

COMMERCE

Marriott, Starwood renew merger plans with updated agreement

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St. Anthony Hotel in San Antonio, part of Starwood's Luxury Collection

By STAFF REPORTS

Starwood Hotels & Resorts has signed an amended definitive merger agreement with Marriott International, judging the hotelier's revised acquisition offer as superior to a competing proposal.

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After receiving an unsolicited offer from a Consortium led by China's Anbang Insurance Group, Starwood was planning to leave its intended merger with Marriott for what it perceived as a more desirable deal ([see story](#)). Following revised terms from Marriott, Starwood is again set to join with the company to create what will be the largest hotelier globally.

Joining together

The revamped offer from Marriott will give Starwood shareholders \$21 and .80 of Marriott stock for each common stock share. Both the share ratio and the cash consideration have been raised in the revised proposal.

When the merger closes, current Starwood shareholders will hold about 34 percent of the combined company's stock.

This transaction, set to close mid year, values Starwood at \$13.6 billion, excluding its timeshare business. This puts the valuation at \$79.53 a share.

Raising its outlook from last November, when the merger was initially announced ([see story](#)), Marriott now believes it can reach \$250 million in annual cost synergies within two years of the transaction's close, up from the original figure of \$200 million.



Bentley Beluga Black Mulsanne outside St. Regis New York

Because Starwood and Marriott already obtained permission for the merger from antitrust reviews, the transaction is expected to close quickly. Both companies will hold stockholder meetings on April 8 to gain approval from shareholders.

If Starwood backs out, its break fee is now \$450 million in cash, up from \$400 million.

"We expect to accelerate the growth of Starwood's brands, leveraging Marriott's worldwide hotel development organization and owner and franchisee relationships," said Arne Sorenson, president and CEO of Marriott International, in a brand statement. "On the top line, combined sales expertise and increased account coverage should drive additional customer loyalty and increase revenue.

"Hotel level cost savings should benefit owners and franchisees, including better efficiencies in reservations, procurement and shared services," he said. "The company will have a broader global footprint and the most powerful frequent traveler programs in the industry, strengthening Marriott's ability to serve guests wherever they travel.

"We are also bringing together two of the most talented and experienced teams in the industry. Together, they will combine their innovative ideas and service commitment to deliver unforgettable guest experiences."

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