Marriott
CORPORATION

ANNUAL REPORT/1969

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Financial Highlights

For the 52 weeks ended July 27, 1969 and July 28, 1968

	1969	1968	Increase
Sales	$257,384,610	$197,497,799	30.3%
Earnings before income taxes and extraordinary items	15,956,340	13,361,653	19.4%
Per sales dollar	6.2%	6.8%	
Income before extraordinary items	8,904,340	7,418,653	20.0%
Per sales dollar	3.5%	3.8%	
Per share	.76	.64	18.8%
Extraordinary gains on sale of properties [net of $483,000 tax]	1,274,000	——	
Per share	.11	——	
Net income including extraordinary items	10,178,340	7,418,653	37.2%
Per share	.87	.64	35.9%
Cash flow from operations	20,043,189	16,301,913	22.9%
Per share	1.71	1.41	21.3%
Stock dividends			
Percent	2.5%	3.0%	
Cash equivalent	9,476,308	7,259,399	
Per share	.81	.62	
Shareholders' investment	77,755,968	56,774,717	
Per share	6.42	4.87	
Working capital	6,152,460	7,579,413	
Per share	.51	.65	
Weighted average shares outstanding	11,716,667	11,559,690	
Shares outstanding	12,102,466	11,651,362	
Shareholders	24,000	20,700	
Employees	24,300	19,700	
Operating units	324	256	

Notes

(1) Amounts per share are based on the weighted average number of shares outstanding during the year (except for shareholders' investment and working capital which are based on the total shares outstanding at the end of the year). Weighted average shares and shares outstanding for 1968 have been adjusted for the 2½% stock dividend in 1969.

(2) Cash flow from operations consists of income before extraordinary items plus depreciation, deferred taxes and other non-cash expense provisions.

Chairman's And President's Message

J. Willard Marriott

J. W. Marriott, Jr.

The sustained and dynamic growth that has long characterized your company continued in fiscal 1969.

Sales for the year jumped 30 per cent to $257.4 million from $197.5 million the year before.

Net income from operations increased 20 per cent to $8.9 million, from $7.4 million in fiscal 1968. This was the equivalent of 76 cents per share, up from 64 cents a year earlier.

In addition, we had a special gain of $1.3 million, or 11 cents per share, on the sale of two properties. Total income including the special gain was $10.2 million, or 87 cents per share—an increase of $2.8 million, or 37 per cent.

Rapid Expansion In All Fields

Our results for fiscal 1969 reflect continued intensive expansion in the fields we know well—food service, lodging, and airline catering. During the year we moved aggressively into new markets, improved considerably our position in existing markets, and continued innovative in service to our customers.

At year end, we were operating 324 facilities, offering a wide range of food and lodging services, in the United States and nine foreign countries. This is an increase of 68 units over the 256 at the end of fiscal 1968. In addition, at year end we had 633 franchised operations Coast to Coast and in Canada, compared with 538 the year before.

Today, with almost 1,000 food, hotel, and airline catering operations, your company stands as the most highly diversified in the nation's combined food service-lodging industry.

In food service during the past year we maintained, and enhanced, our position of national leadership. Company-operated units and institutional accounts increased by 44, or 24 per cent. Franchises under the "Roy Rogers Roast Beef" and "Big Boy" chains increased by 95, or 18 per cent.

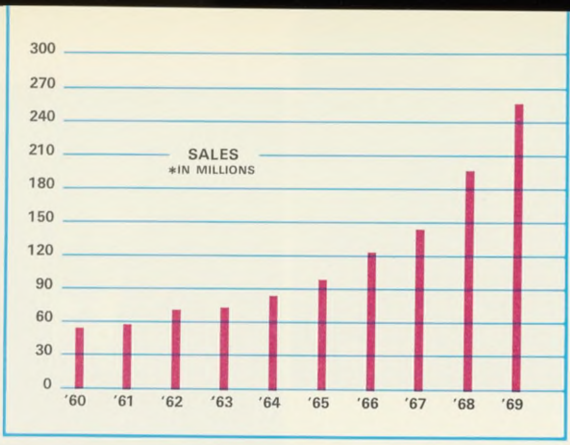
Of particular note here is our rapid development in "fast food"—the move which has had such a broad effect on the country's dining-out habits. Twenty-two such outlets were started under company operation during the year, and through the popular franchising method we opened 58 new "Roy Rogers" units in the 12-month period. As we entered the new year, there were 108 of these roast beef sandwich outlets in operation—a substantial accomplishment for a chain which was organized late in fiscal 1968.

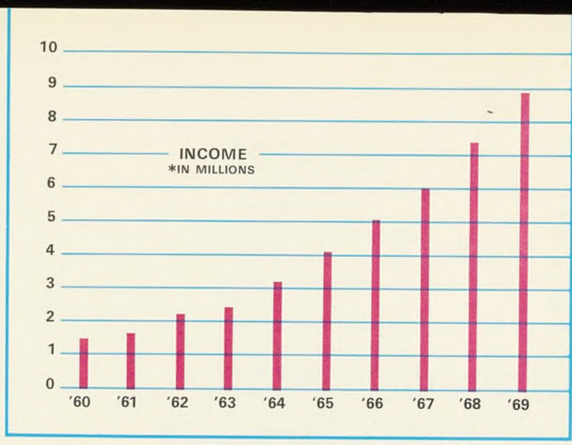
Growth In Hotels Dramatic

The Hotel Group expanded its hotel rooms in 1969 by more than 60 per cent. A large new property was opened in Houston, and our first international hotel opened in Acapulco. We began operation of the famed Essex House in New York City, and major expansions were completed at the Atlanta Marriott and the Camelback Inn in Arizona.

In addition: The Boston Marriott was brought to completion for opening in August; work progressed on construction of a new property at Crystal City in Washington, D. C. and at Dulles International Airport in Virginia; ground was broken for a 1000-room hotel in New Orleans; and new hotels were announced for Los Angeles and Denver.

Franchising is also being pursued by the Hotel Group as a route to new business. A number of agreements have been completed for the con-





1969 excludes special gains

struction of Marriott Inns nationwide, and the first one has just opened near San Francisco.

In airline catering, we continued to add new airline accounts, and the number of flight kitchens in the United States, South America, Europe and the Caribbean increased by 12.

The In-Flite Services Group now serves some 85 scheduled and supplementary carriers around the world, from 44 flight kitchens.

The Group also took the lead in making extensive preparations during fiscal 1969 for service to the new generation of "jumbo jets."

Records Achieved Despite Difficulties

We are particularly pleased to report that we achieved large gains in sales and earnings despite several major obstacles.

The number of employees is approaching 25,000 and inflation in wage scales continues to affect our costs. Our extensive building program is occurring at a time when construction costs are soaring, and our needs for financing to help support this new construction have been accompanied by record interest costs. Food costs, as every homemaker knows, are rising.

Difficulties have been particularly severe in our airline catering operations. Low airline profits have caused pricing problems, and airline strikes and air traffic delays were pronounced in our fiscal 1969. These conditions reduced profits considerably. However, with fare increases recently granted to the airlines we hope to achieve a reasonable improvement in our pricing commensurate with our rising costs. We remain optimistic about continued profitable growth in airline catering sales as more travelers enter the age of jumbo jets.

Finally, it should be noted that start-up costs have been heavy, as we open new units at a record pace. We also have continuing start-up problems at the Fairfield Farm Kitchens facility. This huge commissary was built for the long term, however, and a short-range drain on profits was anticipated.

That we were able to overcome these and many other problems and complete the kind of year we are now reporting to you is a tribute to the devoted management group and loyal, capable employees who we believe make the best company team in the food service-lodging industry.

Many seasoned professionals joined our expanding management group the past year, including George A. Stewart, who had been vice president for operations at R. J. Reynolds Foods. Mr. Stewart is vice president for manufacturing, procurement and distribution, and assumes direction of our new commissary.

Company Financial Condition Strong

We ended the fiscal year in excellent financial condition.

Despite considerably higher interest costs, net working capital totaled $6.2 million. We have a rigidly-monitored cash management program, and current assets include $12.4 million in short-term tax-exempt securities.

Convertible subordinated notes and debentures amounting to $28 million were sold during the year. In this connection we have reserved 710,736 common shares for future conversion.

Shareholders' net equity now stands at $77.8 million, or $6.42 per average share. This is 37 per cent greater than last year, and represents a solid base for continued expansion.

Capital expenditures in fiscal 1969 amounted to

$57 million. This is 36 per cent more than the record $42 million the year before—a tangible measure of the scope of our current expansion activities.

It is gratifying to report that Marriott Financial Services, a wholly-owned subsidiary organized in fiscal 1969, is off to a good start. This company provides financial services to our franchisees. It is also being used at present to provide interim financing for our landlords at the new hotel underway in New Orleans, and at the Essex House. At year end, MFS had pretax earnings of $171,000, and we expect to improve that figure substantially in 1970.

Looking to the future, all signs point to continued material improvement in our performance in all aspects of our business.

Your company participates in very real growth businesses. Several key indices, such as discretionary income, leisure time, vacation time, and business travel, are at record levels, and heading even higher. This augurs well for food and lodging services.

We believe, furthermore, that Marriott Corporation is in a uniquely strong position today to prosper in the good markets of tomorrow. We have managed our assets carefully, working hard to earn and maintain a reputation for leadership in whatever we do. The result has been a quality of growth that distinguishes us in our industry, and a pattern that strongly suggests we are heading in the right direction.

We appreciate the confidence investors are expressing in management, reflected among other ways by the rapidly increasing number of shareholders. We are dedicated to justifying your continued trust.

J. Willard Marriott
Chairman of the Board

J. W. Marriott, Jr.
President

October 14, 1969

SALES BREAKDOWN
THREE MAJOR OPERATING SEGMENTS

	Fiscal 1969	Fiscal 1968
Food Operations	48%	51%
In-Flite Services	29%	27%
Hotels and Specialty Restaurants	23%	22%

GROWTH IN NUMBER OF COMPANY UNITS

	Ending Fiscal '69	Ending Fiscal '68	Increase
Food Service Units	225	181	44
Hotels and Motor Hotels	11	8	3
Hotel and Specialty Restaurants	24	18	6
In-Flite Kitchens and Related Units	64	49	15
	324	256	68

A Review Of Operations

FOOD SERVICE

	Ending Fiscal '69	Ending Fiscal '68	Increase (Decrease)
Company-Operated Units			
Hot Shoppe Restaurants	35	40	(5)
Big Boy Coffee Shops	35	25	10
Cafeterias	35	31	4
Terminal & Toll Road Units	16	16	—
Fast Food Units	45	23	22
Food Service Management	54	44	10
Vending Routes	5	2	3
Total Units	225	181	44
Franchised Units			
Big Boy	541	504	37
Roy Rogers Roast Beef	92	34	58
	633	538	95

Growth In Food Service Accelerates in Fiscal 1969

The scope of Marriott Corporation in food service, and the company's growth in this field in 1969, are outlined in the chart on this page.

Of particular significance in the figures is the expansion in "fast food," and in the franchising method of building new volume.

Fast food service accommodates the public efficiently and quickly, and the public has been highly receptive to the concept. It is against this background that Marriott Corporation brings its leadership and maturity in food service to a thriving young movement.

"Leadership" includes rigid food standards, strict operating controls, careful site selection, and extensive management training. With these strengths, Marriott has moved strongly but selectively into fast food, both with company-operated units and through the granting of Roy Rogers Roast Beef franchises.

In terms of company-operated units, activity almost doubled in fiscal 1969.

Seven Jr. Hot Shoppes were opened, including a leased store in Progress Plaza in Philadelphia, the country's first Negro-owned shopping center. At least 20 more "Jr.'s" are planned for 1970.

A new concept for Marriott—Jr. Hot Shoppes snack shoppes, have been opened in enclosed shopping center malls in Washington and Philadelphia. One of the many innovations in this new unit is a "do-it-yourself" ice cream sundae bar, which has proved popular.

One of Marriott's pacesetting cafeterias—at new Neshaminy Mall in suburban Philadelphia.

Roy Rogers Chain Highly Successful

The Roy Rogers Roast Beef Sandwich Restaurants, introduced by Marriott slightly more than a year ago, are rapidly earning nationwide identity. Fifteen company operations on the West and East Coasts were opened during the fiscal year.

In terms of franchising, the number of Roy Rogers fast food units almost tripled in 1969, from 34 to 92. This chain, which began in April of 1968, is one of the fastest-growing roast beef sandwich operations in the country. In recent months, the menu has been expanded, a modern low-cost building which can be operative in a few weeks was developed, and a new training school for managers was completed.

Roy Rogers personally attended 22 openings in 1969. The lasting popularity of this famous cowboy was reflected in large, responsive crowds.

An innovation in "fast food:" the snack bar in enclosed shopping malls, such as this one in suburban Washington.

Bright, appealing Jr. Hot Shoppes help spur company growth in "fast food" service.

Just three reasons for Marriott's leadership in food service: Pappy Parker Smoky Mountain Fried Chicken, hot fudge ice cream cake, and the popular pork Polynesian.

Marriott's proficiency in institutional feeding: At Sampson County Hospital, North Carolina (left) where Marriott directs patient feeding and food service in a posh cafeteria; and at IBM in Mahwah, New Jersey, where a small crew accommodates a large number of employees in a unique around-the-clock cafeteria-vending operation.

Another aspect of franchising which has resulted in growing royalty income is the Big Boy Restaurant chain.

Total number of units is up to 541, including the first venture into Canada. Demand for coffee shop services continues to increase in many markets, and this chain is being expanded as fast as good locations can be found.

As with Roy Rogers units, a number of company-operated Big Boys also are being opened. In fiscal 1969, company-managed Big Boys increased from 25 to 35, including seven new coffee shops in Los Angeles and San Diego, and an acquisition of three Big Boy coffee shops in the Washington-Baltimore area.

In other company operations, the Hot Shoppes cafeterias continue highly successful. These units, with emphasis on convenience, comfort and color, are widely considered industry pacesetters.

Five new cafeterias were opened in fiscal 1969 in new enclosed mall shopping centers from Massachusetts to Michigan. Operational changes and improvements in customer service are continually being made to further improve profit margins and attract new customers.

A major new program has been launched to improve service to customers at Hot Shoppes Service Restaurants. Changes are being made with much success. For example, a Jr. Hot Shoppe and a unique "Country Store" operation have been

Roy Rogers units, such as this one at Greensboro, North Carolina, are springing up nationwide.

The Marriott premium on quality is reflected in the new Bob's Big Boy at Anaheim, California.

added to the service restaurant in Bethesda, Maryland. These features have increased sales and profits at this unit.

Five unprofitable service restaurants were closed in 1969, and stimulating changes of the type made at Bethesda are being considered for certain others. Hot Shoppes, however, is where the company got its start, and most of these restaurants today are highly-successful, large-volume operations in irreplaceable locations.

Marriott continues to grow in Food Service Management. Eleven new hospital, industrial and school accounts were added in 1969 for a 25 per cent increase over the year before.

The company manages operations tailored to specific needs, including cafeterias, snack bars, and executive dining rooms. One of the more interesting new accounts is a motel and cafeteria operation at Boston Children's Hospital.

Volume increased in toll road facilities in New York, Florida and Delaware, reflecting greater auto travel. An expansion of facilities in Florida should be ready for this winter's tourist traffic.

The terminal restaurant acquired at San Juan International Airport has been completely remodeled and expanded by more than three times to meet future travel demands posed by the new 747 "jumbo jet." San Juan will be one of the first airports to receive this new large airplane.

A newly-established Vending Division completed its first full year of operation with five major routes in the Washington, D. C. area.

Marriott Acapulco! Now open—with resort fun for everyone.

Marriott Moves Aggressively As Major Hotel Chain

Marriott Corporation today has one of the fastest growth rates in the growing lodging industry.

The company increased its number of hotel rooms by 61 per cent in fiscal 1969, and has a further substantial increase in the planning or construction stage.

Occupancy rates for Marriott hotels are among the industry's highest, as the traveling public demonstrates strong preference for the Marriott brand of quality, courtesy, and services.

Five major projects were completed in 1969:

IN HOUSTON—The company opened a distinctive 340-room motor hotel near the famous Domed Stadium. This was honored as the site for the "Splashdown Party" immediately following success of the Apollo 11—a party described later by a leading weekly news magazine as being held at "Houston's swank Marriott Motor Hotel."

IN NEW YORK CITY—Marriott acquired the Essex House Hotel, long a prestige address at Central Park. The Essex House has 630 rooms, and is one of the few remaining hotels in the city considered in the true luxury class. Its facilities include multiple bedroom suites, bi-level suites, and a gourmet restaurant overlooking Central Park.

IN ACAPULCO, MEXICO—The exciting new Paraiso Marriott was opened. This 440-room property is Marriott's first venture into the international hotel field, with more expected to come. The Paraiso is a 22-story hotel, largest on Acapulco Bay, offering a full range of resort activities.

IN ATLANTA—The highly-successful Atlanta Marriott, which opened less than four years ago with 500 rooms, was expanded to 780 rooms to

HOTELS and SPECIALTY RESTAURANTS

		ROOMS		RESTAURANTS	
	Year Opened	Ending Fiscal '69	Added 1969	Ending Fiscal '69	Added 1969
Washington, D.C.					
(Twin Bridges)	1957	450	—	2	—
(Key Bridge)	1959	200	—	1	—
Dallas	1960	480	—	2	—
Philadelphia	1961	430	—	3	—
Atlanta	1966	780	280	3	1
Saddle Brook, N. J.	1966	250	—	2	—
Phoenix					
(Camelback Inn)	1968	280	120	1	—
Chicago	1968	490	—	2	—
Houston	1969	340	340	2	2
New York					
(Essex House)	1969	630	630	1	1
Acapulco	1969	440	440	2	2
		4,770	1,810	21*	6

** Three specialty restaurants not connected with hotels bring the grand total of such facilities to 24.*

The Houston Marriott lobby, in true cattle baron elegance.

accommodate its consistently heavy patronage.

IN SCOTTSDALE, ARIZONA—The famous Camelback Inn, acquired in fiscal 1968, was expanded from 160 guest rooms to 280. An additional restaurant and swimming pool, new tennis courts, and other facilities have been added to improve this nationally-known resort hotel.

A sixth large construction project, an American Management Association Conference Building adjoining the Chicago Marriott, also was completed in fiscal 1969.

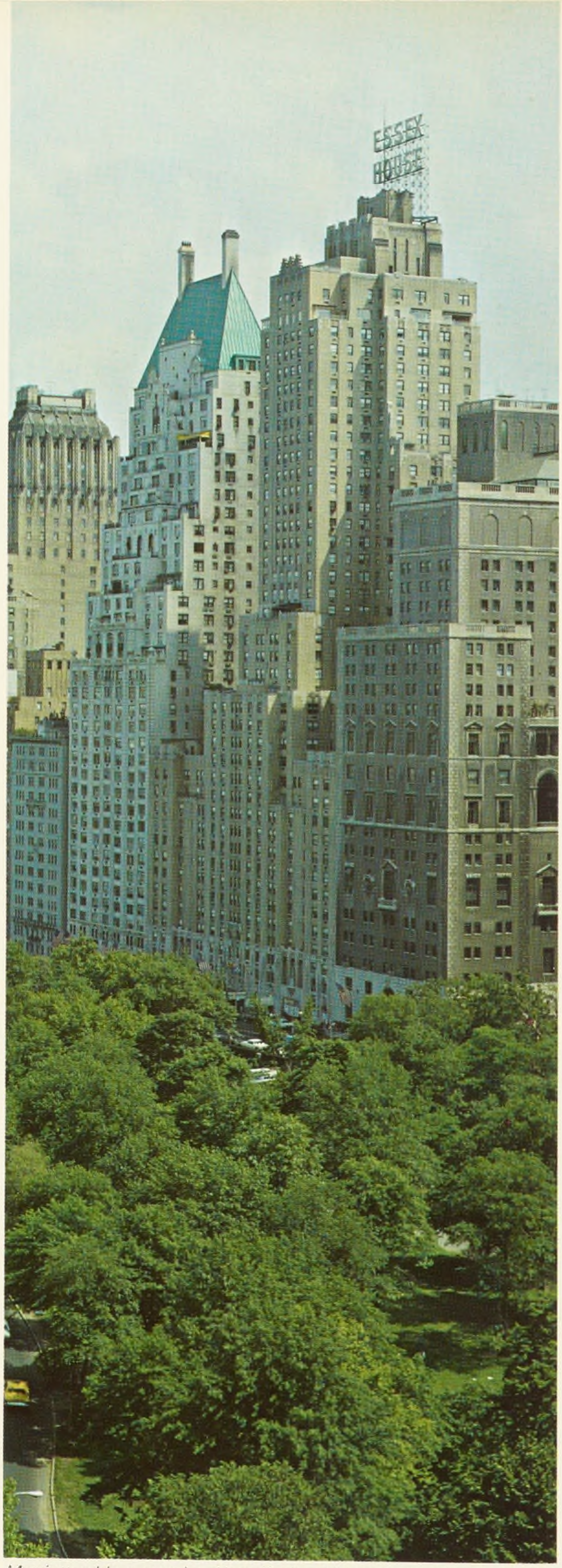
Five Projects Set For '70

Five other major hotel projects were brought along in fiscal 1969 for completion in fiscal 1970.

Principal among these is a magnificent new hotel in the Boston suburb of Newton. This 430-room facility, cast in a scenic setting on the Charles River, opened in late August, and reception has been enthusiastic.

Two hotels in the Washington, D.C. area will be opened in fiscal 1970. One is a 300-room hotel at Crystal City, a luxurious business and residential community being developed near National Airport. The other is a 125-room first-stage unit at Dulles Airport, the first hotel at this growing airport of the future. Passenger traffic at Dulles in the first six months of calendar 1969 climbed almost 30 per cent, which is more than double the national average.

Two existing properties are being expanded. At the Chicago Marriott, acceptance of "Marriott Living" has been so great in its less than two years of operation that a 200-room addition is underway, bringing total rooms to almost 700. A 170-room expansion is in process at the Key Bridge Hotel in Washington. Key Bridge will have 370 rooms when this is completed.



Marriott adds a prestige New York address: Essex House, Central Park South.

Harbour House Restaurant at The Atlanta Marriott is a major new addition to the Atlanta dining scene.

Another pool and new casas are now in swing at the famous Camelback Inn near Phoenix.

In New Orleans, ground was broken for Louisiana's tallest building, a 42-story, 1000-room hotel on Canal Street overlooking the French Quarter. Completion is scheduled for early fiscal 1972.

A 1000-room hotel is now in the planning stage for Los Angeles International Airport. Ground will be broken in fiscal 1971 for this major facility, the country's largest airport hotel.

Plans also are being made for a 400-room Marriott Motor Hotel in the Denver-Colorado Springs market. This is scheduled for opening in fiscal 1972.

A large expansion, including 350 guest rooms and one of the city's largest ballrooms, is being started at the Philadelphia Marriott. This will give this hotel a total of 780 rooms.

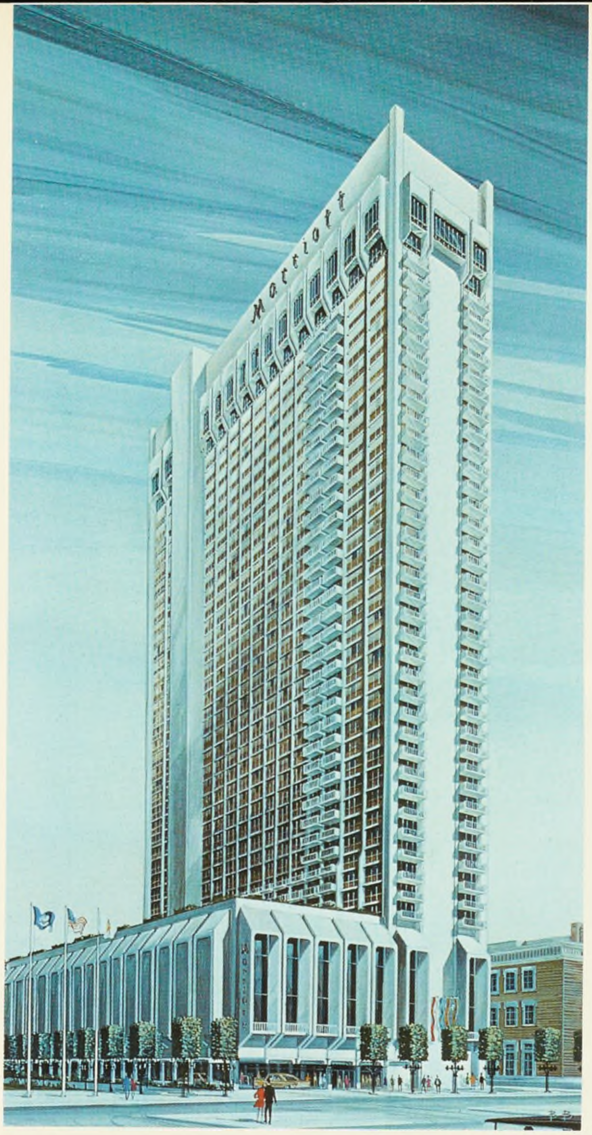
The Hotel Group ended fiscal 1969 with 4,770 rooms, compared with 2,960 the year before. Expansions completed in fiscal 1970 will bring this figure to 5,830. The longer range hotels of the future also reported here, and others yet to be announced, assure continued rapid growth of Marriott in the lodging business.

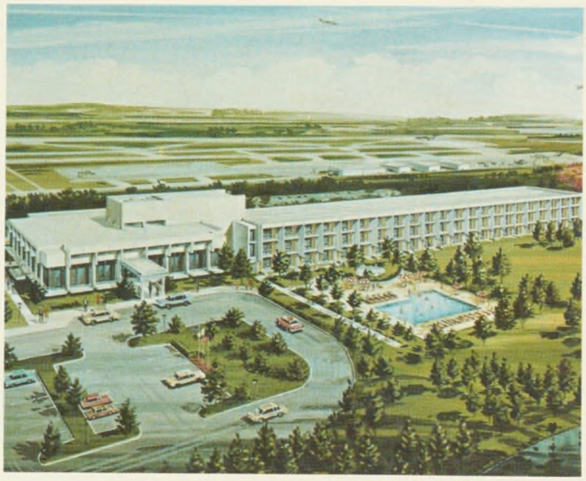
Marriott Inn Program Moving Ahead

The company's expertise in accommodating the traveler is being developed as well in franchising opportunities.

The Marriott Inn program started fast in fiscal 1968, and today several agreements have been made for the construction of these smaller Inns across the country.

Last month the first of these Inns, in Belmont, California, was opened. It contains 200 rooms, a large restaurant, and limited convention facilities. Several others like it are expected to open in the coming months of Fiscal 1970 and 1971.





The shape of things to come! Artists' renderings of the 1000-room New Orleans Marriott and the Dulles Marriott (above), and the Marriott Crystal in Washington and recently opened Boston Marriott.

The stewardess—Western Airlines. The cuisine—Marriott in-Flite.

Marriott Leadership In Airline Catering Strengthened

Fiscal 1969 was the most aggressive expansion year for Marriott in airline catering since it pioneered in feeding the air traveler in the 1930's.

In the United States the company expanded into five new airports, adding flight kitchens at Ft. Lauderdale, Houston, Minneapolis, Oakland and Tacoma.

The company also built an additional flight kitchen, one of the world's largest, at John F. Kennedy Airport in New York, and added new facilities at Miami, Chicago, and Los Angeles airports. Major expansions to existing kitchens took place at San Francisco, Boston, and Caracas.

New Foreign Operations Improving

Six flight kitchens were acquired in Latin America early in fiscal 1969. They are in Mexico City, Acapulco, Buenos Aires, Rio de Janeiro, Santiago, and Lima. Progress has been made in bringing these operations up to Marriott standards, and increased profit contributions are expected.

The European operations, acquired in fiscal 1968, improved considerably throughout 1969. Sales rose more than 10 per cent, despite the closing of some unprofitable restaurants.

A number of new airline accounts were obtained during the year, such as Western Airlines in Honolulu, Sabena and Finnair at New York, and Varig at several locations. Also added were several supplemental airlines in the United States, South America and Europe. This is a rapidly-growing segment of the international air travel market.

Today Marriott serves almost every major carrier in the United States and other parts of the free world. In all, Marriott now has 44 flight kitchens

Pan American's new uniform 'aloft' includes a French Butcher's Apron for serving Marriott In-Flite dishes.

IN-FLITE SERVICES

	Units Ending Fiscal 1969			Increase (Decrease) in 1969		
	U.S.	Europe	Latin America	U.S.	Europe	Latin America
In-Flite Kitchens	26	9	9	5	—	7
Employee Food Service	4	—	1	1	—	1
Terminal Restaurants	—	4	1	—	(1)	1
Other Restaurants	—	1	—	—	(2)	—
Food Service Management	—	7	1	—	3	1
Laundry	—	1	—	—	—	—
Total Units	30	22	12	6	—	10
Airports Served	21	9	8	5	—	7

serving 85 scheduled and supplemental airlines.

In keeping with this leadership position, the research staff has completed an extensive analysis of food service requirements for the new Boeing 747 and other "jumbo jets." The 362-passenger 747's will be flying this winter, and Marriott has prepared to service them throughout the world, in the most comprehensive program of its type in the industry. Worthy of special note is the design creativity Marriott brought to development of a new high-lift truck for servicing these giant planes.

"Kitchens-of-the-Future" Designed

An important step forward in 1969 was completion of prototype kitchen designs which increase Marriott's capability to handle various airline requirements anywhere in the world. Introduction of the 747 adds a particularly significant dimension to airline catering, and the need for flexibility and economies of operation such as these prototypes provide is becoming critical.

As a major food supplier to airlines, and as operator of a giant new food commissary, Marriott is in a particularly strong position to serve the growing interest of carriers in convenience foods. The Fairfield Farm Kitchens, a sophisticated commissary of the future, has already developed complete meal "packages" for presentation to two large airlines. Efficiencies and economies are promised by integrating the airline catering and central manufacturing operations, and further product development is receiving top priority.

Research and development activities include improvements in employee productivity and service to the airlines. In this regard, strict employee training programs are in effect, and new films encompassing safety in servicing aircraft and specific skills training have been prepared.

Several factors had a negative effect on airline catering results during the year. Volume suffered from delays caused by the widely-publicized air traffic controllers' situation, and from strikes at both domestic and international airlines. Low airline profits led to difficult pricing problems for Marriott. These were in addition to spiraling wage and food costs.

Marriott, however, is optimistic about growth prospects for this business. Air passenger miles are rising, and the advent of the "jumbo jets" gives promise of an even greater rate of growth in the next few years.

In fiscal 1970, the company will open new kitchens at Newark, London, Madrid, Rome, San Juan and Buenos Aires airports, and expansions at Ft. Lauderdale and St. Croix kitchens—tangible evidence of confidence in this thriving business.

Swissair jet to Copenhagen being loaded at O'Hare International Airport, Chicago.

Services in Support of Operations Rise Sharply

Marriott Corporation is a "self-contained" enterprise. The company has a fully integrated network of operations and support groups, to insure that corporate objectives in leadership, growth and quality are met.

These supporting services which back up operating groups are among the most comprehensive in the food and lodging industry.

FAIRFIELD FARM KITCHENS

Research, production, purchasing and distribution services provided through the Fairfield Farm Kitchens facility were vital adjuncts to food, hotel, and airline catering operations in 1969.

The research effort made significant progress in convenience food development. Dietitians and other food specialists found new ways to produce quality food at competitive prices. Production technicians introduced custom equipment to turn out better finished products more economically.

ARCHITECTURE and CONSTRUCTION

The staff of over 150 specialists in the Architecture and Construction Department had its busiest year as cafeterias, restaurants, hotels and flight kitchens in record numbers entered planning or construction stages.

From preliminary planning to the hanging of the last picture, this department, unique in the industry, assured that new units and additions in 1969 conformed with Marriott's reputation for leadership in designing and building facilities.

REAL ESTATE and LEGAL

Needs for real estate and legal services in the

Night deliveries on their way to stores states away from Fairfield Farm Kitchens.

Computer technology applied to keep Marriott first.

Construction specialists meet rigid criteria to maintain leadership in facilities.

organization increased measurably in 1969. Much of Marriott's success is attributed to astute site selection, and real estate professionals intensively sought and found locations which qualify under rigid growth criteria. Expanding franchising programs and needs for new financing during the year put greater demands on legal services. Entry into foreign markets gave rise to many new and different legal problems.

FINANCE

Highlights of the year for the Finance Department included sale of $28 million of convertible subordinated debt and arrangement of $25 million of other long-term financing to help support the company's rapid expansion. The department also directed the calling of $10 million of subordinated notes for conversion, established Marriott Financial Services Inc. as a new profit center, and developed sophisticated new data processing programs on "third generation" computer equipment.

INDUSTRIAL RELATIONS

In Industrial Relations, new manpower planning programs were developed during the year, and added emphasis was given to management recruiting. Employee training programs were stepped up, and include effective new visual aids. Achievements also included work to reduce workmen's compensation costs, and creation of a formal "Career Progression" program, which encourages employees to develop their skills and become more productive to themselves and the company.

Growth in franchising, reflected by opening of 100th Roy Rogers unit, puts new demands on legal, real estate, financial services.

Small seminars are part of most elaborate training programs in the food-lodging industry.

Marriott CORPORATION

Consolidated Income

Marriott Corporation and Subsidiaries for the 52 weeks ended July 27, 1969 and July 28, 1968

	1969	1968
SALES		
Food operations	$123,123,736	$100,755,478
In-flite services	75,435,104	52,430,117
Hotels and specialty restaurants	58,825,770	44,312,204
Total sales	257,384,610	197,497,799
DEDUCTIONS		
Cost of sales and operating expenses	193,418,449	146,281,384
Administrative and general expenses	10,777,179	8,536,428
Rent (Note 5)	10,186,382	7,479,099
Depreciation and amortization (Note 3)	8,507,626	6,838,260
Taxes-payroll and other	7,778,845	6,227,423
Interest expense net of interest income	5,368,694	3,809,088
Less interest capitalized during construction	(792,000)	(428,000)
Advertising and sales promotional expenses	3,884,503	3,038,843
Pre-opening expenses of new operating units (Note 9)	808,380	1,092,916
Profit sharing retirement contributions	1,490,212	1,260,705
	241,428,270	184,136,146
INCOME BEFORE INCOME TAXES AND EXTRAORDINARY ITEMS	15,956,340	13,361,653
UNITED STATES AND FOREIGN INCOME TAXES (Note 4)	7,052,000	5,943,000
INCOME BEFORE EXTRAORDINARY ITEMS (Notes 3 and 9)	8,904,340	7,418,653
EXTRAORDINARY GAIN ON SALE OF PROPERTIES (net of $483,000 tax)	1,274,000	—
NET INCOME (Notes 3 and 9)	$ 10,178,340	$ 7,418,653
Per Share of Common Stock (Note 8):		
Income before extraordinary items	$ .76	$ .64
Extraordinary items net of income tax	.11	—
Net Income	$ .87	$ .64

The accompanying notes to consolidated financial statements are an integral part of this statement.

Marriott CORPORATION

Consolidated Balance Sheet

Marriott Corporation and Subsidiaries July 27, 1969 and July 28, 1968

Assets	1969	1968
CURRENT ASSETS		
Cash and certificates of deposit	$ 8,418,903	$ 4,179,609
Tax exempt securities, at cost [approximates market]	12,434,353	11,589,080
Accounts receivable	18,471,929	13,003,744
Inventory of food and supplies, at lower of average cost or market	8,392,636	8,396,971
Prepaid expenses	996,263	512,924
Total current assets	48,714,084	37,682,328
FIXED ASSETS, at cost		
Land and land improvements	20,183,256	14,574,123
Buildings and improvements	24,084,522	18,911,686
Leasehold improvements	29,860,115	15,878,775
Furniture and equipment	40,986,612	30,003,634
Automotive equipment	4,677,971	3,800,334
Construction in progress	12,112,522	10,377,312
	131,904,998	93,545,864
Depreciation and amortization (Note 3)	(28,398,597)	(24,753,769)
	103,506,401	68,792,095
LEASEHOLD INTEREST, at cost, in property, including improvements thereon, and in equipment under lease-purchase obligations (Note 5)	64,770,889	59,020,996
Construction in progress	12,767,979	2,998,389
Amortization (Note 3)	(7,957,169)	(6,301,708)
	69,581,699	55,717,677
OTHER ASSETS		
Cost in excess of net assets of businesses acquired (Note 1)	12,117,678	9,457,731
Investment in and advances to unconsolidated finance subsidiary (Note 2)	1,812,122	—
Investment in landlord of New Orleans Hotel (Note 2)	1,500,600	—
Escrow and lease deposits	1,573,885	327,708
Deferred financing and pre-opening charges (Note 9)	2,626,463	645,461
Miscellaneous	4,357,577	1,728,588
	23,988,325	12,159,488
	$245,790,509	$174,351,588

The accompanying notes to consolidated financial statements are an integral part of this balance sheet.

Liabilities and Shareholders' Investment

	1969	1968
CURRENT LIABILITIES		
Accounts payable	$ 12,144,524	$ 8,327,367
Construction contract accruals	7,043,913	5,269,370
Salaries, wages and bonuses	6,896,595	5,380,492
Rents, utilities, interest, taxes, etc.	5,159,690	4,426,903
Income taxes (Note 4)	2,499,071	2,724,152
Current portion of debt: Mortgages and notes	6,238,566	1,534,702
Lease-purchase obligations	2,579,265	2,439,929
Total current liabilities	42,561,624	30,102,915
MORTGAGES AND NOTES, excluding current portion (Note 5)	30,035,885	24,808,478
OTHER LIABILITIES		
Lease-purchase obligations, excluding current portion (Note 5)	45,456,702	41,168,617
Construction financing (Note 5)	9,720,000	2,500,000
Deferred income taxes (Notes 3, 4 and 6)	10,223,000	7,034,000
Deferred stock compensation (Note 6)	1,755,000	1,782,000
Minority interest in subsidiaries (Note 1)	282,330	180,861
	67,437,032	52,665,478
CONVERTIBLE SUBORDINATED DEBT (Note 7)	28,000,000	10,000,000
GUARANTEE OF INDEBTEDNESS ($27,000,000) **OF UNCONSOLIDATED FINANCE SUBSIDIARY** (Note 2)	—	—
SHAREHOLDERS' INVESTMENT (Notes 1, 6, 7 and 8)		
Preferred stock—without par value: Authorized 1,000,000 shares; none issued	—	—
Common stock—$1.00 par value: Authorized 15,000,000 shares; 1969—12,140,064 shares issued including 37,598 shares in treasury; 1968—11,411,251 shares issued including 44,069 shares in treasury	12,140,064	11,411,251
Capital surplus	55,673,603	36,456,658
Retained earnings	10,243,855	9,270,929
Common stock held in treasury, at cost	(301,554)	(364,121)
	77,755,968	56,774,717
	$245,790,509	$174,351,588

Marriott CORPORATION

Consolidated Shareholders' Investment

Marriott Corporation and Subsidiaries for the 52 weeks ended July 27, 1969 and July 28, 1968

	Common Stock ($1.00 par value)	Capital Surplus	Retained Earnings	Treasury Stock At Cost
Balance, July 30, 1967	$ 5,422,228	$31,284,500	$ 9,111,675	$(364,121)
Add (deduct):				
Net income	—	—	7,418,653	—
Two for one stock split	5,538,562	(5,538,562)	—	—
3% stock dividend at quoted market	332,314	6,927,085	(7,259,399)	—
Quoted market in excess of par value of common stock issued for acquisition of businesses and land	117,855	3,780,862	—	—
Amount in excess of par value of shares issued under deferred stock compensation plan	292	2,773	—	—
Balance, July 28, 1968	11,411,251	36,456,658	9,270,929	(364,121)
Amounts for acquired company pooled at beginning of year (Note 1)	45,642	(5,817)	270,894	—
Net income	—	—	10,178,340	—
2½% stock dividend at quoted market	286,737	9,189,571	(9,476,308)	—
Quoted market value in excess of par value of common stock issued upon redemption of 5% convertible notes (Note 7)	383,876	9,566,692	—	—
Market value in excess of par value of 7,572 treasury shares issued for acquired business (Note 1)	—	188,327	—	62,567
Registration expense of common stock on New York Stock Exchange and other stock issuance expenses	—	(148,426)	—	—
Quoted market value in excess of par value of 11,250 restricted shares of common stock sold under employment contracts (Note 6)	11,250	390,937	—	—
Amount in excess of par value of shares issued under deferred stock compensation plan (Note 6)	1,308	35,661	—	—
Balance, July 27, 1969	$12,140,064	$55,673,603	$10,243,855	$(301,554)

The accompanying notes to consolidated financial statements are an integral part of this statement.

Consolidated Source and Application of Funds

Marriott Corporation and Subsidiaries for the 52 weeks ended July 27, 1969 and July 28, 1968

SOURCE OF FUNDS	1969	1968
Cash flow from operations:		
Income before extraordinary items	$ 8,904,340	$ 7,418,653
Depreciation and amortization	8,507,626	6,838,260
Deferred taxes	2,334,507	1,495,000
Deferred stock compensation	296,716	550,000
Total cash flow from operations	20,043,189	16,301,913
Extraordinary gain on sale of properties	1,757,000	—
Additions to mortgages and notes	15,284,592	14,477,562
New lease-purchase obligations	7,000,000	10,000,000
Convertible subordinated debt	28,000,000	10,000,000
Construction financing	9,720,000	2,500,000
Disposals of fixed assets and leasehold interest	2,120,932	788,271
Common stock, at quoted market, issued for acquisition of businesses and land	255,000	3,898,717
	84,180,713	57,966,463

APPLICATION OF FUNDS	1969	1968
Fixed assets	41,077,983	25,892,853
Leasehold interest	15,942,047	15,989,537
Acquisition of businesses	1,307,381	6,942,447
Deferred tax adjustment from prior year tax audit	1,480,192	896,000
Working capital deficit of acquired businesses	78,757	676,037
Escrow and lease deposits	1,246,177	141,353
Miscellaneous assets purchased	4,506,116	635,457
Debt retirement: Mortgages and notes	11,444,376	1,262,335
Lease-purchase obligations	2,711,915	2,509,748
Construction financing	2,500,000	—
Investments in and advances to unconsolidated finance subsidiary and landlord of New Orleans Hotel	3,312,722	—
	85,607,666	54,945,767
INCREASE (DECREASE) IN WORKING CAPITAL	$ (1,426,953)	$ 3,020,696

WORKING CAPITAL	1969	1968
Beginning of period	$ 7,579,413	$ 4,558,717
End of period	6,152,460	7,579,413
Net Change	$ (1,426,953)	$ 3,020,696

The accompanying notes to consolidated financial statements are an integral part of this statement.

(1) Principles of Consolidation and Acquisitions:

The accompanying consolidated financial statements include accounts of all subsidiaries, (after eliminating all material intercompany transactions) except Marriott Financial Services, Inc. which investment is carried at cost plus equity in undistributed earnings (see Note 2). The accounts of foreign subsidiaries are included in the consolidated financial statements after translation to U.S. dollars.

During 1969, the Company acquired several foreign and domestic businesses in exchange for cash and stock. All of these acquisitions were accounted for as purchases except Chef-Aire Shirley, S. A. de C. V., which was acquired in exchange for 45,642 shares of common stock and was accounted for as a pooling of interests. The consolidated financial statements for 1968 and prior years were not restated, as the amounts relating to the transaction were not material.

The cost in excess of net assets of acquired businesses is shown in the accompanying balance sheet under Other Assets and has a continuing value which is not being amortized. In connection with the acquisition of Roy Rogers Western Foods, Inc. in 1968, the Company may be required to issue additional shares of common stock in 1970. Such additional shares, if any, will be based on 1970 sales from areas initially franchised by the sellers, and, therefore, cannot be determined at this time.

(2) Unconsolidated Finance Subsidiary:

During 1969, the Company formed a subsidiary, Marriott Financial Services, Inc. (MFS) to provide financing for the Company's franchisees and has negotiated 25 such financing agreements to provide $6,350,000 of financing. In addition, MFS is providing construction financing of $20,000,000 ($2,300,000 advanced as of July 27, 1969) to the landlord of the New Orleans Hotel against a permanent loan commitment and has provided $25,000,000 for temporary financing (three years) to the landlord of the Essex House in New York City. Including options, the Company will lease the New Orleans Hotel for 55 years and is leasing the Essex House for 43 years.

The Company acquired a 25% equity in the landlord of the New Orleans Hotel and has an option to acquire an additional 24% during the three years following the hotel opening by converting debentures it now owns into $1,000,000 of class B stock of the landlord. Also, the Company has a three year option to purchase 50% of the Essex House at the landlord's cost and a second option running three years later to purchase the remainder at the then appraised value but at not less than $16,500,000.

Until this subsidiary establishes its own credit lines, the Company will guarantee MFS's borrowings. The Company has guaranteed the $27,000,000 of commercial paper issued as of July 27, 1969, and loan commitments of an additional $20,000,000 described above.

MFS's condensed balance sheet as of July 27, 1969 is as follows:

Assets	*(in thousands)*
Real estate leased to Marriott franchisees	$ 900
Construction advances—New Orleans Hotel	2,300
First mortgage trust on Essex House	22,000
Second mortgage trust on Essex House	3,000
Rental contracts and other assets	800
	29,000
Less Liabilities	
Short term commercial paper guaranteed by Marriott Corporation	27,000
Other liabilities	200
	27,200
Net worth and advances from parent	$ 1,800

(3) Depreciation and Changes in Lives of Properties:

Depreciation and amortization are calculated on the straight-line method for financial statement purposes and, where permitted, on accelerated methods for tax purposes. Deferred taxes are recorded where appropriate.

Based on a reevaluation in 1969, the useful lives of high-rise hotels and the food processing plant were extended from 33 years to 40 and 45 years, respectively. If this change had not been made, income before extraordinary items and net income for 1969 would have been $150,000 less.

(4) Federal Income Taxes:

The Company and its subsidiaries file separate income tax returns. Federal income tax returns for fiscal years prior to 1964 have been examined and settled. The Federal income tax returns for the fiscal years 1964 through 1967 are currently being reviewed by the Internal Revenue Service. In the opinion of management, any adjustments for such years will not have, in the aggregate, a material adverse effect on the Company's consolidated financial statements.

The provision for income taxes has been increased by the federal surtax provision in the amount of $655,000 and $329,000 for 1969 and 1968, respectively, and has been decreased by investment credits in the amount of $988,000 and $827,000 for 1969 and 1968, respectively. The provision also includes deferred income taxes of $2,818,000 and $1,495,000 for fiscal years 1969 and 1968, respectively, relating to differences between book and tax accounting for depreciation, interest during construction, pre-opening expense, non-competition payments, and deferred stock compensation.

U. S. taxes have not been accrued on undistributed profits of foreign subsidiaries because management considers such profits to be permanently invested. Any such taxes, after foreign tax credits, would not be material.

(5) Long-Term Obligations:

Maturities of long-term obligations, excluding the convertible subordinated notes, are as follows:

Fiscal Year	*Mortgages and Notes*	*Lease-Purchase Obligations*
Interest rates	4½—9⁹⁄₁₆%	5—7⅜%
1971	$ 6,188,800	$ 2,655,014
1972	3,163,511	2,747,640
1973	1,403,718	2,425,806
to 1994	19,279,856	37,628,242
Total	$30,035,885	$45,456,702

Lease-purchase obligations are in substance installment purchases and are recorded as leasehold interest at the discounted amount of future rentals. These leases are made with corporations owned by the Marriott Foundation and provide for the recovery of principal and interest and a nominal profit.

In addition to the foregoing leases, the Company has other leases which are not installment purchases and which have an average remaining term of 16 years as of July 27, 1969. Minimum annual rentals amount to approximately $5,800,000 as of July 27, 1969. Most of these leases have renewal privileges and require additional rentals under percentage clauses relating to sales.

Loan commitments of $18,725,000 for construction which will be completed during the next twelve months have been obtained as of July 27, 1969. In addition, the Company has obtained temporary construction financing of $9,720,000 at July 27, 1969, which will be replaced by permanent financing upon completion of the various projects.

(6) Stock Compensation and Stock Purchase Plan:

Deferred stock bonus awards and contracts have been made with 197 employees. The shares contingently vest pro rata until retirement, after which they are distributed in ten annual installments. Adjusted for forfeitures, stock dividends and splits, a total of 280,547 shares has been awarded, of which 100,890 shares had contingently vested on July 27, 1969.

Compensation for deferred stock bonus awards is recorded in the year in which the bonus is earned, and for deferred stock contracts is recorded for the shares contingently vested in each fiscal year based on the fair market value when the awards are made (see Note 9 for change in pricing method of contract awards). The future income tax benefit to the Company when shares are issued to retired employees is included as a reduction of deferred taxes.

During fiscal 1969, 11,250 shares of common stock were sold to a few key executives under a restricted deferred compensation arrangement. The market value, as of the contract dates, in excess of cash received was $387,687 and is being expensed over the restriction periods which expire at various dates to 1980.

The Company has a qualified stock purchase plan for eligible employees to purchase up to 102,500 shares of common stock at $33.71 per share under a Payroll Deduction Plan. Employees have signed Payroll Deduction Plan agreements for an aggregate of 31,000 shares which the employees may purchase in February 1970 at the employees' discretion.

(7) Convertible Subordinated Debt:

During 1969, the Company issued $20,000,000 of 5½% convertible subordinated notes and $8,000,000 of 6¼% convertible subordinated debentures due in 1989. The debt can be converted into common stock as follows:

Amount	*Conversion Price*	*Unissued Common Stock Reserved*
$ 5,000,000	$36.80	135,869
15,000,000	39.50	379,746
8,000,000	41.00	195,121
		710,736

The $36.80 conversion price for the $5,000,000 in notes can be reduced to as low as $32.00 per share depending on the market price of the stock during October 1971. The $8,000,000 debentures are convertible after December 15, 1969 and the $20,000,000 notes are convertible at any time. All conversion prices are subject to anti-dilution provisions. Annual principal payments of $2,000,000 begin May 1980, on the $20,000,000 notes. Annual principal payments of $400,000 on the $8,000,000 debentures begin June 1979.

The $20,000,000 note agreements require the Company to limit cash dividends not to exceed cumulative net income after July 28, 1968, plus $3,000,000.

In June 1969, the $10,000,000 of convertible subordinated notes issued in 1968 were converted into 383,876 shares of common stock.

(8) Common Stock:

Subject to stockholders' ratification at the annual meeting in November, the Board of Directors has voted to increase the Company's authorized common stock to 30,000,000 shares and adopted a restricted stock plan under which a specified number of shares not to exceed 25,000 shares in any fiscal year will be offered to key employees at a fixed minimum cost, usually $1.00 per share.

Earnings per share are based on the weighted average shares outstanding of 11,716,667 in 1969 and 11,559,690 in 1968.

(9) Changes in Accounting:

In prior years the Company has followed the policy of expensing pre-opening expenses as incurred for all divisions. However, during 1969 the Company accelerated its hotel expansion, adding 1,810 new rooms, an increase of 61% in number of rooms, and entered the international hotel market. This is three times greater than any other year of expansion. Consequently, management believes that the large pre-opening expenses for hotels in 1969 would cause fluctuations and distortions in reported earnings since the hotels do not open with the degree of regularity as do the operating units of other divisions of the Company. Accordingly, the Company adopted, as of the beginning of 1969, the policy of deferring pre-opening expenses for new hotels and amortizing such expenses over three years to more properly match these expenses with the revenue from the hotels. This policy and similar policies are followed by many other hotel chains. The Company continues to expense, as incurred, the pre-opening expenses related to its other divisions.

As of the beginning of 1969, the Company changed its pricing method for the deferred stock contracts as described in Note 6. The shares vested (earned) are now valued at the market price on the date the contracts were awarded, adjusted for subsequent stock dividends and splits. Previously, the shares vested (earned) were valued at the market price at the beginning of the year in which the shares were vested (earned).

If the foregoing changes, which resulted partly from new operating conditions, had not been made, income before extraordinary items and net income for 1969 would have been $500,000 less.

AUDITORS' REPORT

To the Shareholders and Board of Directors of Marriott Corporation:

We have examined the consolidated balance sheet of MARRIOTT CORPORATION (a Delaware corporation) AND SUBSIDIARIES as of July 27, 1969, and the related statements of consolidated income, shareholders' investment and source and application of funds for the fifty-two weeks then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We have previously examined and reported on the financial statements for the preceding year.

In our opinion, the accompanying consolidated balance sheet and statements of consolidated income, shareholders' investment and source and application of funds present fairly the financial position of Marriott Corporation and Subsidiaries as of July 27, 1969, and the results of their operations and the source and application of their funds for the fifty-two weeks then ended, in conformity with generally accepted accounting principles which, except for the changes in accounting for pre-opening expenses and deferred stock contract compensation as described in Note 9 to the consolidated financial statements, were applied on a basis consistent with that of the preceding year.

ARTHUR ANDERSEN & CO.

Washington, D.C.,
September 26, 1969.

Marriott CORPORATION

10 Year Financial History

Marriott Corporation and Subsidiaries

Dollars in Thousands

	1969	1968	1967
OPERATIONS (Note A)			
Sales	257,385	197,498	146,349
% Increase for the year	30.3%	35.0%	18.1%
Income before income taxes	15,956	13,362	10,820
Per sales dollar	6.2%	6.8%	7.4%
United States and foreign income taxes	(7,385)	(6,441)	(5,233)
Additional surtax	(655)	(329)	—
Investment tax credit	988	827	462
Income before extraordinary items	8,904	7,419	6,049
% Increase for the year	20.0%	22.6%	18.4%
Per sales dollar	3.5%	3.8%	4.1%
Return on beginning shareholders' investment	15.7%	16.3%	19.6%
Cash flow from operations	20,043	16,302	12,920
ASSETS EMPLOYED			
Net working capital	6,152	7,579	4,559
Fixed assets	103,506	68,792	44,671
Leasehold interest (Note B)	69,582	55,718	42,046
Other assets	23,988	12,159	6,810
SOURCE OF FUNDS			
Mortgages and notes	30,036	24,808	11,286
Lease-purchase obligations (Note B)	45,456	41,168	33,679
Construction financing	9,720	2,500	—
Deferred taxes and compensation	11,978	8,816	7,667
Convertible subordinated debt	28,000	10,000	—
Minority interest in subsidiaries	282	181	—
Shareholders' investment	77,756	56,775	45,454
PER SHARE DATA (Notes A and C)			
Income before extraordinary items	.76	.64	.57
Cash flow from operations	1.71	1.41	1.21
Stock dividends			
Percent	2.5%	3.0%	4.0%
Cash equivalent	.81	.62	.50
Shareholders' investment	6.42	4.87	3.99
Quoted market price at year end	31.13	28.78	15.75
OTHER DATA (Note C)			
Weighted average shares outstanding	11,716,667	11,559,690	10,679,314
Shares outstanding	12,102,466	11,651,362	11,403,863
Number of shareholders	24,000	20,700	15,767
Number of employees	24,300	19,700	15,600
Number of operating units	324	256	206

NOTES

A. *Data exclude special gain on sale of properties in 1969 ($1,274,000 net of $483,000 tax or $.11 per share).*

B. *Leasehold interest and lease-purchase obligations capitalized as of July 25, 1965, include 5 properties which prior to 1961 were owned by the Company and included in fixed assets and mortgage indebtedness.*

C. *Per share data is based on the weighted average number of shares outstanding during the year (except for shareholders' investment which is based on the total shares outstanding), adjusted for annual stock dividends and for 2-for-1 splits in December 1960, April 1965 and March 1968.*

D. *Figures have been restated on a comparable basis except for the changes in accounting for leases in 1965 and for hotel pre-opening expenses and deferred stock contracts in 1969.*

1966 (53 weeks)	1965	1964	1963	1962	1961	1960 (53 weeks)	10 YEAR Compound Growth
123,933	98,843	84,726	74,597	71,516	58,980	54,945	18.8%
25.4%	16.7%	13.6%	4.3%	21.5%	7.1%	19.4%	
9,121	7,394	5,555	4,158	3,929	3,125	3,205	15.6%
7.4%	7.5%	6.6%	5.6%	5.5%	5.3%	5.8%	
(4,391)	(3,388)	(2,510)	(1,754)	(1,657)	(1,400)	(1,640)	
—	—	—	—	—	—	—	
380	169	155	67	—	—	—	
5,110	4,175	3,200	2,471	2,272	1,725	1,565	16.5%
22.4%	30.5%	29.5%	8.8%	31.7%	10.2%	(19.3%)	
4.1%	4.2%	3.8%	3.3%	3.2%	2.9%	2.8%	
19.5%	19.0%	17.0%	15.1%	16.1%	14.0%	14.5%	
10,759	7,510	6,658	5,725	5,314	4,191	3,417	19.3%
6,872	9,576	10,247	9,209	7,123	6,025	2,771	
26,319	23,192	21,788	17,513	16,376	15,853	18,421	
33,409	18,178	—	—	—	—	—	
1,066	864	520	563	1,136	676	990	
5,212	5,992	6,895	5,814	6,404	7,284	9,023	
25,878	15,249	—	—	—	—	—	
—	—	—	—	—	—	—	
5,697	4,388	3,659	2,649	1,879	1,190	829	
—	—	—	—	—	—	—	
—	—	—	—	—	—	—	
30,879	26,181	22,001	18,822	16,352	14,080	12,330	21.8%
.48	.39	.30	.23	.21	.16	.15	
1.01	.70	.62	.54	.50	.39	.32	
4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	
.64	.34	.19	.18	.19	.18	.11	
2.90	2.46	2.06	1.76	1.53	1.32	1.16	
12.07	10.73	4.84	4.56	4.67	5.10	3.42	25.8%
10,644,603	10,674,275	10,692,208	10,694,333	10,694,333	10,677,830	10,661,328	
10,630,739	10,658,468	10,690,083	10,694,333	10,694,333	10,694,333	10,661,328	
13,150	9,668	7,572	6,150	5,812	4,660	5,807	21.4%
12,500	10,000	9,600	9,100	8,800	8,600	7,000	15.8%
150	127	120	111	103	101	86	15.8%

THE SCOPE OF MARRIOTT CORPORATION

OPERATING GROUPS

FOOD OPERATIONS

HOT SHOPPES RESTAURANTS
HOT SHOPPES CAFETERIAS
JR. HOT SHOPPES
BIG BOY RESTAURANTS (EAST COAST)
ROY ROGERS UNITS
 COMPANY-OWNED
 FRANCHISED

BUSINESS AND INDUSTRY FOOD SERVICE
HOSPITAL FOOD SERVICE
SCHOOL AND COLLEGE FOOD SERVICE
TOLL ROAD RESTAURANTS
AIRLINE TERMINAL RESTAURANTS
AUTOMATIC FOOD SERVICE

BIG BOY RESTAURANTS

COMPANY-OWNED WEST COAST UNITS
FRANCHISED UNITS—U.S. AND CANADA

MARRIOTT IN-FLITE SERVICES

U.S. OPERATIONS
EUROPEAN OPERATIONS
LATIN AMERICAN OPERATIONS

MARRIOTT HOTELS-SPECIALTY RESTAURANTS

HOTELS AND MOTOR HOTELS
SPECIALTY RESTAURANTS
FRANCHISED MARRIOTT INNS

FAIRFIELD FARM KITCHENS

RESEARCH AND DEVELOPMENT
MANUFACTURING
PROCUREMENT
DISTRIBUTION

STAFF SERVICES

ARCHITECTURE AND CONSTRUCTION

REAL ESTATE

LEGAL

FINANCE

MARRIOTT FINANCIAL SERVICES

CORPORATE PLANNING

INDUSTRIAL RELATIONS

PUBLIC RELATIONS

Board of Directors

J. Willard Marriott
Chairman of the Board

Jorge Bird
Legislator and Advisor on Tourist Development, Puerto Rico

Alice S. Marriott
Vice President

J. W. Marriott, Jr.
President

Woodrow D. Marriott
Senior Vice President

Don G. Mitchell
Chairman, Executive Committee American Management Association

Louis W. Prentiss
Major General, U.S.A. (ret.)

Harry L. Vincent, Jr.
Vice President Booz, Allen & Hamilton, Inc.

Robert C. Wian*
Vice President

**Retired from the Board effective August, 1969.*

Officers of the Corporation

J. Willard Marriott
Chairman of the Board

J. W. Marriott, Jr.
President

Alice S. Marriott
Vice President

Woodrow D. Marriott
Senior Vice President

Fred Boulineau
Vice President, Operations Research & Development

James E. Durbin
Vice President, Hotels & Specialty Restaurants Group

J. Franklin Groff
Vice President, Architecture & Construction

G. M. Hostage
Vice President, Food Operations Group

Jerald O. Jarrard
Vice President, In-Flite Services Group

Frank C. Kimball
Vice President and General Counsel

Robert E. Koehler
Vice President, Finance

Foster M. Kunz
Vice President, Industrial Relations

George A. Stewart
Vice President, Manufacturing, Procurement and Distribution

Betty Cushwa
Secretary and Assistant Vice President

Harold W. Milner
Treasurer

Robert A. Seubert
Controller

Marriott
CORPORATION

EXECUTIVE OFFICES
5161 River Road
Washington, D.C. 20016

AUDITORS
Arthur Andersen & Co.
815 Connecticut Avenue NW
Washington, D.C. 20006

TRANSFER AGENTS
Bankers Trust Company
485 Lexington Avenue
New York, New York 10017

American Security & Trust Company
Fifteenth Street & Pennsylvania Avenue NW
Washington, D.C. 20013

REGISTRARS
Morgan Guaranty Trust Company
23 Wall Street
New York, New York 10005

The Riggs National Bank
1503 Pennsylvania Avenue NW
Washington, D.C. 20013

Annual Meeting

Shareowners are cordially invited to attend the 1969 Annual Meeting, which will take place at 10 a.m. Tuesday, November 18, at the Indian Spring Country Club, Layhill Road, Silver Spring, Maryland.

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