Operator: Welcome to the Marriott International second quarter 2016 earnings conference call. Today’s call is being recorded. At this time for opening remarks and introductions, I would like to turn the call over to the president and chief executive officer, Mr. Arne Sorenson. Please go ahead.

Arne Sorenson: Good morning, everyone. Welcome to our second quarter 2016 earnings conference call. Joining me today are Leeny Oberg, executive vice president and chief financial officer, Laura Paugh, senior vice president, investor relations and Betsy Dahm, senior director, investor relations.

Before we get started, let me remind everyone that many of our comments today are not historical facts and are considered forward-looking statements under federal securities laws. These statements are subject to numerous risks and uncertainties, as described in our SEC filings, which could cause future results to differ materially from those expressed in or implied by our comments. Forward-looking statements in the press release that we issued last night, along with our comments today, are effective only today, July 28, 2016, and will not be updated as actual events unfold. You can find a reconciliation of non-GAAP financial measures referred to in our remarks on our web site at www.Marriott.com/investor.

The big news this year for Marriott is the Starwood acquisition. As you know, we have received all of the necessary regulatory clearances throughout the world, with the exception of China. We are in the second phase of China review and have been working cooperatively with the regulatory authorities. Phase 2 review ends on August 9th. We remain optimistic that we will receive clearance from China and will complete the transaction in the coming weeks.

Before we move to specifics, let me make three observations about our results in the quarter.

First, you will not be surprised that U.S. economic growth has been slower than we anticipated when the year began. In fact, over the last three quarters, room sales of our nearly 300 largest corporate customers have gradually weakened... from 4 percent growth year-over-year in the fourth quarter, to 2 percent in the first quarter, and less than 1 percent in the second quarter. Fortunately, group business remains strong and discounted leisure business has picked up the slack. With half of the year complete, our second half North America RevPAR guidance assumes economic growth remains on the same slow pace that we’ve seen year to date.

Second, with a stronger dollar, we are seeing fewer international guests coming to our U.S. hotels, with the impact most pronounced in a few key gateway markets. We estimate the number of
roomnights occupied by international guests at comparable hotels in New York and Miami declined by 10 to 15 percent in the second quarter. For the U.S. as a whole, the number of roomnights from international guests in our hotels declined by roughly 3 percent.

Third, specific regional issues have had a meaningful impact on RevPAR growth... terrorism in Brussels, Paris, and Istanbul; Zika in the Caribbean and Latin America; oil prices in Houston; and oil prices and unrest in the Middle East; to name a few.

Combining the headwinds from the economy, foreign exchange, and regional issues, Marriott’s worldwide systemwide comparable hotel RevPAR increased 2.9 percent in the second quarter, just below our guidance. We were pleased with this performance because, despite the environment, RevPAR index data shows that we are taking share. Our already high systemwide worldwide RevPAR index increased 90 basis points year-to-date, as we extended our lead over our competitive set.

We are also increasing our share of new development. Driven by the strength of our brands, we are already the largest hotel company in the world. Our global system totaled nearly 780,000 rooms at the end of the second quarter and our worldwide pipeline increased to more than 285,000 rooms, nearly 15 percent higher than the year-ago quarter. In 2016, we expect our worldwide distribution, not including Starwood, will increase by roughly 7.5 percent gross, or 6.5 percent net. According to STR, while Marriott has 11 percent of open rooms in the U.S. today, we have been selected to manage or franchise 30 percent of the rooms currently under construction, more than any other hotel brand company.

Our large pipeline is particularly impressive given today’s financing environment. New rules requiring banks to carry higher capital reserves have constrained lending, causing lenders to be more selective on both refinancings and new hotel construction. This selectivity includes more conservative loan to value ratios, a bias toward smaller transactions and caution about concentrated exposures in individual markets. To our benefit, lenders continue to favor the strongest brands.

While our business is cyclical, our cash flow is less sensitive than you might think. We estimate that one point of RevPAR worldwide over a full year, moves our fee revenue by only about 1 percent, or $25 million. And one point of RevPAR moves the net results of our owned and leased hotels by about $3 million.

Meaningful unit growth and low-risk fee revenue yields terrific operating leverage. Our performance this quarter highlights this fact. Second quarter comparable worldwide actual dollar RevPAR increased 2.3 percent; adjusted EBITDA increased 8 percent and adjusted EPS grew 18 percent.

Our business throws off outstanding cash flow. We may make investments from time to time for particularly attractive management or franchise agreements on high-value hotels. We also buy and
build great brands and businesses. We’ve added five brands in as many years and the pending Starwood transaction will add another 11 brands.

But if we can’t find an attractive investment, we return cash to shareholders, through dividends and share repurchases. Over the past five years, we have returned nearly $7.5 billion to shareholders, repurchasing nearly 130 million shares at an average price of $49 per share. We remain committed to minimizing owned assets and maximizing returns to shareholders. Our pretax return on invested capital was 50 percent in the second quarter.

Before I turn things over to Leeny, I’d like to say I am incredibly impressed with the people at Starwood. Despite the disruption and uncertainty they’ve experienced over the last 15 months, the Starwood team has done a great job, accelerating their development pipeline, spinning off Vistana, launching new marketing initiatives and opening nearly 125 hotels, all while also taking care of the guest and managing the everyday business. Thank you.

I’d also like to say that I have never been more proud of Marriott associates. This team has done a lot of transactions over the last five years... from the spin-off of Marriott Vacations Worldwide in 2011... to the more recent acquisitions of AC Hotels, Gaylord, Protea, and Delta. With each of these transactions, Marriott associates worked hard... to first execute the transaction... and then capture the strategic value of the deal... all while growing and managing our existing business.

The Starwood transaction should be completed in the coming weeks bringing these terrific teams together. Both the Marriott and Starwood teams have done exhaustive planning to get ready and we are excited by our prospects. While we will see a lot of progress in the near term, we expect that full integration will be a 2-year project.

We are bullish about the power of the combined company. Starwood is known for its very strong brands, marketing know-how, and outstanding frequent traveler program. Marriott has a proven track record in creating and growing leading brands, improving underperforming brands, and expanding distribution.

The combination of Marriott and Starwood should bring even more, including cost savings in G&A and hotel operations... and revenue opportunities. We expect to accelerate the growth of Starwood’s great brands. And the ultimate combination of our Rewards programs and Starwood Preferred Guest will create the most compelling frequent traveler program in the industry, by far.

Now I’d like to turn things over to Leeny to talk more about our second quarter results. Leeny?

**Leeny Oberg:** Thanks, Arne.

In the second quarter, we reported diluted earnings per share of $0.96, a 10 percent increase from the prior year. Adjusted for the Starwood transaction expenses, diluted earnings per share totaled $1.03, an 18 percent increase from the prior year.
Adjusted EPS was about 4 to 5 cents ahead of the midpoint of our guidance. Our fees were about 2 to 3 cents below those expectations due to weaker than expected RevPAR and lower than expected franchise relicensing fees. Our owned, leased and other line was about a penny shy of our expectations due to slightly lower than expected branding fees. G&A came in about a penny favorable to expectations. The joint venture line was 1 to 2 cents better than expected largely due to strong hotel performance. Finally, our tax rate generated 5 to 6 cents of better than expected EPS due to some favorable discrete tax items.

Worldwide constant dollar systemwide RevPAR rose roughly 3 percent. For our company-managed hotels, worldwide house profit margins increased 60 basis points. In North America, company-managed RevPAR rose 3.6 percent and house profit margins rose 100 basis points. House profit margins benefitted from productivity gains and lower energy costs.

On a systemwide basis, North America systemwide RevPAR rose 3.2 percent in the quarter with particular strength in Los Angeles, New Orleans and Atlanta. Transient RevPAR rose 2 percent in the quarter as we maintained occupancy by opening discount channels. Group RevPAR rose 7 percent and catering sales increased more than 5 percent in the quarter. Overall group cancellation rates remained at normal levels and attendance at group meetings met our expectations.

Group business continues to look solid for the second half of 2016 with systemwide North America group revenue pace up 5 percent, although the timing of holidays will influence quarterly comparisons. Third quarter systemwide group revenue pace in North America is up 9 percent while fourth quarter pace is flat year-over-year. Encouragingly, 2017 group pace is up 7 percent.

Outside North America, second quarter systemwide comparable RevPAR rose 2 percent on a constant dollar basis, or declined 1 percent using local currencies. In Europe, constant dollar systemwide RevPAR increased 3 percent. Germany’s RevPAR rose 9 percent with strong group business. RevPAR in Spain rose at a double-digit rate benefiting from a stronger economy and large numbers of guests that would have visited hotels in the Middle East in the past. RevPAR in France, Belgium, and Turkey remained very weak.

Systemwide RevPAR in the Asia Pacific region increased nearly 6 percent. South Korea’s RevPAR increased dramatically on easy comparisons to last year’s MERS outbreak. RevPAR in Greater China rose 3 percent with very strong results in Shanghai and Beijing, and modest growth in Hong Kong. Economic growth increased RevPAR in India by 10 percent in the quarter.

We saw occupancy declines in the Caribbean and Latin America, largely due to weak economic conditions and the impact of the Zika virus. Occupancy rates were also lower in the Middle East & Africa region due to the earlier start of Ramadan, oversupply in Dubai, ongoing political unrest in many countries and the lower price of oil.

Total fee revenue in the second quarter increased 4 percent with incentive fees up 16 percent. Base fees declined 3 percent due to a tough comparison to deferred fees recognized in the year-
ago quarter and unfavorable fx rates. Franchise fees increased 6 percent despite $3 million in lower relicensing fees, reflecting fewer asset sales among our franchise community. Total incentive fees increased 16 percent with North American hotels’ incentive fees up 22 percent.

Worldwide, 64 percent of our managed hotels paid incentive fees in the quarter compared to 59 percent in the year-ago quarter. In North America alone, 62 percent of managed hotels paid incentive fees compared to 55 percent in the year-ago quarter.

Owned, leased and other revenues, net of direct expenses, increased 20 percent in the quarter, reflecting renovations of the Tokyo Ritz-Carlton and the Renaissance Jaragua, somewhat offset by the sale of our St. Thomas Ritz-Carlton last year. In addition, results reflect an easy comparison to last year’s pre-opening cost for the New York EDITION hotel. Branding fees increased 14 percent with higher cardholder sales from our co-branded credit cards and higher sales of Ritz-Carlton Residences.

Reported general and administrative costs increased 11 percent; or 1 percent when adjusted for the $14 million of Starwood-related transition and transaction costs in the second quarter.

Reported operating margins totaled 10 percent for both the 2016 and 2015 quarters. Adjusting for cost reimbursements and Starwood transition and transaction costs, operating margins reached 53 percent in 2016 compared to 50 percent in the prior year in the second quarter.

Interest expense increased to $57 million in the second quarter. Excluding the $11 million cost of a bridge facility commitment, adjusted interest expense totaled $46 million. In preparation for the upcoming transaction, we raised $1.5 billion in senior unsecured debt during the second quarter. The 5 ½ and 10 year notes were priced at the lowest interest cost for comparable maturities in the company’s history. These offerings increased our long-term debt to $4.1 billion, paid off our outstanding commercial paper balances and increased our cash and cash equivalents to nearly $700 million.

Second quarter adjusted EBITDA increased 8 percent over the prior year and adjusted EBITDA margins totaled 65 percent.

Making an EPS projection for 2016 is difficult. To assist the modelers, however, we have provided some P&L guidance for Marriott’s legacy business for the next two quarters.

For the third quarter, we expect worldwide systemwide constant dollar RevPAR will increase 3 to 4 percent, benefiting from the favorable holiday pattern and strong group bookings, including the Olympics in Brazil. Total fee revenue for the Marriott standalone business could total $495 to $500 million, 6 to 8 percent growth over the 2015 third quarter and adjusted EBITDA is expected to total $476 to $481 million, a 10 to 12 percent growth over the prior year.

For the fourth quarter, we expect worldwide systemwide constant dollar RevPAR will moderate to a 2 to 3 percent increase, reflecting tougher holiday comparisons in North America. Total fee
Revenue for the Marriott standalone business could total $485 to $490 million, a 7 to 8 percent growth over the 2015 fourth quarter. Adjusted EBITDA for the fourth quarter is expected to total $461 to $471 million, a 15 to 17 percent increase over the prior year.

We expect worldwide systemwide RevPAR will increase roughly 3 percent for the full year 2016. Given our expected 6.5 percent worldwide net unit growth and modest increases in G&A, we anticipate that our legacy business will generate roughly $1.9 billion of adjusted EBITDA for the full year, 10 percent more than in 2015. We expect incentive fees to grow at a mid-teens rate.

Compared to our full year 2016 adjusted EBITDA forecast from last quarter, our current adjusted EBITDA outlook is $36 million lower at the midpoint. With more modest RevPAR growth, some construction delays pushing hotel openings into early 2017 and fewer asset sales among our franchise community, we have reduced our fee outlook by $40 million, including $10 million in lower franchise relicensing fees. Elsewhere on the P&L, we reduced our owned/leased and other, net, forecast a bit due to some fine-tuning of our branding fee estimate, while our new forecast for G&A is about $10 million better than our prior forecast.

For the Marriott legacy business, 2016 investment spending could total $450 to $550 million, including about $100 million in maintenance spending. Excluding Starwood, we anticipate recycling $200 to $250 million through asset sales and loan repayments during 2016.

Given that transition and transaction costs are uncertain at this point, we aren’t including these costs in our 2016 guidance, but expect to break out such expenses as actual results are reported, as we did this quarter.

Like you, we rely on Starwood’s publicly disclosed forecast of their RevPAR growth, unit growth, and adjusted EBITDA for their business. When the transaction closes, we expect to assume Starwood’s outstanding debt, issue roughly 136 million Marriott shares and increase net debt by roughly $3.5 billion for the cash component of the deal. Given we and Starwood are still two separate companies, we can’t comment on the pace of Starwood’s asset sales in 2016. But with the completion of the transaction, you can be sure we will focus very quickly on getting back to our targeted leverage levels as quickly as possible.

With regard to future G&A spending, we expect to have our new organization largely in place by year end 2016, although some transition costs will carry over into 2017, and even a bit into 2018 as we integrate our systems and technology platforms. We continue to believe we will achieve $250 million in steady state annual G&A savings.

Once the transaction is complete, we will work to prepare 2015 and 2016 pro-forma adjusted quarterly income statements to reflect the combination. These statements should be ready sometime this fall.

We believe the transaction will close in the coming weeks. And one more housekeeping matter for you. Our typical schedule for declaring a third quarter dividend is immediately following our
August board meeting, scheduled this year for next week, August 4th. While we plan to pay a dividend in the third quarter, the announcement of third quarter record and payment dates may be delayed a bit until there is greater clarity around the actual transaction closing date.

We appreciate your patience as we work through these issues and particularly appreciate your interest in Marriott. So that we can speak to as many of you as possible, we ask that you limit yourself to one question and one follow-up. We’ll take questions now.

Question and Answer Session

Harry Curtis - Nomura Securities: Good morning, everyone. Arne, your comments about the sequential trend in the economy were reasonably downbeat yet your level of confidence seems to be pretty strong relative to the second half and your forward bookings in group for next year are fairly decent. What gives you the confidence that it actually won't get worse from here because history does tell us that it has got a reasonable shot at getting worse.

Arne Sorenson: Good morning, Harry. Obviously the strength of the economy is the biggest question I think in terms of forecasting how we are likely to perform in the coming quarters. And to some extent is the place maybe a good beat us up a little bit over the second quarter. I think as we guided a quarter ago, we had an overly rosy view about the strength of GDP, in the United States particularly, and as a consequence we continued to stick with our 3 percent to 5 percent RevPAR growth for the full year that we had provided at the beginning of the year.

I think today we have obviously experienced actual second-quarter number which came in essentially right at the low end of our guidance in the United States and a little bit below globally when you factor in some of what is happening around the world. And that I think is fundamentally a reflection of lower GDP growth in the United States than what we anticipated. But it is still positive GDP growth.

I think to some extent the question you and we could ask of ourselves is are we more solid, more confident in the kind of guidance we are giving today than what we gave a quarter ago? And I think the best answer to that is that we now are making forecasts based on essentially the current pace of GDP growth in the United States which is weak not on a more rosy scenario.

Is it possible the U.S. economy performs worse than that? Of course it is, but when you look at the range of economic data that comes out, including recent employment reports and consumer confidence reports and corporate profits and some of those sorts of things, it looks to us like it is a reasonably good bet that the economy will continue to grow, albeit grow maybe somewhat anemically.

And there does not appear to be data out there which would suggest that it is getting meaningfully weaker from a GDP perspective but that is the question to continue to keep your eye on.
Harry Curtis - Nomura Securities: Thank you. My follow-up question is how quickly do you think you can get to your target leverage ratio? The reason I ask that is at that point you will be generating some substantial free cash flow. And if you could give us your thoughts on possibly taking the dividend up which investors seem to be paying more or attaching more value to these days.

Leeny Oberg: Thanks, Harry. As I said in my comments, we will obviously as soon as we get going with this transaction and close, we will be working on driving that leverage ratio down to our targeted levels of 3 to 3.25 as quickly as possible.

I think you know us well and I think I would fully expect that we would be engaging in share repurchase and enjoying the flexibility that that provides us as we kind of move forward. We always will continue to look at dividends but for the moment, we are comfortable with our roughly 30 percent payout ratio and would expect that once we get the target leverage ratios down to the levels that we like that we would begin being back in the market for share repurchase.

Harry Curtis - Nomura Securities: Very good, thank you.

Robin Farley - UBS: Great, thanks. I am curious about the decline in the gross room additions for 2016, it was down about 50 basis points, but I guess just given that we are halfway through the year, it seems like a lot of those projects would have been just sort of months from opening so I'm just wondering how that supply could come down so close to when those additions were expected to hit?

Arne Sorenson: I think it is a good question, Robin, and good morning. As we put out in the press release and the prepared remarks, we have seen really some construction pace expand, and I think about Europe and North America as being primary examples of that, and that is about construction workers and supply and to some extent maybe a little bit about how essential it is to get open instantly. And I think in some respects, that in a somewhat weaker market, somewhat more anxious market that allowing the construction to take a little longer is a rational thing that some of our partners are doing. And as a consequence, we see that the construction pace has expanded just a little bit.

We are not seeing cancellations of projects however and I think generally what we are talking about is projects that formerly we would have expected to open probably in the fourth quarter of the year, opening sometime in 2017.

We have looked really hard at the incoming deals in our development pipeline and I think we have been pleasantly surprised to see that new signings in most regions of the world are comparable if not up a little bit compared to the gangbuster year we had in 2015 including new deals signed in North America. And so we feel that actually it shows continued strong interest in growing with our brands and is not really a fundamental change but is a bit of fine tuning on whether we will open before or after New Year's Eve.
Robin Farley - UBS: Thank you. Then just as a follow-up, I am just curious that your guidance for the full year being now at kind of a single point at that plus 3 percent. Typically you give a range maybe earlier in the year of that sort of 200 basis point spread but even closing in on the year maybe 100 basis point spread. I guess just given the increased uncertainty and visibility, I am just curious why go with a more narrow range when maybe your visibility would theoretically be a little bit worse?

Arne Sorenson: That is a good question. We have of course talked about that and often we start the year with a 2 point range and I think fairly if you look back over the number of years we have been doing this, we probably keep a 2 point range longer than we should as the year progresses.

We thought about a 2 point range here. The fact of the matter is to have a 2 point range at this stage of the year implies on the low end a much, much worse potential performance than we think is even potential. And on the high end in many respects requires us to envision a performance that is more optimistic than we think is really probable.

And so as we went through this and you can see obviously we give a full point range in our guidance for Q3 and then again for Q4, to some extent you can do the math and see how that impacts it. In a sense you could say that our roughly 3 is kind of like a 2.5 to 3.5 which would be the more normal range to look at. But we think we should be fairly close to 3 as the year comes in based on group and our present expectations about GDP growth.

Robin Farley - UBS: Okay, great. Thank you.

Joseph Greff - JPMorgan: Good morning, guys. Just a question on the timing of, or how you are thinking about the timing of accelerating your capital return. I think a quarter ago you mentioned that maybe share buybacks can resume at some point in the fourth quarter. Are you still thinking along the same lines? And then just in terms of the capital return and accelerating that, how contingent is that on Starwood owned hotel asset dispositions?

Leeny Oberg: Great, thanks, Joe. So obviously we would have loved to have been closed by now in terms of having this call. And as you move through the year, the later and later to close you get the harder it is to know exactly where we will be three months from now or four months from now, given we haven't closed yet. I am not going to pretend to know all of the details about exactly where every transaction is on the asset sales side with Starwood and so we will need to get in there as soon as the asset -- as soon as the deal closes and evaluate exactly where it is.

I think we do continue to feel very comfortable that as quickly as we can, we will be back in the market and whether that frankly happens to be towards the end of the Q4 or the beginning of Q1 does depend to some extent on exactly which deals close in the fourth quarter and first quarter. But I think give or take a few months, I think we see it exactly the same place we did before. It is just again, we don't have specific visibility on exact timing of the closing of asset sales. And to get from where as we said before, we would expect to be somewhere in the ballpark of 3.6 and then
want to get down to 3 to 3.25 and if we don't close until sometime in August to get there by the end of Q4 definitely depends on some asset sales. So we will be updating you as quickly as we can.

**Joseph Greff - JPMorgan:** Great. Thank you. Then just a follow-up on a question regarding some of the delays in these project openings. Arne, would you characterize those delays as being driven more by economic uncertainty or you talked about workers and things like that? Can you sort of help understand or amplify that please?

**Arne Sorenson:** Remember this is the collective impact of decisions that are being made by our partners in many respects, not by us. But I would say that it is probably in the U.S. more about construction pace and the level of construction that is going on around the country. I think in some markets like the Middle East and Africa, it is probably a little bit more about a sense that the market essentially you don't need to rush to get it done. But they continue to move forward with it. I really don’t think it is a significant or cataclysmic change.

**Joseph Greff - JPMorgan:** Good enough. Thank you.

**Felicia Hendrix - Barclays Capital:** Thanks. I will start with a bit of a housekeeping question. Just you had mentioned that you were expecting the phase 2 of the review in China to be complete by August 9. Is that it or is there another phase?

**Arne Sorenson:** The Chinese government does have the ability to take deals into a phase 3 and obviously we can’t speak for the Chinese government and have due regard for the fact that they've got to run their process in a way that meets with their needs.

Having said that, we obviously are in communication with the staff over there. We have provided very, very significant amounts of information over the course of the last six or eight months, something like that. And believe that the information that they need they have in hand and based on what we hear, we are optimistic again that we should be done in the next few weeks.

**Felicia Hendrix - Barclays Capital:** That is helpful, thank you. Getting to larger picture questions, I was just wondering, Arne, you talked about and you clarified in some earlier comments about how you have revised your view of how you are using GDP to generate your guidance going forward and that was helpful. So kind of in light of that as you look toward the second half of the year and given what is going on in business transient demand and just in the corporate world, I was just wondering what level of business transient demand you are factoring into the guidance for the second half?

**Arne Sorenson:** Yes, I'm not sure if I can answer that off the top of my head. I think the kind of pace we saw in the second quarter is more or less what we would expect to take place over the balance of the year with one significant clarification. And that is in part because of calendar timing and in part simply because of the rhythms of group business. Group is meaningfully stronger in Q3 than in Q4. Plus 10-ish in Q3 and a flattish in Q4. Obviously that puts us around plus 5 for the second half of the year as a whole.
So I would expect that we will see group be -- when you combine those two quarters, a more powerful driver of RevPAR growth than transient business. Transient of course includes both corporate travel mostly during the week and leisure travel mostly during the weekend. We would continue to expect that leisure travel is going to be stronger than business travel and that business travel will be kind of flattish, maybe up a point or two depending on the way things go.

I think if you wanted to be optimistic you might say that we are bearing some of the consequences of the incredibly pessimistic mood that corporate America had as 2016 began. Think about our perspectives in the first quarter and that is maybe a little bit of a lingering impact. And if there is, because of the economic data that is coming out, or corporate profits or other things a little bit less anxiety going forward, maybe we could see that improve a little bit. But again, we are essentially forecasting a kind of steady-state, weak corporate transient demand. Not falling off a cliff in any respect but just sort of continuing to bump along.

**Felicia Hendrix - Barclays Capital:** And then just to kind of understand on the leisure side what we are looking at for the second half, I was just wondering how leisure transient grew in the first half and also how that compared to last year?

**Arne Sorenson:** Leisure transient. So let's see here, we've got a whole bunch of quarters in front of us. Let me make sure we are getting this right. We are probably -- leisure transient year to date in the 4-ish range, something like 4 percent growth year-over-year. When you look at -- so I guess that gives you a comparison to last year as well.

**Felicia Hendrix - Barclays Capital:** What about for all of last year? How did that grow?

**Arne Sorenson:** You mean last year compared to 2014?

**Felicia Hendrix - Barclays Capital:** No, I just mean how did leisure transient grow -- yes, what was the leisure transient growth last year?

**Laura Paugh:** We’ll have to get that for you...

**Arne Sorenson:** We should make sure we get that for you accurately.

**Laura Paugh:** Give me a call back and we will see if we can pull that together.

**Arne Sorenson:** I think 4 percent is the number you can be fairly clear about now year to date first half of the year about 4 percent leisure growth.

**Felicia Hendrix - Barclays Capital:** Okay, that is helpful. Just one last quickie, some of the companies that have reported so far have said that they are looking for -- or they are seeing weaker short-term group bookings. You gave us a lot of data on your group business and the pace and stuff and that is helpful. Just wondering if you have seen any difference between kind of small group versus large groups, are you seeing any kind of difference in demand?
Arne Sorenson: Yes, we do. Interestingly from month to month sometimes by size the data moves around so we have seen bigger groups probably strongest but it does vary a little bit month to month.

I think there is a piece of this though which is about availability. We have got, we are really quite pleased to see occupancy continue to grow in Q2 delivering roughly half of our RevPAR growth. Our hotels are quite busy and we have clearly seen the booking window expand which is certainly one of the factors that would be impacting the in the year for the year group bookings.

Felicia Hendrix - Barclays Capital: Okay, thank you. Very helpful.

Shaun Kelley - BofA Merrill Lynch: Good morning. Arne, I was just looking back through the very opening comments you talked about some of the commentary and the trends from some of your largest corporate customers. Was curious as you see that trend unfolding, are there any greenshoots that you guys are getting maybe anecdotally from any of those conversations as we start to lap some of the things that, oil and gas, and some of the other things that maybe bringing down the broader corporate sector? Anything people are talking about that probably isn't factoring into GDP yet but that give you signs of encouragement?

Arne Sorenson: No. Still I think you look at the economic data, corporate profits and GDP growth will be the best indication to you of where that should go.

Greenshoots, I don't know. I guess I sort of hesitate to use that phrase anywhere. Not surprisingly though when you look underneath the averages, you will see relatively greater strength in the tech world than you will see -- to pick the other extreme -- in the oil patch. And Houston I think was down 10 percent if I remember right RevPAR in Q2 which is the epicenter of the oil patch in the United States obviously. And I think that is driven by that aspect of our economy.

The comparisons will get easier for oil certainly as the year goes along. I am not sure that that means any of them will view business as being robust though in a way that causes them to get back to the level of activity that they might have had two years ago, something like that.

It does maybe mean that it shouldn't continue, it shouldn't decline from here I suppose, that might be an optimistic way of thinking about it. But again, I think looking at corporate profits, GDP growth. Those are going to be the best things that drive the averages as a whole.

Shaun Kelley - BofA Merrill Lynch: That is helpful. This one may be a little bit specific but just thinking about the sequential pattern as things unfold with all the shifts in the third quarter, could you give us a directional sense of do you expect RevPAR to improve as we move throughout the third quarter or the opposite, just sort of what you are -- anticipation of how 3Q shapes up on a monthly perspective?

Arne Sorenson: I think we believe August and September will be stronger than July.
Shaun Kelley - BofA Merrill Lynch: Great. Thank you very much.

Ryan Meliker - Canaccord Genuity: Just I was hoping you guys could give us a little color on how things are progressing with your member pricing initiative. I know it wasn't in your prepared remarks but are you gaining any traction in terms of stealing customers away from the OTAs, growing your loyalty program platform? And then also any impact in the short term that is having on your RevPAR growth outlook over the back half of the year by offering the discounts?

Arne Sorenson: All good questions. Thank you. We are, I know one of our principal competitors talked about this yesterday in their call. They were a couple of months, maybe three months ahead of us particularly in the marketing of their programs but their data has got a few months' head start for us. But I think what we are seeing in our Marriott Rewards Member Only rates is very encouraging. We continue to see strong year-over-year growth in Marriott Rewards sign-ups. We see that the occupancy contribution from the rewards program is in the high 50s percent of contribution to the hotels. We see strong growth in apps download and Marriott.com business and mobile bookings and all of those things so we are encouraged by that.

It has had a modest impact we think on RevPAR in Q2, probably in the 30 to 40 basis point range on reported RevPAR. Which in a sense you could look at it and say that is a negative impact of it but this is a long-term question for us and really what we want to make sure we are doing is communicating clearly to our Marriott Rewards members that they will have value because we know them and because they have loyalty to us. And make it crystal clear, sometimes contrary to the advertising or perception that is out there in the market but make it crystal clear that the rates through our channels are at least as good if not better than the rates that are available anywhere else.

And obviously if that drives a meaningful share shift towards our channels, that is a good thing and that is the bet we are making and we think it is a good bet.

Ryan Meliker - Canaccord Genuity: That is helpful. I understand the long-term benefits of this and I would never question that. I'm just trying to understand kind of what is built into your guidance. You mentioned 30 to 40 basis points of RevPAR headwind in the second quarter. Are you building that type of RevPAR headwind into the back half of the year as well as this program continues to ramp? Maybe a little bit more as the program continues to ramp? How are you thinking about that?

Arne Sorenson: I wouldn't think it is going to get any worse but it is reflected in our guidance.

Ryan Meliker - Canaccord Genuity: That is helpful. Thanks.

Thomas Allen - Morgan Stanley: Good morning. So you cut your G&A guidance for the year, I mean you have been very good in the past about streamlining costs. I guess two questions. One would be at what level of RevPAR do you think you would need to make more drastic cuts? And
then two, how much kind of I guess dry powder, how much more do you think you can cut there? Thanks.

**Leeny Oberg:** So let's take both of those. First of all just in general you are seeing good solid cost controls. You're watching the Company do what it should do in a modest growth environment which is being very careful to look at adding positions, and the reality is as we prepare for Starwood I think we definitely have been keeping a very close eye knowing that we are going to be able to have great efficiencies by joining up with Starwood. And so really not just kind of adding necessarily before the merger where we have an opportunity to do it afterwards and do it in combination with the reorganization of how we want to run the Company on a combined basis.

So I think overall these are good solid, the $10 million that you have seen is what I would call a permanent sort of solid reduction in G&A relative to cost controls. And I don't think we are imagining that there is with the current standalone Marriott business that we would be imagining that we are looking at an environment of needing to do a wholesale reorganization.

We do continue to think that there are fantastic synergies related to the combination which as you have heard where we are still confident that the $250 million of steady-state savings in the combined Company is achievable.

**Thomas Allen - Morgan Stanley:** Helpful, thank you. Then just as my follow-up, you mentioned earlier that you hadn't seen any pickup in cancellation rates on the group business. Wondering if what you are seeing on the transient side, what level of cancellation rates do you typically see and how has that been trending? Thank you.

**Arne Sorenson:** I am not sure I can answer the first part of that question but the second part, they are about the same. We did make a change a year and a half ago on our cancellation window so typical business would be until roughly the first of 2015 -- Laura can double check the calendar on this whether I am remembering it right -- but I think roughly the first of 2015 we began to require cancellation 24 hours before stay. In other words, the day before the check-in date. Prior to that time, you could cancel up till 6 PM on the day of stay and that has obviously reduced cancellations in that last 24-hour period. But when you look after that time and look at cancellations a day before two, three days before, we are not really seeing a material change from what we have experienced previously.

**Laura Paugh:** That occurred in February 2015.

**Arne Sorenson:** February 2015.

**Thomas Allen - Morgan Stanley:** Helpful, thank you.

**Jeff Donnelly - Wells Fargo Securities:** Good morning, guys. Actually on that topic, Arne, is it your experience that those trends that you see positive or negative in group cancellation attrition or in
the year pace are a canary in the coal mine, that I would call it, accurately foreshadows future
trends or do you find it is somewhat of an unreliable indicator given your experience?

Arne Sorenson: It’s a good question. Certainly in the group space if you have got shrinkage that is
occurring sort of real-time so that groups are showing up with meaningfully lower numbers than
what they anticipated before, that could be a warning that group participants or that the company
sponsoring groups are less bullish about things than they were when the reservation group booking
was first made.

But again, we haven't really seen movement in that so there is not data there that would tell us to
beware because of that. In fact you can tell from our comments about group, group is one of those
things that we look at that give us some solidity in our point of view about the future, and the
group attendance has been good, and the food and beverage spending has been good, and so that
is sort of reassuring.

It is a good question around transient cancellation. Again, I don't think we have seen a shift there
but I can't tell you whether in prior cycles that would be a canary in the coal mine. My guess is it is
not very much because corporate transient business is booked so short before the stay that
actually it doesn't show up so much in cancellation, but probably just shows up in the booking
itself.

Jeff Donnelly - Wells Fargo Securities: Maybe as a follow-up and perhaps this is for Leeny around
integration, I recognize you've probably got a plan for all aspects of the Marriott Starwood
integration, but where in your mind do you think you are going to face some of the highest hurdles
in the integration? Is it technology, is it branding and marketing, is it guest loyalty?

Maybe as a follow-up just so we can have our expectation set, one to two years from now should
we expect that this will leave you guys with a new state-of-the-art technology system or are you
sort of more focused on just patching existing systems together?

Leeny Oberg: Very good question. So a couple of things. I would say we are still in the land where
we don't have kind of open sesame yet into all of the information. So full knowledge about exactly
how we are thinking about some of these technological platforms and merging them and what we
will choose and exactly how we will do it remains to be seen. I think we continue to believe this is a
two-year process, that this integration of these two companies when you think about it kind of
what we have got to do, get in there, look at it and then figure out from a transition standpoint,
that it is a two-year integration, is definitely something that you should expect.

In terms of loyalty, we’ve got a host of issues. In addition to both the technological issues around
platforms and reservations, etc., we've also got some other things like credit cards and timeshare
businesses where we need to work with our partners to get where we all want to go in terms of the
relationship with the customer. And that one is a little bit harder to pick exactly a time. I think we
have said before that we are hopeful by 2018 to have merged the loyalty program.
So I think the two-year sort of estimate is for right now as good as we can give you.

**Jeff Donnelly - Wells Fargo Securities:** Great. Thanks.

**David Katz - Telsey Advisory Group:** Good morning, all. So I just wanted to ask about the post closure asset sales program, plan. How should we be -- I assume that you have a specific set of strategies around getting that done and as I listen to you talk about it in many respects it seems as though it is a foregone conclusion that they will be sold and we do have a stated set of net proceeds coming out of that.

Is there any color that you can give us around your assuredness that it is going to happen it is going to happen the way you have mapped it out and some of the sort of issues and risks around getting that done, please?

**Leeny Oberg:** Great, so you are right. We have talked about in general what we expect to do in terms of $1.5 billion to $2 billion of asset sales over the next couple of years when we do this deal. So first of all you can tell what Starwood has done so far this year. They have done a great job of moving through their asset sale program and getting some nice deals done. We, like you, basically take our cue from them in terms of hearing how they are doing on that front and from that perspective, we know that they are talking to a number of parties out there about some very good size transactions. And we look forward to as soon as the deal is closed to getting much more involved in understanding exactly where things are with the negotiations and the terms of the deals and the pace of those discussions.

I wouldn't really be able to hazard where we are in Q3, Q4, Q1 of 2017 except to know that I'm sure you have seen Marriott's track record and that is that we don't want to be a real estate owner and we will be moving as quickly as a practical to recycle that capital. But frankly I would expect that you will hear more from us at the end of Q3 when we have closed and we've got a better handle on where things are.

**David Katz - Telsey Advisory Group:** So it sounds like there is a series of processes that they have begun.

**Leeny Oberg:** Yes.

**David Katz - Telsey Advisory Group:** That you will be taking the reins on that are at some wide range of stages?

**Leeny Oberg:** You hit the nail on the head. That is exactly right.

**David Katz - Telsey Advisory Group:** Understood. Okay. Thank you very much.

**Rich Hightower - Evercore ISI:** Good morning, everyone. So I want to go back to an item in the prepared comments about the strategy in the second quarter of increasing occupancy via various
different channels as a way to generate RevPAR. So it is sort of reminiscent of the heads in beds strategy that was employed much earlier in the cycle here.

And so my question is how much more occupancy or how much more RevPAR can you drive this way given that we are basically at or near a structural peak in occupancy? And then going forward, where will RevPAR come from if that avenue is eventually more or less closed off?

**Arne Sorenson:** There is lots of business out there that we don't have in our hotels by definition obviously. We think we've got about 11 percent of the rooms in the United States and a smaller share in the rest of the world, usually dramatically smaller than that 11 percent. We tend to run meaningfully higher rates than the market as a whole and we obviously do that with a purpose. That is partly because of the way our hotels are skewed in terms of their level of luxury and level of services. And that is partly about simply our approach to pricing. So there is lots of business out there that is more rate sensitive and can be pursued by us if we think it is in our interest to pursue it.

Obviously we are also adding new units around the world and whether that is at 6.5 percent or 7 percent it is meaningful growth into our system and so we are with those new hotels making sure we can also grab new customers in order to fill them and do what we need to do and the performance there has been great.

So I think there is plenty of business for us to continue to go and grab. I think that business cannot always be grabbed at exactly the rates at the highest rated business we have in hotels but we do our best, through revenue management and mix management and the like, to drive optimal performance and I think we have done well with that. Obviously that is a topline focus sort of number. I would -- let me stress something on the bottom line too and maybe brag about it a little bit. But I think the 100 basis point improvement in margins in the managed portfolio in the United States in a 3 percent RevPAR growth environment is extraordinarily impressive and that is a bit about good management at the topline but it is also great management of the cost elements of those hotels. And both of those things I think tell you that we've got tools that we can use even in this sort of anemic GDP growth environment that we are experiencing today that can cause us to deliver -- maybe it is low-ish single-digit RevPAR growth but when you put unit growth and cost management and capital return to shareholders into the equation, you end up with this high teens or maybe even better EPS growth, 18 percent EPS growth in Q2. And that is with $20 million less in gains on asset sales because we had that in Q2 of 2015.

**Rich Hightower - Evercore ISI:** Okay, that is helpful, Arne. And then maybe as a follow-up to that also related to a prior comment, you did mention that Marriott brands are continuing to take share from others in the industry. But we are hearing a very similar story from some of the other big brands and so can you sort of describe the landscape of hotels or operators or branded, non-branded whatever, where that share is coming from at this stage?

**Arne Sorenson:** Yes, I think there are two big American lodging companies whose brands are in first demand and of course we believe our brands are in first demand and we have data to support
that. But I think there is a significant shift towards quality. I think that shift in many respects accelerates when there is more anxiety in the market and whether that anxiety is manifested by the way the equity investor approaches it or by the approach that the lender takes and we obviously talked about that a little bit in the prepared comments.

Lenders are more cautious today and that caution is also going to force them to put their [borrowers] in a position where they are going with the strongest brands that pose the least risk in a weaker environment and that is very much to our benefit.

Rich Hightower - Evercore ISI: Right. I'm sorry, let me clarify that. I did mean RevPAR index rather than the development.

Arne Sorenson: RevPAR index, okay. Yes, who are we taking it from? Well, remember the way RevPAR index is done, it is not Marriott against Company B but it is how does the Marriott Marquis in Times Square in New York compare to the four hotels or five hotels or six hotels that they have in that hotel's competitive set. And as a consequence in some markets, it is going to be for the Marriott Marquis, I don't know off the top of my head what the competitive set is but I suspect that it is a number of the big branded hotels within about a mile of that hotel.

In other markets we may have a Marriott that is competing against a limited-service hotel because that is the only other hotel in the market or some other products like that or some independent hotels. All of these get rolled up and when we talk about 90 basis points of index growth, that is a collection of taking from lots of different kinds of competitors.

Rich Hightower - Evercore ISI: That was helpful. Thank you.

Chad Beynon - Macquarie Research Equities: Thanks for taking my questions. Wanted to shift gears to Asia Pacific since you are one of the largest now and post deal close I believe you will be the largest player in the market. And you talked about some pretty positive things going on on a forward-looking basis and in the quarter. Wondering if you could elaborate a little bit more where you are seeing the strength, where the occupancy is coming from and then are we starting to see an improvement in the F&B and banquet side as we saw several years ago? Thanks.

Arne Sorenson: Asia is really a bright spot, you can look at it for our total RevPAR numbers that we reported in the quarter. We obviously called out a number of the individual markets but you look across the region and see more often than not good strong performance. Sometimes in markets like South Korea that is aided by an extraordinarily easy comparison because of the MERS crisis last year. But you look at India with its 10 percent RevPAR growth, that is driven by core economic growth in the country.

China, we talked about with Mainland China RevPAR up about 3 percent in Q2 and if anything, that understates China's performance. We did have a shift in the way we report RevPAR year-over-year which has something to do with service fees and service charges and some other fine tuning of that
which has about a 2 point impact on reported RevPAR in China in the quarter. And so if anything, China is doing even better than the numbers that we reported.

We have been pleased with China on the development side. Year to date we obviously read the same newspapers that you do and there is some anxiety there as there is in many other markets around the world but it seems that people are continuing to move forward with projects that have strength.

On the negative side, Hong Kong has been sort of a tougher market mostly because Chinese visitation has -- Mainland Chinese visitation has declined. Some of that is currency driven given that Hong Kong's dollar is essentially pegged to the U.S. dollar and so as a consequence has become more expensive as the U.S. dollar has continued to appreciate around the world. We wouldn't expect the story in Hong Kong is going to change for the better anytime real soon.

And Thailand is strong too, but I think of across the region generally we are pretty bullish about Asia Pacific.

**Chad Beynon - Macquarie Research Equities:** Thanks. My follow-up, IMF in the quarter and the half-year from a percentage basis and from a year-over-year basis, very impressive for you and really particularly against your peers particularly given the declining demands in the industry. So I'm just trying to figure out if we do see RevPAR decelerate as you have guided, are there many IMF payers that are at risk of falling away or are those portfolios or operators that are just barely paying IMFs so small in the grand scheme of your total fees from that segment? Thanks.

**Arne Sorenson:** Maybe I will have Leeny do that but before Leeny jumps in on this, let me mention Australia given that you are with Macquarie. So I apologize for not having done that. But Australia is a bright spot in the Asia Pacific too.

**Chad Beynon - Macquarie Research Equities:** Appreciate that, thank you.

**Leeny Oberg:** So on incentive fees, you will see that what we've got for the first half of the year and the back half of the year is a fairly similar growth rate. Now we are looking so far this year whatever 64 percent earning incentive fees and by the end of the year that will probably climb up a few percentage points. We’ve got a great breadth and depth now with greater international exposure across our portfolio where it is not quite the same in terms of the fall off. I think as long as we are staying in the kind of ballparks that we have talked about for RevPAR without a meaningful change, I think we are in the right spot and you’ve got a right kind of numbers. We aren't seeing that we automatically would have to kind of imagine that all of a sudden you are going to go back and reverse the ones that you have. We have got a large portfolio of limited-service hotels that added nicely to incentive fees in Q2 and their performance looks to continue to be strong.
So it is IMF performance was really nice and broad, both in North America as well as internationally, obviously impacted by some tough international markets, but overall kind of strong growth overall.

The other thing I would say on our IMFs is that as you think about where we are from a margin perspective, this performance is really top-notch in terms of the kinds of IMF growth that we are having relative to the RevPAR growth, this really great performance and we feel great about the rest of the year in that regard.

**Arne Sorenson:** Just one other comment on that. If you look at our reported numbers and pay attention to the managed page as well as the systemwide page, obviously managed hotels deliver the IMF. Managed hotels have a higher group mix than the system as a whole. We only really end up talking about RevPAR. We often don't talk about food and beverage and other contribution that comes from group but that does very much drive profitability of the managed hotels. And with the relatively stronger group, there is I think all of the things that Leeny said are that much even clearer because the performance in those hotels should continue to be a bit better than those that are more reliant on transient and less on food and beverage.

**Chad Beynon - Macquarie Research Equities:** Okay, helpful. Thank you very much.

**Vince Ciepiel - Cleveland Research Company:** I just have one more on group. Trying to better understand the booking curve there. On the prior call, you noted group was pacing up 7 percent for the second quarter and it sounds like group RevPAR did finish at that 7 percent level. Now you are noting that group paces up 5 percent for the second half. And based on what you are seeing within the quarter for the quarter group bookings, would you expect group RevPAR to materialize close to that 5 percent for the second half?

**Arne Sorenson:** Yes, I mean I think it is a good question. I think our number for Q4 has gotten a bit better over the last quarter. I think obviously we're talking about three quarters, a quarter ago left in the year, not two, and so we didn't give it to for each quarter although I think we did say that Q3 was relatively stronger than Q4.

I think Q4 numbers look a little better today than they did a quarter ago. My guess is that often the way this works is if Q3 for example were plus 10 or plus 9 point-something in group business, we are more likely to end up with a group number which is a bit lower than that when the dust settles because there is not likely to be availability to take as much in the quarter for the quarter group business as we probably took last year.

The opposite may be the case for the fourth quarter though. So the fourth quarter hopefully will end up with actual group RevPAR numbers which are better than zero. How those two things balance out for the second half in the aggregate I couldn't tell you but it shouldn't be dramatically different than the kind of 5 percent number that we are talking about today for second half.
Vince Ciepiel - Cleveland Research Company: Okay, great. Then as a follow-up on that, I think heading into this year group was pacing up 7 and based on those comments, it sounds like it will materialize at close to 5 for the full-year 2016. I think you are noting that 2017 is pacing up 7. Is it plausible to think that 2017 could finish at close to 5 percent for group holding everything constant?

Arne Sorenson: Yes, though you are taking us well into next year. I think that is possible. I think the good news here though is the 7 percent booking is a real year-over-year comparison. That is a data point that is compared to the same data point at the same time last year for 2016 and that is a real increase of 7 percent in group revenue.

Vince Ciepiel - Cleveland Research Company: Great, thank you.

Bill Crow - Raymond James & Associates: I wanted to focus in on the Chinese approval real quick. It feels like it is delaying the transaction by weeks or maybe months and is this a straight yes or no vote by them? Is there a negotiation or demand for any changes as you operate in that market? And if we went into a phase 3, how long do you think that could take?

Arne Sorenson: I don’t think there is much more we can say than what we have already said. I will give it a little bit more color. Obviously we have got folks in China that are helping us navigate through this and through them and through our teams, we have been in touch with the Chinese authorities who are doing this process. I don’t think it is political. I don’t think it is extraordinary. I think it is the wheels of government working and as you can tell from our comments, we expect -- we at least hope that we will be done here real shortly and be able to close transaction and close it on the terms that we have explained to all of you.

Bill Crow - Raymond James & Associates: Okay. I will leave it there. Thank you.

Jared Shojaian - Wolfe Research: Thanks for taking my question. Just on your guidance so obviously it sounds like you are assuming steady state GDP environment but how is industry supply factored into the guidance as well? And is it possible that some of the accelerating supply that we are seeing, including some of the short-term rental capacity, is driving some of the softness that you are seeing right now on the corporate side?

Arne Sorenson: Obviously RevPAR is a function of both supply and demand. Supply growing now at 1.5 percent to 1.6 percent, something like that, which in historic terms is not particularly alarming, maybe a little bit more than we have had last year or the year before that but not a frightening sort of figure. It is very much factored into the guidance that we are providing, both our supply growth and industry supply growth, and we are trying to make a real world set of assumptions about the way we think our business will perform.

Supply growth could be a little higher next year but I wouldn’t think it is going to be dramatically different than what we are seeing this year and that will continue to have an impact into performance.
Generally an incremental point of GDP growth is about 2 points of demand growth for the industry and as a consequence, we could see occupancy for comp hotels continue to grow even in this kind of supply growth environment. But it does depend on GDP growth and the more GDP moves the more occupancy is likely to move.

**Jared Shojaian - Wolfe Research:** Okay, that is helpful. Thank you. You are obviously making some traction here with the direct bookings away from the OTAs but what sort of progress is being made with just the timing of when customers pay? So I'm specifically wondering about the percentage of reservations that are paid in advance versus on arrival. How is that trending and what can you do here to drive just more upfront payments?

**Arne Sorenson:** We have in some markets of the world pushed advanced pay, marketed it a little bit more aggressively. I know the European team has driven a significant increase in advanced pay reservations. I can't tell you off the top of my head what the percentage of transient business is that is advanced pay in Europe, although I know it is growing. I suspect it has grown modestly for the Company but not dramatically. But that is one of the tools obviously that can be used as well.

**Jared Shojaian - Wolfe Research:** Okay, thank you very much.

**Leeny Oberg:** Thank you everybody very much. Have a great summer and keep traveling.

--End of Remarks--

**Note on forward-looking statements:** This document contains “forward-looking statements” within the meaning of federal securities laws, including RevPAR, profit margin and earnings trends, estimates and assumptions; the number of lodging properties we expect to add to or remove from our system in the future; our expectations about investment spending; the anticipated closing date of the Starwood combination; and similar statements concerning anticipated future events and expectations that are not historical facts. We caution you that these statements are not guarantees of future performance and are subject to numerous risks and uncertainties, including those we identify below and other risk factors that we identify in our most recent quarterly report on Form 10-Q. Risks that could affect forward-looking statements in this document include changes in market conditions; the pace of the economy; supply and demand changes for hotel rooms; competitive conditions in the lodging industry; relationships with clients and property owners; the availability of capital to finance hotel growth and refurbishment; receipt of the final outstanding required antitrust clearance for the Starwood combination; and the extent to which we are able to successfully integrate Starwood, manage our expanded operations, and realize the anticipated benefits of combining Starwood and Marriott. Any of these factors could cause actual results to differ materially from the expectations we express or imply in this document. We make these forward-looking statements as of July 28, 2016. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.