

# 1959 Hot Shoppes, Inc. annual report •

*for the fiscal  
year ended  
July 26, 1959*





Hot Shoppes, Inc. a





# annual report 1959

*for the fiscal year ended July 26, 1959*

page	contents
2	The Year in Review
3	A Message from Our President
5	Restaurants and Cafeterias
9	Motor Hotel Restaurants
11	Motor Hotels
15	Airline, Industrial and Institutional Catering
17	Financial Review
23	Directors and Officers
24	Operating Locations



the  
year  
in  
review

**SALES**

Receipts from our customers increased 12.9% over last year..

**EARNINGS BEFORE INCOME TAXES**

Money left after paying wages and purchasing products and services—27.1% more than last year.....

Per share of Common Stock.....

**INCOME TAXES**

Provide revenue for Federal and State governments.....

Per share of Common Stock.....

**NET INCOME**

Earnings left after paying Federal and State income taxes—20.9% more than 1958.....

Per share of Common Stock.....

**DIVIDENDS**

Compensate stockholders for the savings they have invested in our Company

Cash dividends and payments on fractional shares.....

Stock dividends (market value on date of declaration).....

Per share of Common Stock.....

**EARNINGS REINVESTED**

Provide a portion of the funds needed for expansion, remodeling, debt retirement, etc.....

Per share of Common Stock.....

**STOCKHOLDERS' INVESTMENT**

Total stockholder contribution from stock purchases and reinvested earnings.....

Per share of Common Stock.....

**WORKING CAPITAL**

Necessary current resources to meet payrolls, current vendor bills and other current expenses.....

**COMMON AND CLASS B COMMON SHARES**

Each share represents a proportionate ownership of the entire Company.....

**STOCKHOLDERS**

The number of people who have invested in Hot Shoppes, Inc.....

*also see the five year analysis on page 22*

	1959	1958
<b>SALES</b>		
Receipts from our customers increased 12.9% over last year..	\$46,029,006	\$40,783,649
<b>EARNINGS BEFORE INCOME TAXES</b>		
Money left after paying wages and purchasing products and services—27.1% more than last year.....	\$ 3,183,517	\$ 2,504,958
Per share of Common Stock.....	\$3.69	\$3.06
<b>INCOME TAXES</b>		
Provide revenue for Federal and State governments.....	\$ 1,581,210	\$ 1,179,626
Per share of Common Stock.....	\$1.83	\$1.44
<b>NET INCOME</b>		
Earnings left after paying Federal and State income taxes—20.9% more than 1958.....	\$ 1,602,307	\$ 1,325,332
Per share of Common Stock.....	\$1.86	\$1.62
<b>DIVIDENDS</b>		
Compensate stockholders for the savings they have invested in our Company		
Cash dividends and payments on fractional shares.....	\$ 155,873	\$ 42,949
Stock dividends (market value on date of declaration).....	\$ 868,285	\$ 545,234
Per share of Common Stock.....	\$ 0.15 & 4%	5%
<b>EARNINGS REINVESTED</b>		
Provide a portion of the funds needed for expansion, remodeling, debt retirement, etc.....	\$ 1,446,434	\$ 1,282,383
Per share of Common Stock.....	\$1.68	\$1.56
<b>STOCKHOLDERS' INVESTMENT</b>		
Total stockholder contribution from stock purchases and reinvested earnings.....	\$10,478,240	\$ 8,859,749
Per share of Common Stock.....	\$12.14	\$10.81
<b>WORKING CAPITAL</b>		
Necessary current resources to meet payrolls, current vendor bills and other current expenses.....	\$ 3,788,763	\$ 3,331,847
<b>COMMON AND CLASS B COMMON SHARES</b>		
Each share represents a proportionate ownership of the entire Company.....	863,381	819,528
<b>STOCKHOLDERS</b>		
The number of people who have invested in Hot Shoppes, Inc.....	3,438	3,130

## a message from our president

We are grateful to our customers, our stockholders, and our fellow employees for another successful year in 1959. Their goodwill, devotion, and support remain our most valued assets and our inspiration to meet the challenges that lie ahead.

1959 sales totaled \$46.0 million for a 12.9% increase over the previous fiscal year. The increase in net profits was even proportionately greater. Net profits after taxes of \$1.6 million were 20.9% higher than the \$1.3 million earned in fiscal 1958.

Dividends were paid in 1959 of 4% in stock and 15c per share in cash. This continues your Company's record of unbroken dividend payments since becoming publicly owned in 1953.

The past two years have witnessed a significant diversification of our business with the introduction of the motor hotel, the Sirloin and Saddle Room and the Fairfield Inn hotel dining room services, the Char-Broiler, the Mighty Mo curb service shoppes, and our improved type of cafeteria service. Alcoholic beverages are being served in our two hotel specialty dining rooms to meet the demands of our hotel trade. Our policy of not serving these beverages in our family Hot Shoppe restaurants remains unchanged.

Our expansion planning recognizes the significance of our national increase of income levels, more leisure time, the enormous highway expansion program, America's urge to be on the move, and the marked suburban shift in both residential and business development. We expect these trends to continue and to benefit our operations.

Expansion and modernization continued in 1959 through the opening of eight new units and the remodeling of two existing restaurants. All of our divisions participated in this 1959 expansion and further expansion is anticipated in each division in fiscal 1960.

The following pages discuss more specifically the current developments and the future plans of each of our operating divisions. I invite your attention to this significant material.

*Respectfully submitted,*

*J. Willard Marriott*  
J. WILLARD MARRIOTT  
President.

SEPTEMBER 22, 1959





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CAMP-GRAND

## Restaurants and Cafeterias

Our cover picture of the gleaming char-broiler at the Fairfield Inn, Rosslyn, Virginia, has come to symbolize in Washington, D. C., the finest in succulent steaks and chops. While guests watch in relaxed comfort, master chefs skillfully broil to order mouth-watering delicacies over the open charcoal grill. Suburban living and family cook-outs have whetted America's appetite for charcoal cookery in a way that Hot Shoppes has been quick to recognize. In addition to the Fairfield Inn, char-broilers have been installed in the Sirloin and Saddle Room at the Marriott Motor Hotel and at the new drive-in restaurant, appropriately named the "Char-Broiler", at Bailey's Cross Roads, Falls Church, Virginia.

Hot Shoppes' Char-Broiler is a new type of restaurant which specializes in charcoal broiled food at popular prices. As a result of its enthusiastic reception by our customers, we plan to install char-broilers in several of our new units both within and outside of the Washington area.

The foundation of our business remains the familiar Hot Shoppe drive-in restaurant with dining room, counter, Pantry House, and curb service. These restaurants, with their brilliant orange roofs, continue to symbolize the best in food quality, surroundings, and price value to families in six states and the District of Columbia.

The two new drive-in restaurant types innovated by Hot Shoppes in recent years—the Char-Broiler and the Mighty Mo—are modifications of this fundamental Hot Shoppes drive-in restaurant. The Char-Broiler emphasizes charcoal cookery in connection with dining room, counter, and curb service, while the Mighty Mo emphasizes curb service in conjunction with the dining room and counter areas. These units have been developed to satisfy special customer demands encountered in our expansion program. They represent the flexibility of approach that has enabled your Company to continue its excellent operational record of growth and progress for more than thirty years.



*Hot Shoppe Pantry Houses feature carryout dinners and snacks from our regular menu in addition to bakery products, ice cream, candy, and delicatessen items.*

*This new Char-Broiler drive-in restaurant at Bailey's Cross Roads, Arlington, Virginia, opened in October, 1958. It is a new restaurant style for Hot Shoppes and a new adventure in eating for our customers. It features charcoal broiled steaks and chops in addition to regular Hot Shoppe menu favorites—all at popular prices.*



*President J. Willard Marriott with our "Mighty Mo" tiger. This cub became a children's favorite in our recent "Name the Tiger Contest". Mighty Mo now resides in the Washington, D. C. Zoo.*



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*At left: Hot Shoppes beautiful new cafeteria at the Prince Georges Plaza regional shopping center combines good food with speedy service.*

Our newest suburban cafeteria at Prince Georges Plaza, Hyattsville, Maryland, furthers Hot Shoppes' policy of sparing neither effort nor expense in providing the beautiful surroundings that we believe essential to the full enjoyment of good food. The Prince Georges Plaza Cafeteria is the second such unit opened this year. The first was opened in August, 1958, in the new Seaboard Building at 3410 West Broad Street, Richmond, Virginia. These two additions bring our public cafeteria division to a total of seven units. Two more cafeterias are expected to open in fiscal 1960.

Two of our established restaurants have undergone extensive remodeling during the past year. The Hot Shoppe at 4340 Connecticut Avenue, N. W., Washington, D. C., which is pictured at the right of this page, has been transformed into a completely modern restaurant. This restaurant was one of our first, and the Company has operated continuously at this excellent location for the past twenty-nine years. The other remodeled unit is at 905 N. Washington Street, Alexandria, Virginia.

While our new and remodeled units are an important phase of our merchandising, the careful selection of irresistible menu items and close attention to the details that produce outstanding service are the fundamentals of our sales promotion. Our menu department, supported by its modern test kitchen, and the training division with its extensive courses for all employee levels, spearhead this effort. Both divisions, and their programs, have been enlarged during the past year.

*The attractive contemporary building below pictures our Connecticut Avenue Hot Shoppe after renovation.*



*The picture above shows the same Hot Shoppe shortly before the recent remodeling commenced.*



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## Motor Hotel Restaurants

The open charcoal grill has also found its way into our luxurious motor hotel restaurants. Our cover picture permits a glimpse inside the beautifully decorated Fairfield Inn, the Hot Shoppes restaurant adjoining the Marriott Key Bridge Motor Hotel. It shows the Fairfield Inn's chef in the process of turning a delicious steak over the open fire of the char-broiler. A screen of forced air prevents the heat generated by the open charcoal fire from invading the dining room.

The Fairfield Inn was constructed on the spot formerly occupied by the Rosslyn Hot Shoppe. It offers reasonably priced meals, a new menu and wine list, and Hot Shoppes' traditional family service to the guests of the Marriott Key Bridge Motor Hotel as well as to our loyal Washington area customers.

Our Hot Shoppes restaurant at the Marriott Twin Bridges Motor Hotel has continued to grow in popularity. This beautiful room, with its immediate view of the patio's summer swimming and winter ice skating, features a menu similar to that at the Fairfield Inn. The scope of our dining room service at the Marriott Twin Bridges has recently been supplemented with another quality restaurant—the Sirloin & Saddle.

This luxurious Sirloin & Saddle room is our first venture into the specialty restaurant field. The room features a western atmosphere where the rough textures of bricks, carpets and wood paneling provide strong accents. It is interesting that the weathered oak paneling used for the walls is over a hundred years old and was brought from our Fairfield Farm in the foothills of the Appalachian Mountains in Virginia.

We presently have several new motor hotels in various stages of planning. Each of these will feature one or more dining rooms designed to provide friendly, family service as well as adventuresome, sophisticated dining to please the mood of every guest.

*Sirloin & Saddle Room, Marriott Motor Hotel,  
Twin Bridges, U.S. 1, Arlington, Virginia.*



*A view of the Hot Shoppes restaurant dining room at our Marriott Twin Bridges Motor Hotel.*

*Convention and banquet service is provided at all Marriott Motor Hotels. Facilities exist for groups up to 400 persons.*





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*The new Marriott Key Bridge Motor Hotel,  
Rossllyn, Virginia.*

## Motor Hotels

The opening of the Marriott Key Bridge Motor Hotel represented another milestone in the expansion of our motor hotel division. Situated on a high bluff overlooking the Potomac River and historic Old Georgetown, it provides easy access to downtown Washington, the Washington National Airport, and all popular tourist attractions. Its convenient location, ample parking, and two large banquet halls make the Marriott Key Bridge Motor Hotel as inviting to business or civic groups as it is to the vacationing family.

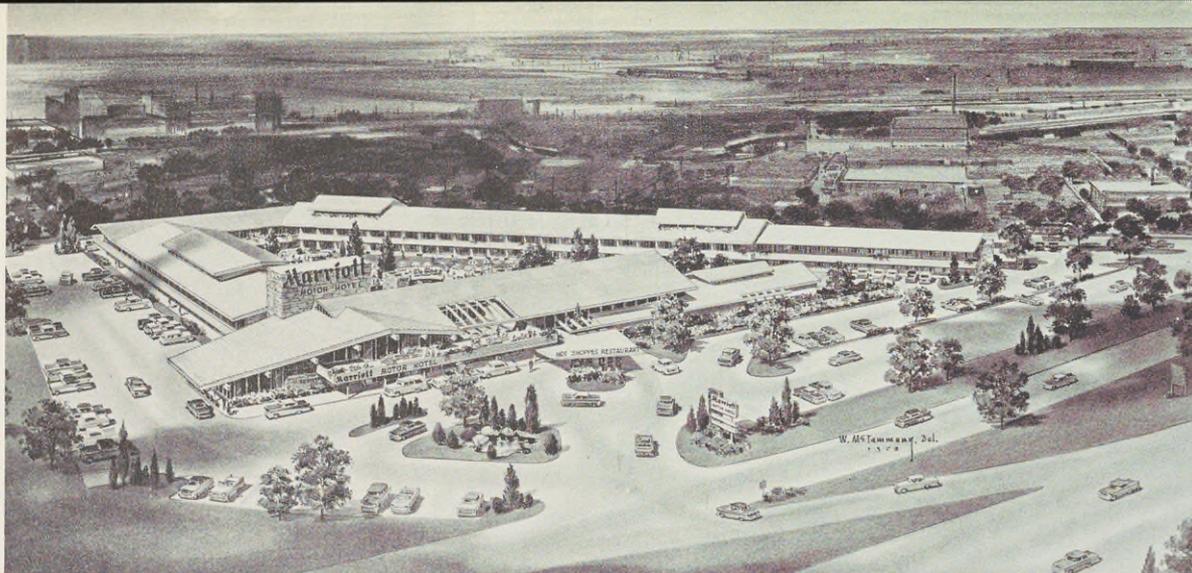
The contemporary beauty of the air-conditioned building, the superbly furnished guest rooms, and the exciting decor of the public areas are evidence of Hot Shoppes' traditional policy to provide the best family service at reasonable cost. It also contains luxury rooms that will delight the most discriminating guest.

Thoughtful planning went into the smallest detail to let the weary traveler enjoy "a home away from home." Television, hi-fi radio, individual temperature control, and soundproofing are standard in all rooms. All these and many other features designed for the comfort and well-being of our guests will make a stay at any of our motor hotels a memorable experience.

Further expansion of our motor hotel division is planned for the near future. Construction has already begun on another beautiful motor hotel in Dallas, Texas, which is expected to open next year. Construction will soon start on a motor hotel in Philadelphia, Pennsylvania, and a fifth motor hotel is planned in the New York metropolitan area.



*Debbie Marriott, our President's granddaughter,  
snips the ribbon to officially open the Marriott Key  
Bridge Motor Hotel.*



*Construction will soon commence on the Marriott Motor Hotel pictured above in Dallas, Texas. This site is within two miles of downtown Dallas on Stemmons Freeway—an integral section of the new interstate highway system. It is also located just a few minutes from the Dallas airport.*

*Our Bridal Suite at the Key Bridge Marriott features a panoramic view of the Potomac River and Old Georgetown. Room rates at all Marriott Motor Hotels are competitive with those of other lodging accommodations in the area.*



*The striking charm of the lobby at the Marriott Key Bridge Motor Hotel is indicative of the motif of this new motor hotel.*





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## Airline, Industrial & Institutional Catering

Vigorous growth also took place in our airline operations. A new flight kitchen was added at Miami's International Airport in Florida, another was opened at Baltimore's Friendship Airport, and a third was opened at Chicago's new O'Hare Field. In addition, several of our existing flight kitchens were successful in acquiring additional airline customers.

The advent of the commercial airline jet age also brought new opportunities to your Company. To serve these airway giants, we have modernized our fleet of high-lift trucks. These trucks, and our modern kitchen facilities, enable us to supply and load delectable food on the split second timing required by airline scheduling.

Further growth of our airline operations is foreseen for fiscal 1960. The luxurious restaurant and coffee shop in the Eastern Airlines Terminal Building at the Idlewild International Airport near New York City will open early in fiscal 1960. In addition to this public restaurant, the operation will include an employees' cafeteria, and a new flight kitchen to furnish in-flight meal service to major airlines.

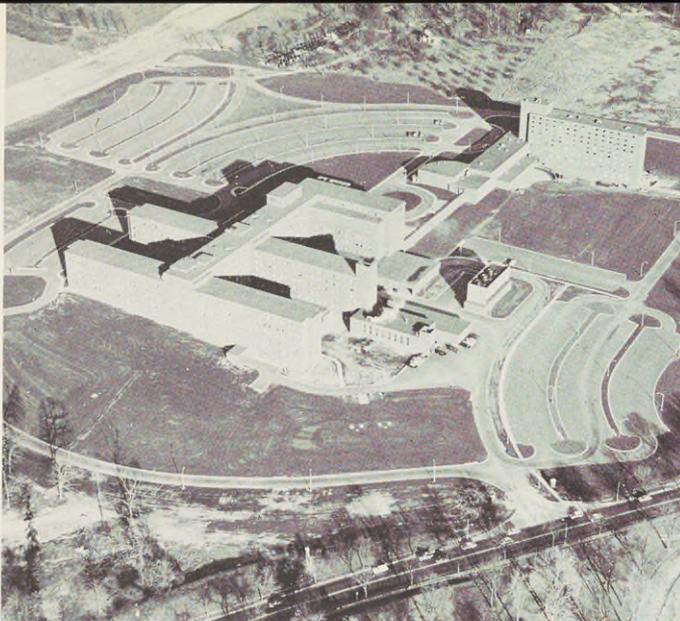
*Holiday Companions—Hot Shoppes delicious in-flight meals provide the extra touch that makes your airline journey a treasured memory. Pictured is our first jet airline customer at the new flight kitchen at Friendship Airport, Baltimore, Maryland.*



*Your Hot Shoppes airline meal tastes even better than it looks!*

*Our high-lift truck delivering food to one of the new jet airliners. This service will be expanded greatly in the coming year.*





*An aerial view of the 800 bed Washington Hospital Center with patient, staff and visitor food service by Hot Shoppes, Inc.*



*A heart warming Hot Shoppe meal at Children's Hospital, Washington, D. C.*

Our industrial and institutional cafeterias grew through the addition of the new Washington Hospital Center and the E. I. duPont de Nemours Company in Buffalo, New York.

The Washington Hospital Center is the second hospital served by our Company. It follows Children's Hospital, also located in Washington, D. C., which we have been serving since 1955.

Your Company's rapid growth and future expansion are firmly supported by our executive offices near Bethesda, Maryland, one mile from the District of Columbia line.

Our headquarters site also includes a warehousing center serving our commissary and the majority of our restaurants, and eleven acres of developed and undeveloped property. This location, ideally situated for the efficient management of our business, provides ample room for any future expansion of office and service facilities that may become desirable.

We encourage our stockholders and friends to visit us here, and to patronize our restaurants and motor hotels. Your ideas and suggestions are always welcome.

## Financial Review

1959 sales of \$46,029,006 continued your Company's growth with an increase of \$5,245,357 or 12.9% over the previous year.

All divisions contributed to the increase in sales, and it is significant to note that this increase was not alone the product of our 1959 expansion program. Established units also showed significant revenue increases in 1959. These increases would have been even greater had it not been for the prolonged airline strikes in the fall of 1958.

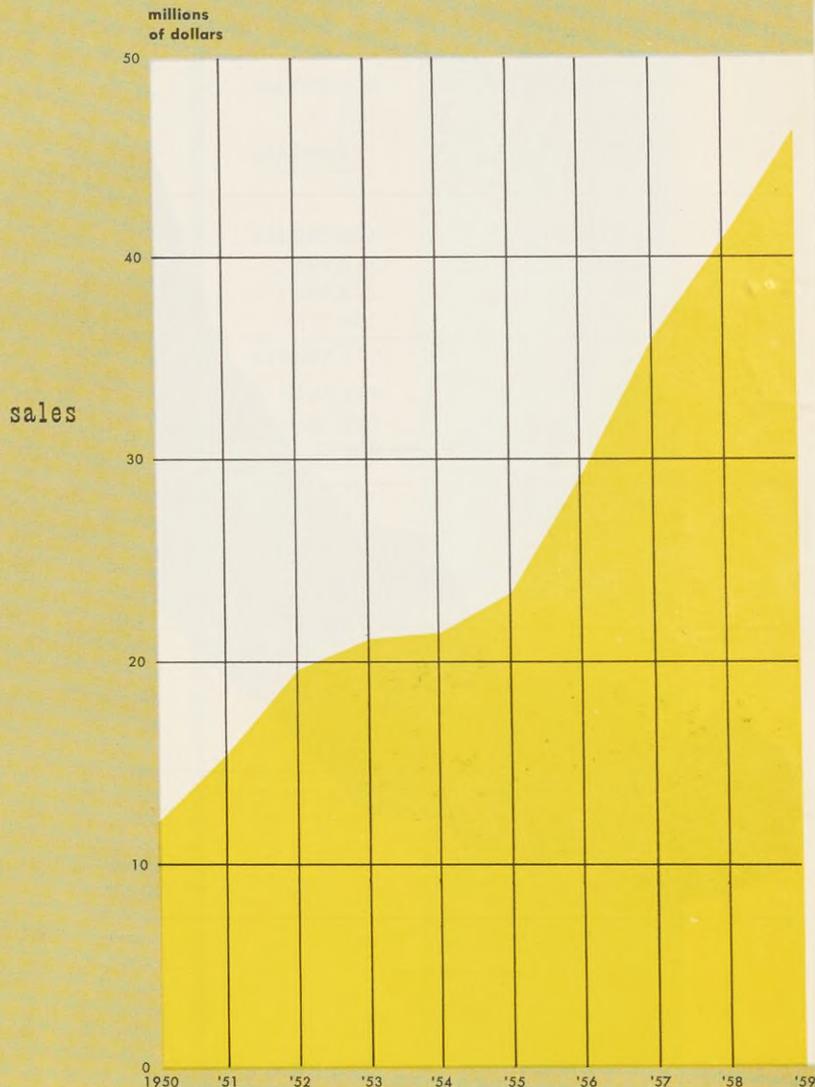
Our sales graph at the right gives a striking picture of your Company's growth during the past 10 years. As can be seen, our sales have increased from \$13 million in 1950 to \$46 million in 1959 or 253.8%. Furthermore, sales have almost doubled in the past four years since 1955.

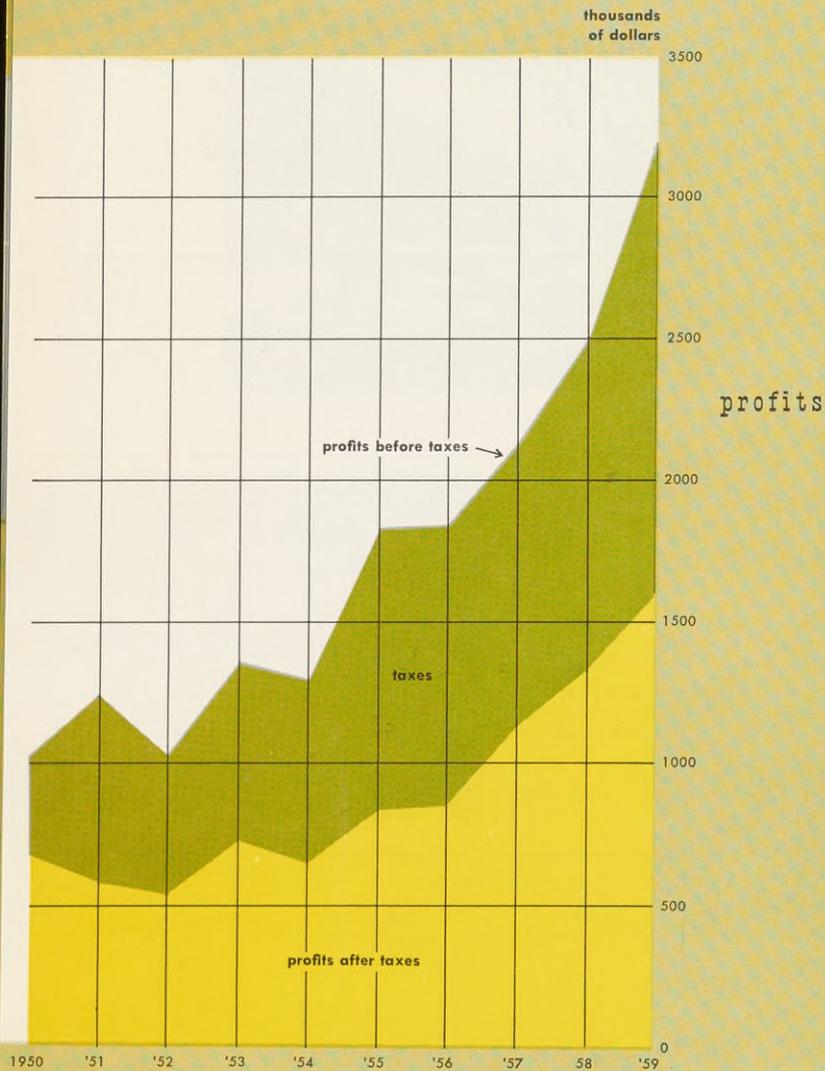
Our new record sales volume was exceeded by a more than proportionate increase in net profits in 1959. Net profits before taxes of \$3,183,517 compared with \$2,504,958 in 1958 for an increase of 27.1%. This compares to a 12.9% increase in sales.

1959 federal and state income taxes amounted to \$1,581,210 or \$401,584 more than 1958's \$1,179,626. Our 1959 taxes consumed a larger portion of our 1959 profits since 1958 benefited taxwise from certain carry-forward deductions which did not apply to 1959.

Net profits after taxes climbed to \$1,602,307 in fiscal 1959. This represents an increase of \$276,975. Consequently, 1959 earnings per share of \$1.86 also exceeded 1958's earnings per share of \$1.62.

Both cash and stock dividends were paid in fiscal 1959 from our year's earnings. These amounted to 15c per share in cash and 4% in stock. The stock dividend had a market value of \$27.50 per share when declared on March 18, 1959. This dividend policy makes income tax savings available to our shareholders and provides capital to the Company for its expansion.





Your Company's ten-year earnings record is shown at the left. In general, it parallels the growth we have enjoyed in sales. 1959 earnings after taxes of \$1,602,307 are 138.0% greater than earnings of \$673,309 in 1950. It is very significant that this sizeable increase emerges even after the deduction of accelerated depreciation on all fixed assets acquired since 1954.

When our earnings are adjusted to reflect normal depreciation instead of accelerated depreciation, our earnings growth becomes even more striking. This is shown in the five year comparison on page 22. Here, 1959 earnings become \$1,848,066 or \$2.14 per share. Similar increases are evident in every year since 1954. This comparison emphasizes the earnings growth and performance of your Company.

The strength of our current asset position is demonstrated by our more than \$6 million cash reserve. This alone is almost equal to our entire current liabilities. Total current assets exceed total current liabilities by \$3,788,763 and our working capital has shown a \$456,916 increase over last year.

Total 1959 assets of \$22,786,086 are above 1958's total of \$17,229,370 by \$5,556,716 or 32.3%. This increase is further indicative of Hot Shoppes' expansion and the increase in productive facilities available for our use. \$2.9 million of this \$5.6 million increase has already been invested in fixed assets.

The increase in our total assets was partially provided by an expansion of our long-term liabilities. A ten-year, \$1,000,000 note from The Riggs National Bank of Washington, D. C. was secured to retire some outstanding notes payable, and a new mortgage loan of \$1,750,000 was placed on the Marriott Key Bridge Motor Hotel. As a result of this new financing, our net long-term liabilities increased by \$1,850,439.

The investment of our shareholders has also increased during the past year. This increase totals \$1,618,491. Consequently, the book value of our shares increased from \$10.81 in 1958 to \$12.14 in 1959. This increase was largely possible through our stock dividend policy which resulted in the issuance of 31,574 new shares in 1959. These shares had a total market value at the declaration date of \$868,285.

**Hot Shoppes, Inc.**  
**and subsidiaries**  
*statement of consolidated income*  
*and retained earnings*  
*for the years ended July 26, 1959 and July 27, 1958*

	1959	1958
<b>GROSS INCOME</b>		
From operations.....	\$46,029,006	\$40,783,649
Other.....	31,523	47,214
	<u>\$46,060,529</u>	<u>\$40,830,863</u>
<b>DEDUCTIONS</b>		
Cost of sales and operating expenses.....	\$38,095,886	\$34,137,625
Administrative expenses.....	2,899,827	2,554,003
Depreciation and amortization.....	1,689,613	1,372,134
Miscellaneous expenses.....	191,686	262,143
	<u>\$42,877,012</u>	<u>\$38,325,905</u>
<b>NET INCOME BEFORE TAXES ON INCOME</b> .....	<u>\$ 3,183,517</u>	<u>\$ 2,504,958</u>
<b>PROVISION FOR FEDERAL AND STATE INCOME TAXES</b> .....	1,581,210	1,179,626
<b>NET INCOME</b> .....	<u>\$ 1,602,307</u>	<u>\$ 1,325,332</u>
<b>RETAINED EARNINGS, Balance beginning of year</b> .....	6,945,321	6,336,432
	<u>\$ 8,547,628</u>	<u>\$ 7,661,764</u>
<b>DEDUCT</b>		
Adjustment to reflect earnings capitalized by subsidiaries in prior years, etc.....	\$ 1,284,728	\$
Cash dividends.....	155,873	42,949
Stock dividends.....	868,285	545,234
Reserve for annual leave (net of tax saving).....	----	128,260
	<u>\$ 2,308,886</u>	<u>\$ 716,443</u>
<b>RETAINED EARNINGS, Balance end of year (Note 2)</b> .....	<u>\$ 6,238,742</u>	<u>\$ 6,945,321</u>

*The accompanying notes are an integral part of this statement.*

Hot Shoppes, Inc. and subsidiaries *statement of consolidated financial condition*  
as at July 26, 1959 and July 27, 1958

Accountants'  
Certificate

TO THE STOCKHOLDERS AND BOARD OF  
DIRECTORS, HOT SHOPPES, INC.:

We have examined the statement of consolidated financial condition of Hot Shoppes, Inc. (a Delaware corporation) and subsidiaries as of July 26, 1959, and the related statement of consolidated income and retained earnings for the fiscal year 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.

In our opinion, the accompanying statement of consolidated financial condition and statement of consolidated income and retained earnings present fairly the financial position of Hot Shoppes, Inc. and subsidiaries as of July 26, 1959, and the results of their operations for the fiscal year then ended, and were prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ARTHUR ANDERSEN & CO.

WASHINGTON, D. C.,  
SEPTEMBER 22, 1959.

ASSETS	1959	1958
<b>CURRENT ASSETS</b>		
Cash.....	\$ 6,002,431	\$ 4,380,706
Accounts receivable (less \$12,201 reserve in 1959).....	1,688,826	932,289
Inventories—at lower of average cost or market		
Food, cigarettes, novelties, etc.....	1,645,955	1,457,862
Farm—livestock and supplies.....	148,740	119,600
Expense supplies.....	432,682	511,188
Prepaid expenses.....	237,737	210,024
Total Current Assets.....	<u>\$10,156,371</u>	<u>\$ 7,611,669</u>
<b>FIXED ASSETS (at cost)</b>		
Land and land improvements.....	\$ 1,447,034	\$ 1,443,864
Buildings and improvements.....	5,633,979	5,205,497
Leasehold improvements.....	4,431,994	1,585,881
Furniture and fixtures.....	6,530,991	5,805,784
Automotive equipment.....	716,241	520,114
China, linen, etc.....	200,830	148,001
	<u>\$18,961,069</u>	<u>\$14,709,141</u>
Less reserves for depreciation and amortization.....	6,765,124	5,427,423
Total Fixed Assets.....	<u>\$12,195,945</u>	<u>\$ 9,281,718</u>
<b>OTHER ASSETS</b>		
Cash surrender value of life insurance (\$710,000 face amount).....	\$ 217,123	\$ 176,486
Deferred finance expenses, etc.....	216,647	159,497
Total Other Assets.....	<u>\$ 433,770</u>	<u>\$ 335,983</u>
<b>TOTAL ASSETS.....</b>	<u>\$22,786,086</u>	<u>\$17,229,370</u>

The accompanying notes are an integral part of this statement.

**LIABILITIES AND STOCKHOLDERS' INVESTMENT**
**CURRENT LIABILITIES**

	1959	1958
Current portion of mortgages and notes payable (Note 3).....	\$ 237,561	\$ 192,435
Accounts payable.....	2,086,800	1,364,635
Accrued salaries, wages, and bonuses.....	1,492,444	1,064,410
Provision for income taxes.....	1,630,690	980,960
Other accrued taxes.....	293,437	136,268
Accrued rent, utilities, insurance, etc.....	626,676	541,114
Total Current Liabilities.....	<u>\$ 6,367,608</u>	<u>\$ 4,279,822</u>

**LONG-TERM DEBT (excluding current portion above).....**

Mortgages payable (Note 3).....	\$ 5,002,738	\$ 3,377,799
Notes payable (Note 3).....	937,500	712,000
Total Long-Term Debt.....	<u>\$ 5,940,238</u>	<u>\$ 4,089,799</u>
Total Liabilities.....	<u>\$12,307,846</u>	<u>\$ 8,369,621</u>

**STOCKHOLDERS' INVESTMENT**

Capital stock—\$1 par value.....		
Common—1,000,000 shares authorized; outstanding.....	\$ 650,128	\$ 613,716
Class B Common—750,000 shares authorized; outstanding.....	213,253	205,812
Total Capital Stock.....	<u>\$ 863,381</u>	<u>\$ 819,528</u>
Capital surplus.....	3,376,117	1,094,900
Retained earnings.....		
Unrestricted.....	2,728,816	3,850,687
Restricted as to dividends (Note 2).....	3,509,926	3,094,634
Total Stockholders' Investment.....	<u>\$10,478,240</u>	<u>\$ 8,859,749</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' INVESTMENT.....</b>	<u>\$22,786,086</u>	<u>\$17,229,370</u>

**FOOTNOTES TO FINANCIAL STATEMENTS**

(1) The company and its subsidiaries operate certain properties and equipment under renewable leases of various terms ranging to a maximum of twenty years with an average of nine years under which minimum annual rental payments amount to approximately \$1,500,000.

(2) Under the terms of an equipment rental agreement, dividends, distributions, and payments on capital stock shall be paid only from consolidated net income accumulated subsequent to July 28, 1957, and then only if consolidated net current assets equal at least \$1,000,000 after giving effect to such proposed dividend, or distribution.

**(3) Long-Term Debt**

Mortgages Payable	Included in	
	Current Liabilities	Long-Term Liabilities
4½% Mortgage, due September 1, 1975 (payable \$5,378 monthly, including interest and principal)	\$81,870	\$708,402
5% Mortgage, due August 1, 1977 (payable \$49,850 quarterly, including interest and principal, to August 1, 1962, and \$56,720 thereafter)	68,800	2,568,727
5½% Mortgage, due January 1, 1980 (payable \$12,039 monthly, including interest and principal beginning February 1, 1960)	24,391	1,725,609
Total Mortgages Payable	<u>\$125,061</u>	<u>\$5,002,738</u>

**Notes Payable**

5% Subordinated debenture note, due December 31, 1962 (payable \$12,500 annually)	\$ 12,500	\$ 37,500
4½% Installment note, due June 1, 1969 (payable \$50,000 semi-annually)	100,000	900,000
Total Notes Payable	<u>\$112,500</u>	<u>\$937,500</u>
Grand Total	<u>\$237,561</u>	<u>\$5,940,238</u>

Hot Shoppes, Inc. and subsidiaries *five year comparison of financial information*  
for the fiscal years 1955 thru 1959

	1959	1958	1957	1956	1955
<b>SALES</b>	\$46,029,006	\$40,783,649	\$36,002,599	\$29,170,667	\$23,551,621
<b>EARNINGS BEFORE INCOME TAXES</b>					
In dollars.....	\$ 3,183,517	\$ 2,504,958	\$ 2,137,271	\$ 1,845,830	\$ 1,829,248
A share of common stock.....	\$3.69	\$3.06	\$2.74	\$2.37	\$2.36
<b>INCOME TAXES</b>					
In dollars.....	\$ 1,581,210	\$ 1,179,626	\$ 998,923	\$ 997,843	\$ 993,945
A share of common stock.....	\$1.83	\$1.44	\$1.28	\$1.28	\$1.28
<b>NET INCOME BASED ON ACCELERATED DEPRECIATION</b>					
In dollars.....	\$ 1,602,307	\$ 1,325,332	\$ 1,138,348	\$ 847,987	\$ 835,303
A share of common stock.....	\$1.86	\$1.62	\$1.46	\$1.09	\$1.08
<b>NET INCOME BASED ON STRAIGHT-LINE DEPRECIATION</b>					
In dollars.....	\$ 1,848,066	\$ 1,496,849	\$ 1,254,925	\$ 919,022	\$ 856,305
A share of common stock.....	\$2.14	\$1.83	\$1.61	\$1.18	\$1.11
<b>COMMON STOCK DIVIDENDS PAID</b>					
Cash dividends/fractional shares.....	\$ 155,873	\$ 42,949	\$ 338,319	\$ 299,413	\$ 313,296
Stock dividends.....	\$ 868,285	\$ 545,234	—0—	—0—	—0—
A share of common stock.....	\$0.15 & 4%	5%	\$0.60*	\$0.60*	\$0.60*
<b>EARNINGS REINVESTED</b>					
In dollars.....	\$ 1,446,434	\$ 1,282,383	\$ 800,029	\$ 548,574	\$ 522,007
A share of common stock.....	\$1.68	\$1.56	\$1.02	\$0.70	\$0.67
<b>STOCKHOLDERS' INVESTMENT</b>					
In dollars.....	\$10,478,240	\$ 8,859,749	\$ 7,694,176	\$ 6,964,618	\$ 6,103,271
A share of common stock.....	\$12.14	\$10.81	\$9.85	\$8.93	\$7.88
<b>WORKING CAPITAL</b>	\$ 3,788,763	\$ 3,331,847	\$ 2,579,610	\$ 2,926,611	\$ 2,779,700
<b>COMMON AND CLASS B COMMON SHARES</b>	863,381	819,528	781,248	780,248	774,276
<b>STOCKHOLDERS</b>	3,438	3,130	2,932	2,873	2,714

\*No dividends were paid on  
Class B Common Stock.

## Directors

**J. Willard Marriott**  
Chairman of the Board  
and President,  
Hot Shoppes, Inc.



**Alice S. Marriott**  
Vice President,  
Hot Shoppes, Inc.



**Eric Johnston**  
President, Motion Picture  
Association of America



**James M. Johnston**  
Senior Partner,  
Johnston, Lemon & Co.



**Roger J. Whiteford**  
Senior Partner,  
Whiteford, Hart,  
Carmody & Wilson



## Officers

- J. Willard Marriott**  
*Chairman of the Board and President*
- Milton A. Barlow**  
*Executive Vice President*
- Alice S. Marriott**  
*Vice President*
- Paul M. Marriott**  
*Vice President of Hot Shoppes, Inc. and  
President of Hot Shoppes Caterers, Inc.*
- Woodrow D. Marriott**  
*Vice President, Store Operations*
- John S. Daniels**  
*Vice President in Charge of Manufacturing,  
Procurement, and Merchandising*
- J. Willard Marriott, Jr.**  
*Vice President, Hotel Operations*
- Frank C. Kimball**  
*Vice President, Real Estate*
- Wayne D. McAllister**  
*Vice President, Architecture*
- Betty L. Cushwa**  
*Secretary*
- Donald R. Jackson**  
*Treasurer and Controller*

**Executive Offices—Hot Shoppes, Inc.**  
5161 River Road, N. W.  
Washington 16, D. C.

**Transfer Agent—American Security & Trust Company**  
Fifteenth Street and Pennsylvania Avenue, N. W.  
Washington 5, D. C.

**Registrar—The Riggs National Bank**  
1503 Pennsylvania Avenue, N. W.  
Washington 5, D. C.

**General Counsel—Whiteford, Hart, Carmody & Wilson**  
815 Fifteenth Street, N. W.  
Washington 5, D. C.

**Auditors—Arthur Andersen & Co.**  
777 Fourteenth Street, N. W.  
Washington 5, D. C.



## Hot Shoppes, Inc. / operations



### WASHINGTON, D. C.

#### *Service and Drive-in Restaurants*

Georgia Ave. and Gallatin Street, N.W.  
4340 Connecticut Ave., N.W. (Alt. U.S. 29)  
4th and Florida Ave., N.E.  
14th and Rhode Island Ave., N.E.  
1404 Park Road, N.W.  
2230 New York Ave., N.E.  
14th and G Streets, N.W. (Colorado Bldg.)  
South Capitol St. and Southern Ave., S.E.  
4110 Wisconsin Ave., N.W.

#### *Cafeterias*

McLean Gardens, 3811 Porter Street, N.W.  
1621 H Street at Connecticut Ave., N.W.  
Meridian Hill Hotel, 16th & Euclid St., N.W. (U.S. 29)

#### *Government Cafeterias*

Securities & Exchange Commission, 425 Second St., N.W.  
Treasury Department, 15th and Penn. Ave., N.W.  
Bureau of Printing & Engraving, 14th and C Sts., S.W.

#### *Institutional Feeding*

Children's Hospital, 2125 13th Street, N.W.  
International Monetary Fund, 19th and H Sts., N.W.  
Washington Hospital Center, 110 Irving St., N.W.

### MARYLAND

#### *Service and Drive-in Restaurants*

Bethesda, Wisconsin Ave. at East-West Highway (U.S. 240)  
Silver Spring, 7980 Georgia Avenue (U.S. 29)

Silver Spring, 8643 Colesville Road (U.S. 29)  
Hyattsville, 5315 Baltimore Avenue (U.S. 1)  
College Park, 7300 Baltimore Avenue (U.S. 1)  
Langley Park, New Hampshire Avenue and University Lane  
Baltimore, 5807 Harford Road  
Wheaton, 11190 Viers Mill Road

**Mighty Mo Restaurants**

Hyattsville, Hamilton St. and Queens Chapel Road  
Takoma Park, New Hampshire Ave. and East-West Highway

**Cafeterias**

Hyattsville, Prince Georges Plaza  
Baltimore, Hecht Co. Dept. Store, Swann St. & Edmondston Ave.

**Government Cafeterias**

Fort Meade

**Airline Catering**

Baltimore, Friendship Airport

**VIRGINIA**

**Motor Hotels and Restaurants**

Marriott Motor Hotel, Twin Bridges (U.S. 1), with  
Hot Shoppes restaurant, and  
Sirloin and Saddle Room (steaks a specialty)  
Marriott Key Bridge Motor Hotel, Rosslyn (U.S. 29-211), with  
Fairfield Inn

**Service and Drive-in Restaurants**

Alexandria, Mt. Vernon Memorial Highway  
Shirlington, off Shirley Highway (Route 350)  
Arlington, 3130 Lee Highway (U.S. 29-211)  
South End, 14th Street Bridge (U.S. 1)  
Richmond, 2310 West Broad Street  
Fredericksburg, 501 Jefferson Davis Boulevard  
Willston, Arlington Blvd. & Patrick Henry Drive (U.S. 50)  
Bailey's Cross Roads (Route 7)

**Cafeterias**

Richmond, 7th and Grace Streets  
Richmond, 3410 West Broad Street (Seaboard Bldg.)

**Airline Catering**

Washington National Airport

**Industrial Cafeterias**

Norfolk, Ford Motor Company  
Richmond, Philip Morris Tobacco Company  
Petersburg, Brown and Williamson Tobacco Company  
Waynesboro, E. I. duPont de Nemours Company  
Martinsville, E. I. duPont de Nemours Company

**PENNSYLVANIA**

**Service and Drive-in Restaurants**

Philadelphia, Broad and Stenton Avenue (U.S. 611)  
Philadelphia, 28th and Hunting Park Avenue (U.S. 1-13)  
Upper Darby, 66th and Market Streets

**UTAH**

**Service and Drive-in Restaurant**

Salt Lake City, 532 South Main Street

**ILLINOIS**

**Airline Catering**

Chicago, Midway Airport  
Chicago, O'Hare Field

**NEW YORK**

**Service and Drive-in Restaurant**

Albany, Northern Blvd. and Shaker Road

**Airline Catering**

Idlewild International Airport

**Industrial Cafeteria**

Buffalo, E. I. duPont de Nemours Company

**New York State Thruway Restaurants**

Sloatsburg, Milepost #33, North Lane  
Plattekill, Milepost #63, North Lane  
Malden, Milepost #103, North Lane  
Madena, Milepost #66, South Lane  
Ulster, Milepost #96, South Lane  
New Baltimore, Milepost #127, South Lane

**NEW JERSEY**

**Airline Catering**

Newark Municipal Airport

**FLORIDA**

**Airline Catering**

Miami International Airport

**Industrial Cafeterias**

Miami, Eastern Airlines  
Miami, Pan American Airways  
Miami, National Air Lines

**Sunshine State Parkway**

Pompano Beach  
West Palm Beach  
Ft. Pierce

**TEXAS**

**Airline Catering**

Dallas, Braniff International Airways, Love Field

**NORTH CAROLINA**

**Service and Drive-in Restaurant**

Greensboro, Summit and Wendover Ave. (Alt. Route 29)



DRIVE-IN RESTAURANTS  
CAFETERIAS  
PANTRY HOUSES  
SERVICE RESTAURANTS  
INDUSTRIAL FEEDING  
INSTITUTIONAL FEEDING  
AIRLINE CATERING



MOTOR HOTELS



MIGHTY MO'S

Hot Shoppes, Inc.<sup>®</sup>