

COMMERCE

Marriott's Starwood merger challenged by unsolicited acquisition proposal

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St. Regis New York exterior

By STAFF REPORTS

Marriott International has new competition for the acquisition of Starwood Hotels & Resorts, potentially upsetting plans for a merger that would create the largest hotel company globally.

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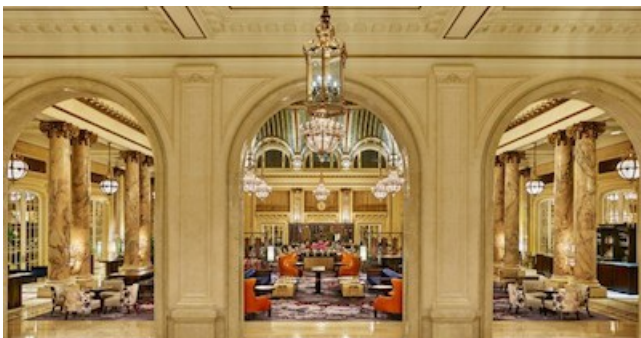
On March 10, Starwood received an unsolicited non-binding proposal from a consortium of companies interested in buying out all of the hospitality company's outstanding stock. Marriott has given Starwood a waiver to discuss the possible takeover with the Consortium, but the company is continuing to stand by its intent to merge with Starwood.

It's complicated

Starwood began talks with the Consortium on March 11, during which it is also providing diligence information to the potential buyers. Under the agreement with Marriott, the waiver expires at 11:59 p.m. EST on March 17.

Currently Starwood's board of directors has not changed its advice in favor of the merger with Starwood. As talks progress, the board will consult legal and financial experts to determine the best move for the company and its shareholders.

There is no guarantee that the discussion will lead to a concrete offer from the Consortium, which is led by Anbang Insurance Group. The Chinese company bought Waldorf Astoria New York in 2014, and the company is set to acquire Strategic Hotels & Resorts.



The Garden Court at Palace Hotel in San Francisco, part of Starwood's Luxury Collection

The Consortium's proposal includes buying Starwood shares at \$76 in cash. Marriott's 20-day WVAP ending March

11 values its merger at \$63.74 per Starwood share.

On the morning of Nov. 16, Starwood and Marriott International announced that the companies had agreed to a merger. Under the terms of the deal, Marriott intends to purchase Starwood for \$12.2 billion. Together, the two companies operate upwards of 5,500 hotels and more than 1 million rooms ([see story](#)).

Marriott has a special stockholders meeting planned for March 28 to gain approval for the Starwood merger, and the hotel company plans to have the transaction complete by midyear. If Starwood backs out of its agreement, it will owe Marriott a \$400 million cash termination fee.

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