/31/anbang-plans-abandon-pursuit-starwood/82483946/

Discussion Questions from the Case

After reading the case, the required readings, and viewing the videos, please prepare your answers for Parts I and II of the following questions as assigned by your instructor:

Part I. Discussion Questions:

- Since the merger of Marriott and Starwood in April of 2016, what new developments or consequences have occurred in the merged company?
- Where else in recent history have we seen similar mergers and acquisitions in the hospitality and tourism industry (i.e. hotels, restaurants, airlines, etc.)?
- After reading the letter from then Starwood's CEO Mr. Tom Mangas, what operational and other business-related adverse consequences on Starwood do you anticipate that happened as a result of the merger?
- Using the financial information figures in the Appendix A, explain why Starwood put itself up for sale.
- Based on the financial information figures in the Appendices A and B, discuss how stock prices influenced those internal management activities of Marriott and Starwood between 2015 and 2016.
- Based on Figures 9 and 10 in Appendix C, and information from this case, explain why stock prices of Marriott and Starwood exhibited the observed behaviors between January of 2011 and April of 2016.

Part II. Essay Question Pertaining to Theory:

Mergers and acquisitions (M&As) have mesmerized and fascinated both professional experts and academia alike for a long time, resulting in a series of classic but abstract theories trying to understand and explain why M&As take place. Four classic theories of M&As are pertinent to this case (see Table 1) and to the events which occurred during the bidding war. Using those theoretical perspectives listed below (guided by the seminal articles referenced in the last column of the table) and the two assigned readings from the case, allocate one or more theories to explain the bidding activities which occurred within each company (i.e. Starwood, Marriott, and Anbang). Provide a detailed explanation, which should include justification from the financial figures in the appendices and relevant public information found in your own research.

Table 1

Classic Mergers and Acquisitions Theories, Definitions, Related Examples, and References

Classic Theories	Definition	Examples	References
Efficiency Theory	Argues that achieving synergies is the driving force behind M&As. Potential efficiency improvement can result from financial, operational and managerial synergies after M&As take place.	Revenue increase, profit improvement, and production efficiency enhancement as a result of M&As. Can also be viewed as synergy.	Porter (1985); Trautwein (1990)
Monopoly Theory	Contends that pursuing bigger market power leads to M&As.	Use profits from the position in one market to support a fight for market share in another market; A firm and its competitor both possess a foothold in each other's main market; Deter potential competitor from entering the firm's market by market leader's concentric acquisitions.	Porter (1985)
Valuation Theory	Takes the perspective of unleashing potential unrecognized value of the acquired company, because managers of the acquiring company have better information about the value of the acquisition target than the stock market.	The bidding company's managers may possess unique information about potential benefits from merging with the target company.	Ravenscraft and Scherer (1987)
Empire-building Theory	Suggests that managers are driven by their own interests and utility maximization. If the managers of the acquiring company believe M&As are beneficial to their own interests, they will plan and execute M&As, regardless whether such endeavors are in the best of interest of shareholders.	Managers may focus on maximizing revenues while subject to only a minimum profit requirement.	Black (1989)

References

Black, B. S. (1989). Bidder overpayment in takeovers. Stanford Law Review, 597-660.Cendrowski, S. (2016). Anbang keeps acquisitions rolling after dropping Starwood bid. Retrieved from http://fortune.com/2016/04/06/anbang-keeps-acquisitions-rolling/

Finance.ifeng.co Website. (2016). The twists and turns of the Starwood-Marriott marriage. 联姻一波三折，喜达屋最终花落万豪家. Retrieved from http://finance.ifeng.com/a/20160409/14313293_0.shtml. [In Chinese].

Marriott. (2016). Marriott International reaffirms its commitment to acquire Starwood Hotels & Resorts Worldwide. Retrieved from http://news.marriott.com/2016/03/marriott-international-reaffirms-its-commitment-to-acquire-starwood-hotels-resorts-worldwide-says-it.html

Marriott. (2015). Marriott International to acquire Starwood Hotels & Resorts Worldwide, creating the world's largest hotel company. Retrieved from http://news.marriott.com/2015/11/marriott-international-to-acquire-starwood-hotels-resorts-worldwide-creating-the-worlds-largest-hote.html

Massoudi, A. & Fontanella-Khan, J. (2016). China's Anbang agrees $6.5bn hotel deal with Blackstone. Retrieved from http://search.ft.com/search?queryText=China%E2%80%99s+Anbang+agrees+%246.5bn+hotel+deal+with+Blackstone

Porter, M. E. (1985). Competitive Advantage. New York: Free Press.

Ravenscraft, D. J., & Scherer, F. M. (1987). Life after takeover. The Journal of Industrial Economics, 147-156.

Rosenfeld, E. (2016). Anbang walking away from $14B Starwood deal. Retrieved from http://www.cnbc.com/2016/03/31/anbang-walking-away-from-starwood-deal-dj-citing-sources.html

Sickel, J. (2016). An ongoing timeline of Starwood's sale. Retrieved from http://www.businesstravelnews.com/Lodging/An-Ongoing-Timeline-of-Starwoods-Sale

Ting, D. (2016). What Starwood's CEO is telling employees about Anbang walking away. Retrieved from http://skift.com/2016/04/01/what-starwoods-ceo-is-telling-employees-about-anbang-walking-away/

Ting, D. (2016). Bill Marriott says "We were done" if Anbang had made another Starwood bid. Retrieved from https://skift.com/2016/04/06/bill-marriott-says-we-were-done-if-anbang-had-made-another-starwood-bid/

Trautwein, F. (1990). Merger motives and merger prescriptions. Strategic Management Journal, 11(4): 283-295.

Trejos, N. (2016). Marriott, Starwood shareholders approve merger. Retrieved from http://www.usatoday.com/story/travel/roadwarriorvoices/2016/04/08/marriott-starwood-shareholders-vote-merger-friday/82781456/

Wei, L. & Karmin, C. (2016). Chinese firms vie to buy Starwood Hotels: Deal could be the largest-ever Chinese takeover of a U.S. company. Retrieved from http://www.wsj.com/articles/chinese-firms-vie-to-buy-starwood-hotels-1445968609

Wu, K. (2016). China's Anbang to buy Allianz's Korean operations after dropping Starwood bid. Retrieved from http://www.wsj.com/articles/chinas-anbang-to-buy-allianzs-korean-operations-days-after-dropping-starwood-bid-1459928432

Yu, R. (2016). Anbang abandons pursuit of Starwood. Retrieved from http://www.usatoday.com/story/money/2016/03/31/anbang-plans-abandon-pursuit-starwood/82483946/

Appendix A

Starwood Financial Information

Figure 1. Starwood stock prices and dividend payout between January of 2011 and October of 2015 (Source: Google Finance).

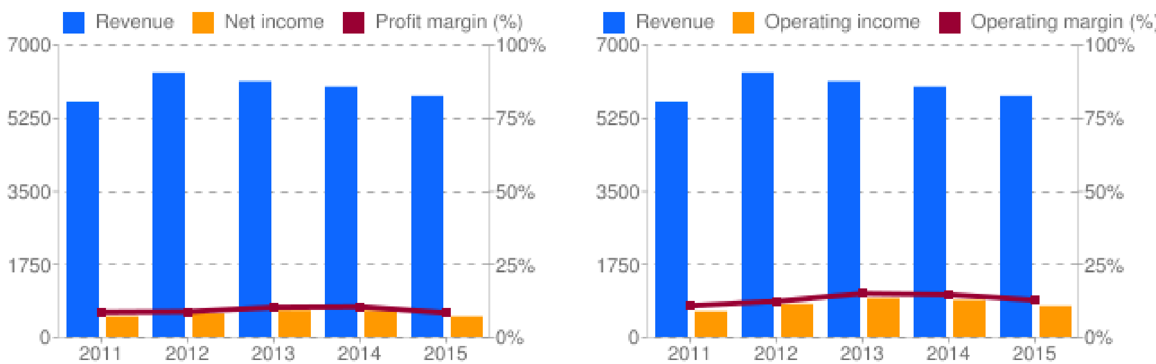


Figure 2. Starwood Income statement summaries between 2011 and 2015 (Revenue, Net income, and Operating income are in Millions of USD. Source: Google Finance).

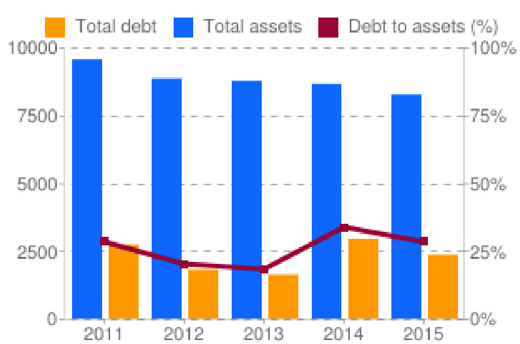


Figure 3. Starwood Capital Structure between 2011 and 2015 (Total debt and total assets are in Millions of USD. Source: Google Finance).

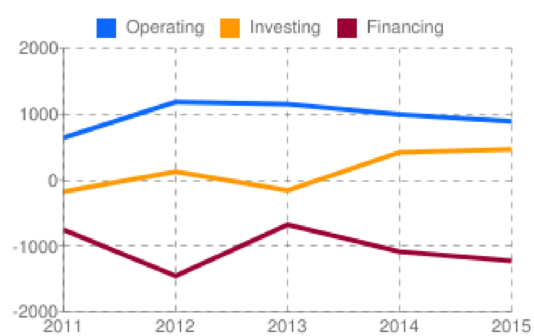


Figure 4. Starwood Statement of Cash Flow Summaries between 2011 and 2015 (in Millions of USD. Source: Google Finance).

Appendix B

Marriott Financial Information

Figure 5. Marriott stock prices and dividend payout between January of 2011 and October of 2015 (Source: Google Finance).

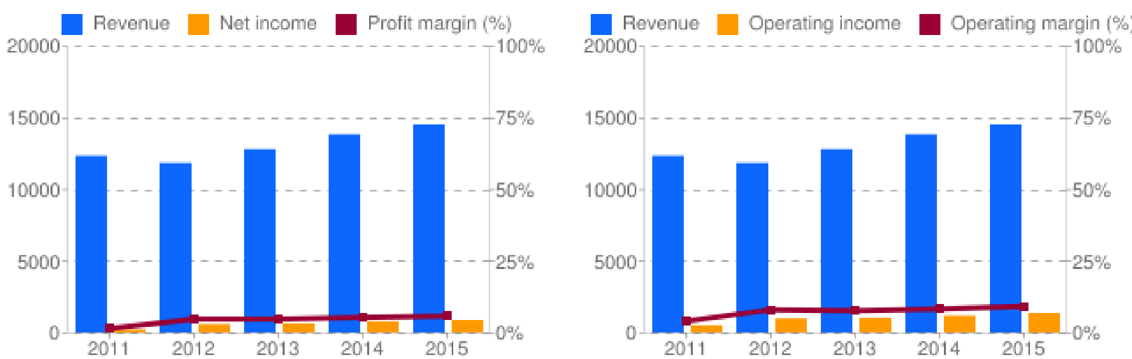


Figure 6. Marriott Income statement summaries between 2011 and 2015 (Revenue, Net income, and Operating income are in Millions of USD. Source: Google Finance).

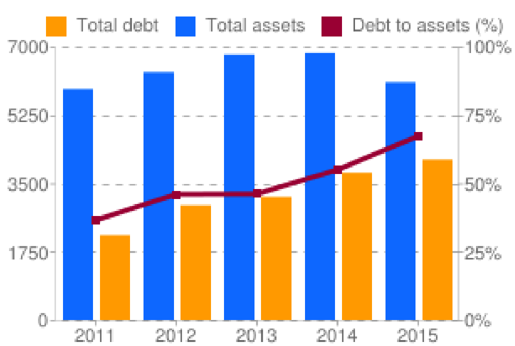


Figure 7. Marriott Capital Structure between 2011 and 2015 (Total debt and Total assets are in Millions of USD. Source: Google Finance)

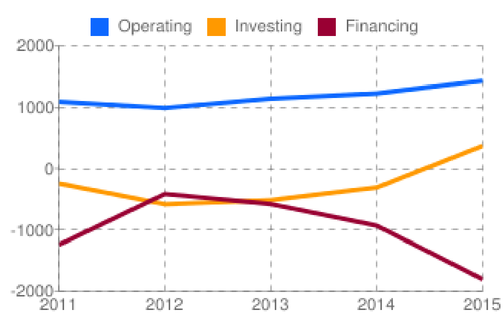


Figure 8. Marriott Statement of Cash Flow Summaries between 2011 and 2015 (in Millions of USD. Source: Google Finance).

Appendix C

Stock Prices of Marriott and Starwood Comparison Before and After November 2015

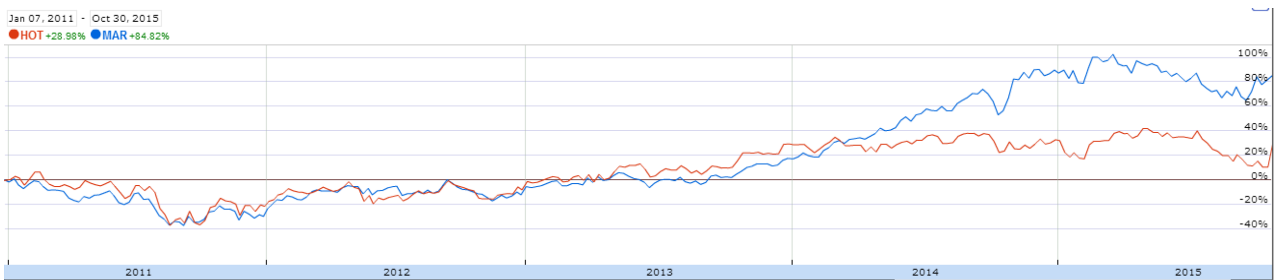


Figure 9. Marriott and Starwood stock prices between January of 2011 and October of 2015 (Source: Google Finance).

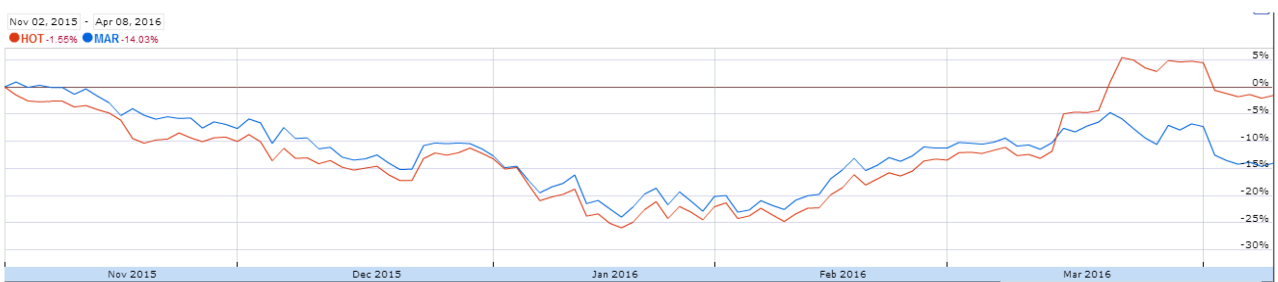


Figure 10. Stock prices of Marriott and Starwood between November of 2015 and April of 2016 (Source: Google Finance).