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THE  
BOARD, MARRIOTT INTERNATIONAL

SUBJECT: ISSUES FACING THE HOSPITALITY INDUSTRY

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MR. SALANT: (Gavel sounds.) Good afternoon and welcome to the  
National Press Club. I'm Jonathan Salant, a reporter for Bloomberg  
News, and the immediate past president of the Club. I'd like to  
welcome Club members and their guests in the audience today, as well  
as those of you watching on C-SPAN.

We're looking forward to today's speech, and afterwards I will  
ask as many questions from the audience as time permits. Please hold  
your applause during the speech so we have time for as many questions  
as possible. For our broadcast audience, I'd like to explain that if  
you hear applause, it is from the guests and the members of the  
general public who attend our luncheons, not from the working Press.

I'd now like to introduce our head table guests and ask them to  
stand briefly when their names are called: From your right, Suzanne  
Struglinski of the Deseret Morning News, and president of the Regional  
Reporters Association; Tonya Fitzpatrick, deputy assistant secretary  
for the U.S. Department of Education, and the host of the Traveling on  
Radio Show on WWRC; Kathleen Matthews, executive vice president for  
Global Communications and Public Affairs of Marriott International;

Jennifer Haberkorn of the Washington Times; Roger Dow, president and chief executive officer of the Travel Industry Association; Gil Klein, the past president of the National Press Club, and editor of the Club's Centennial Book, "Reliable Sources."

Skipping over our speaker for a moment, Debra Silimeo, senior vice president of Hagar Sharp, and the Press Club's Speakers Committee member who organized today's luncheon -- and Debra, thank you very much for your work; Arne Sorensen, chief financial officer of Marriott; Lorraine Woellert, my colleague at Bloomberg News; Andy Glass, senior editor at Politico; Pat Schoeni, executive director of the National Coalition on Health Care, and chair of the National Press Club's Travel Committee; and Jim Asendio, news director of WAMU 88.5.

(Applause.)

Decades ago, when my family drove from New York to Washington, we'd stop at the service areas along Interstate 95 at the signs that said, "Hot Shoppes" (pronounces it "Hot Shoppies.") (Laughter.) Years later I learned two things: First, they were the seedlings of what would grow into one of the world's largest hotel chains, a \$16 billion corporation -- Marriott International; and second, they were pronounced "Hot Shops." (Laughter.)

Today, instead of Hot Shoppes -- and Roy Rogers, and Rustler Steak Houses and, alas, Farrell's Ice Cream Parlors, the Marriott's name means Ritz-Carlton, and Renaissance, and Residence Inn, and Courtyard. Today, Marriott is to hotels, what McDonald's is to fast food. If you ever forget the name of the company's founder, just look at the hotel next to the Press Club, the J.W. Marriott.

Today's speaker, John Willard Marriott, Jr., known as Bill, is the son of the person whose name is onto that hotel. Bill Marriott is the chairman and chief executive officer of Marriott International. The company is regularly named by Fortune Magazine as one of the best places to work. As Mr. Marriott told the Washington Post, it's basic Christian principles: treating your people right; loving your people; and if you love them, they'll do anything for you, and your customers will get wonderful service.

Marriott is in the midst of an effort to reduce greenhouse gas emissions by one million tons by the end of the decade. (Scattered applause.) He has put -- he has pushed for simpler ways for foreign visitors to enter the United States and for ways to allow undocumented immigrants to stay here legally. (Scattered applause.) The Marriotts are members of the Church of Jesus Christ of Latter Day Saints, and you'll find the Book of Mormon in their hotel rooms alongside the Gideon Bible.

For president, they're supporting fellow LDS church member Mitt Romney, whose given name is Willard, named for the original J. Willard Marriott. In fact, Governor Romney used to sit on the Marriott board. And, unlike other hotel chains, Marriott had refused to enter the gaming industry. Still, Mr. Marriott has been criticized because the televisions at his hotels contain adult content.

Mr. Marriott and his daughter (sic), Donna, have three sons and a

daughter, all of whom work in the family business. One answer we're waiting for is whether one of them will take over the company when Mr. Marriott retires. As for the immediate future, Mr. Marriott is planning boutique hotels with designer Ian Schrager. As the father of a 10-year-old, I'm much more excited about his plans to open a chain of family-oriented resorts with Nickelodeon -- and, Mr. Marriott, I understand you've shared the stage with Sponge Bob and got slimed. (Laughter.)

There's a story Mr. Marriott often tells -- but he's not going to tell it today, so I will. (Laughter.) A traveling salesman comes to breakfast in the hotel dining room and asks the waitress for some eggs over easy and some kind words. She comes back with the food, and as she turns to leave the salesman says, what about those kind words? The waitress replies, don't eat them eggs. (Laughter.)

Let's welcome Bill Marriott to the National Press Club.

(Applause.)

MR. MARRIOTT: Thank you, Jonathan, for those kind words. (Laughter.)

It's really great to be here in Washington, my home town, with so many friends from the hospitality industry and the Press and News. I'm a little bit of a news junkie I guess, and I love to read newspapers. I'm one of the few left that does, I presume.

But during my vacation, during the holidays in Florida, they sent me up as many newspapers in the hotel they could find. And I got a big kick, of course, out of reading the New York Post, which you never read here in Washington. But I did run across an analysis of various newspapers which some of you may have heard before.

And this little survey talks about the many newspapers that come across our desks, and says that the Wall Street Journal is read by people who run the country; the Washington Post is read by people who think they run the country; the New York Times is read by people who think they should run the company and who are very good at crossword puzzles; the USA Today is read by people who think they ought to run the country and don't really understand the New York Times, they do, however, like their statistics shown in pie charts; the LA Times is read by people who wouldn't mind running the country if they could find the time when they didn't have to leave Southern California to do

it; the Boston Globe is read by people whose parents used to run the country and did a very poor job to it, thank you very much; the New York Daily News is read by people who aren't too sure who's running the country and don't really care as long as they can get a seat on the train; the New York Post is read by people who don't care who is running the country as long as they do something really scandalous, preferably while intoxicated; the San Francisco Chronicle is read by people who aren't sure if there is a country, or that anyone is running it, but if so, they oppose all that they stand for; the National Enquirer is read by people trapped in line at grocery store; and finally, the Oregonian is read by people who recently caught a fish and need something in which to wrap it. (Laughter.)

Let me begin today by offering my congratulations to the National Press Club on their 100th birthday this year. (Applause.) My mother, Alice Sheets Marriott, would have celebrated her one-hundredth birthday last year. And not a day goes by when I don't think about her great contribution in helping establish Marriott International. She was called Allie by her friends and her family, and she and my dad, J. Willard Marriott, drove across the United States from Salt Lake City to Washington in 1927 in a Model T Ford to open up a nine-stool root beer stand.

It took them 11 days. I don't think they ever hit a paved road until they got just outside of Washington. My mother used to tell me they'd go up the hill, and every hill they went up, the radiator would boil over and they'd have to find a drainage ditch some place to find water to put back in the radiator. And when they got here, the little root beer stand was off to a great start -- it actually opened on the same day Lindbergh flew the Atlantic, May 20, 1927. The root beer sold for five cents a mug, but the weather got cold and people stopped drinking root beer.

So to stay in business they had to put hot food on their menu. So they put on chili and hot tamales, which my mother cooked in her own kitchen, in her apartment, because there was no kitchen in the root beer stand. And the root beer stand then became the number one A&W Mexican root beer stand in America. (Laughter.) My mom actually got the recipes from the Mexican embassy, which was on 16th Street, because she'd studied Spanish at the University of Utah.

Well, that was the beginning of the "Hot Shoppes" or the Hot Shoppes, and the company continued to grow with drive-in restaurants in Washington in the '40s and '50s and finally opened their first hotel in 1957. Today, we're a global company with 3,000 hotels in almost 70 countries around the world.

In the hotel real estate end, we focus on location, location, location. And of course, the National Press Club is in a great location right here in D.C., near the White House and of course, next door to the JW Marriott Hotel, which we opened in 1984. We named it for my father, but I forgot to tell him about it. He showed up at the hotel and he said, "What's my name doing on this place?" And we said, "Well, we thought maybe since you started your business on 14th Street, we should name this hotel for you. It's come back to 14th Street." Now the JW Marriott brand is on 40 luxury hotels around the world.

And across our 20 resort and hotel brands, we have 300,000 Marriott associates. Our company employs about half of them, and the other half work for our franchisees. My mom and dad believed in taking care of their people, and that became the foundation of our Marriott culture. They were always grateful for the opportunity to build a successful business. And today, we believe that providing opportunity for people to grow in their careers is the engine for our global growth.

I talked to a friend the other day on the phone who said I quote you often, because 40 years ago you told me the best way to build a

successful hotel chain is to find a good person and build a hotel around him. I said, well, that's a good slogan, but I don't think I ever said it. But anyway, I'll take it. (Laughter.)

Last year -- I get out and visit and I visit over 300 hotels around the world to make sure that we're doing a good job for our customers, but more importantly to say thank you to our associates. I was visiting one of our D.C. hotels when I met Valerie McSwain. She's the concierge at the Washington Marriott. She'd come to work for us 11 years earlier, because she wanted to go from welfare to work. Valerie told me how she'd been able to build a career and give her children an education. She has two sons at Morgan State University, a sophomore and a junior, and her daughter has earned a master's degree. When I met her, I was so impressed with her enthusiasm that I asked her to share her story on my blog, "Marriott on the Move." Valerie is here today. Would you please stand, Valerie. Delighted to welcome you. (Applause.)

Yeah, I'm a blogger. I had the time of my life this past year posting 75 blogs on Marriott.com, which is our home page. You can also book a room on Marriott.com, and my people tell me we've booked \$3.5 million worth of rooms because of my blog, so I'm waiting for my commission -- (laughter) -- but I don't qualify, I'm afraid. The blog connects me very well with our guests and associates all over the world. And it's like talking to somebody, really, face-to-face. I'm certainly not a techie. I don't even own a computer, but I do record my blogs on a digital recorder and one of my Gen Y associates downloads it to a podcast. It's really pretty cool! I've been able to share my ideas and my concerns with the global audience in the blogosphere, whatever that is. We've even got some reporters who've picked up news stories from the blog. I posted pictures from hotel visits on Flickr, whatever that is. Today Marriott has it's own new site on YouTube, with videos about some of our key initiatives. So you might say we've entered the age of Marriott 2.0.

I'm not sure that my mom would have thought of all this, even though she was a modern woman for her times. And one of her legacies is in her audience today. Jimmie Paschall is our new senior vice president for External Affairs and Global Diversity. She worked for Marriott for 17 years, took a spin with a telecommunications start up, and then worked with Volunteers of America. She's now returned to Marriott just this week to head up our global diversity program. We're proud of our effort toward having 500 women and minority-owned hotels, and we've reached our goal to spend \$1 billion with minority and women-owned suppliers three years ahead of schedule. Jimmie will take that program to a whole new level. She's a Washingtonian, the mother of two children, and another example of how providing opportunities to people makes our company successful. Jimmie, would you please stand. (Applause.) Thank you.

As we celebrate Martin Luther King's birthday, I think often of the great speech he made at the Lincoln Memorial, where he articulated the dream that so many people share as we raise our families -- opportunities to share their talents and work in their communities. And at Marriott we've seen many people who were not born in this country realize their dreams through hard work and good citizenship.

That's why I'm passionate about immigration reform. I really believe we need to secure our borders. We lost a hotel on 9/11 in New York, which was located between the two towers, the World Trade Center, so I know how important it is that terrorism be stopped. But I also realize it's impossible to send 12 million undocumented immigrants home. We really need to cool the rhetoric and work together to come up with a federal solution, one that creates a workable verification system so that we employers know who we're hiring and who are authorized to work.

Passing local laws is really very impractical for any national employer like us. With expected growth, the hospitality industry alone will need an additional 300,000 workers in the next five years.

We need immigrant workers in our economy and we need to create a system that keeps track of them and enables them to pursue a path to citizenship.

One of our most successful employee programs is called Sed de Saber -- that's Spanish for "Thirst for Knowledge." Hundreds of our associates are enrolled in the program and learning critical English language skills, because they want to be productive and provide for their families and realize their dream to become an American citizen. I hope in the coming year, even with all the campaign rhetoric, that we can move to a sober and strong discussion of immigration reform.

Another issue that's very important to us and to our industry is removing the barriers to global travel. We need to make sure that our visa and entry systems are more efficient and customer friendly, because we're losing a tremendous opportunity to bring visitors to America. The government has made some good progress, like the new China travel agreement they signed last month. This agreement will facilitate Chinese group travel to our country and be a big boon to our economy. But there are a lot of other areas for improvement. DHS and State need to make better use of technology to process people more effectively, and share information among the different agencies to eliminate the bureaucracy and delay and duplication that takes places.

For instances, somebody that has a valid visa has to leave the United States and go to another country and reapply in order to get an extension of their visa. It really doesn't make a lot of sense, and I'm afraid it's going to take a lot of government entities working together to fix the problem. Our industry needs to do our part so we're working with Congress to get the funding DHS and State need to increase their staffing, create better technology, improve their infrastructure and enhance their customer service.

Travel is trade. When we sell a hotel room next door at the JW Marriott Hotel to a British person, that is an export. The research shows that positive views of our country are more than 40 percent higher among people who've come here and visited us than those who've never been. If you've traveled outside this country, seen the Great Wall or the Pyramids, it makes you fall in love with China and Egypt. It opens your mind to the hearts and to the culture and to the people. Here in the United States we need to put out the welcome mat at our borders and airports and do the same with our embassies around the world. Security is obviously a top priority, but appropriate security

processes must allow an open exchange of people, ideas, services and products.

This is so important to me and to our business, I've asked my daughter, Debbie Harrison Marriott -- Debbie Marriott Harrison, excuse me -- (laughter) -- Freudian slip -- (laughter) -- who heads up our government affairs, to do all she can to help fix the problem. She's worked in our hotels and she lives around the world. She reminds me a lot of my mother who was Republican National Committee woman in Washington and represented the party at several national conventions.

When Mom was here, in the summer of 1927, she was working at a root beer stand. And she got a day off and she did as much sightseeing as she could do, because she was afraid the company was not going to make it through the summer. And she said every Monday at 1:00 you could go to the White House, stand in line and go in the East Room and shake hands with the president. How times have changed.

So I said, did you go? Oh, sure, she said. I went and stood in line. She was 19 years old. And she said, I got a big kick out of it. I said, who'd you meet? She said, I met "Silent" Calvin Coolidge, and he said how do you do, and moved me on, and that was all I got to say and he said. But she always remembered him and talked about how much Washington had changed.

Like her grandmother, Debbie understands the issues we're facing. She's a passionate advocate for Marriott. She has her grandmother's great diplomatic skills. I'm proud of her. Debbie's here today with her brother, David. Would you both please stand? (Applause.)

Now, after 80 years here in Washington, we still treasure our local roots. We know you have to be a good neighbor to be a good -- (inaudible) -- citizen. An important part of being a good neighbor is to give back to the communities where we do business. These days, it's called corporate social responsibility, or CSR, and it's deeply embedded in our culture.

We call it the spirit to serve. We branded our global service initiatives around the world SERVE, s-e-r-v-e. S stands for shelter and food. E for the environment. R is for readiness for hotel careers. V is the vitality of children, and E is embracing diversity and people with disabilities.

Here in Washington we work with the D.C. Central Kitchen and the Capital Area Food Bank. Our associates participate in environmental cleanup projects throughout the region in places like Roosevelt Island.

And we're partnering with the D.C. school system with our Hospitality High School, where students are gaining hotel skills as well as regular high school requirements. Our family foundation is working through the United Negro College Fund and the Hispanic College Fund to fund scholarships for students pursuing hospitality careers.

These Marriott scholars are mentored through the college years by our associates in the field and corporate leadership, and our

foundation Bridges Program trains and transitions high school students with disabilities for many, many different careers, not just in the hotel business. We're proud that more than 10,000 disabled young men and women have found meaningful employment since we founded the organization in 1990.

We also work hard to be responsible stewards for the environment. Partnering with Conservation International, we're on our way to reducing the greenhouse gas emissions at our hotels around the world by 1 million tons by conserving energy and water, and we're greening our supply chain and reducing, reusing, and recycling whatever we use.

At our corporate headquarters building in Bethesda, the cafeteria has shifted to biodegradable plates and cutlery, and our drive to eventually be waste-neutral, as we work to reduce our footprint on the environment, is underway.

There's more we can do. Our Marriott Conference Centers at College Park is the country's first LEED-certified hotel. I was in Baltimore a few weeks ago to break ground on the new LEED-certified Marriott Fairfield Inn, the city's first LEED-certified hotel. LEED stands for leadership in energy and environmental design, and we're going to have more of these green hotels in the future.

As we close out our 80th year in business, it's fitting to remember how we started, by innovating, providing a great product, fostering a lasting, service-focused culture, and being a good neighbor. The challenge today is to do it on a global scale. As these values sustain us in good times and bad, keeping it all going is what keeps me up at night because, as my dad always said, success is never final. Thank you very much.

(Applause.)

MR. SALANT: Are the rising costs of health care causing problems for Marriott and all of corporate America? What are solutions to the health care issue?

MR. MARRIOTT: I have no clue. (Laughter, applause.)

MR. SALANT: Does Congress need to pass an investment tax credit similar to one passed during the Kennedy administration as a way to stimulate business opportunities?

MR. MARRIOTT: I think the investment tax credit was effective when it was passed. Our business relies tremendously on business investment. About 80 percent of the business done in the hotels in America today is, as a result of business, travel or conventions and meetings, really funded by businesses. So if business is healthy in this country, then the country will be healthy. And, you know, the business drives jobs, the business drives employment levels and income levels.

The more research and development that companies do, the more competitive globally they become -- if they can write off some of these research and investments quicker and faster, then they will have -- they will invest more and they'll be more profitable and everybody



will benefit. I think it's a good program.

MR. SALANT: Speaking of taxes, do you favor an increase in the federal gas tax to build or expand roads?

MR. MARRIOTT: I'm not sure about that. I'm not an expert on funding the roads programs in this country. But, you know, there may be an opportunity to have more toll roads. I grew up on the toll roads because back in the days in the '50s, the Hot Shoppes were all over all the toll roads all the way from Florida up to Maine. And I think the toll roads have been good and I think maybe we need a few more toll roads that can help pay for these bridges; let the people that use the roads pay for the bridges rather than put a gas tax on that everybody has to pay.

MR. SALANT: You have several questions about your Green Initiative. This questioner writes, "Marriott has made a commitment to reduce greenhouse emissions, but I have never seen any recycling containers at Marriott properties that guests could use. Would you consider expanding the company's commitment to the environment by starting and promoting a recycling program at your properties?"

MR. MARRIOTT: Yes, we would. We're working on it and we think it's very, very important. One of the green issues we do have is there's a card in most of our rooms which says, "If you stay more than one night and you do not want to put your towel in the laundry, then you can hang it up. Otherwise put it on the floor and we'll wash it for you. But if you keep it for two or three days, that's less water, less heat and less environmental impact." So we're working on that. But recycling is good. We do it at corporate, we do in our hotels in the kitchens and we really would love to have a way to easily have our guests participate in recycling.

MR. SALANT: What factors led to the Green Marriott program?

MR. MARRIOTT: Well, we understand that's a major issue with our guests, with our employees, with the communities in which we live and serve, and we really do want to be a steward of our environment. When you travel to our hotels around the world, many of them are in resorts, the resort areas are very sensitive. I was in Fort Lauderdale during the holidays. They turn off the lights down there on the Fort Lauderdale beach from March 1st through December 1st.

Although there's an increase in crime and although it's very inconvenient, the turtles do reproduce when the lights are off. So to get the turtles to reproduce, the lights go off. And everybody in the hostelling industry is supportive of this, although it is a very hard thing for us to operate with all the lights off on the beach. But their turtles are doing great, thank you very much. (Laughter.)

MR. SALANT: What impact has the Green program had on your business and what can other businesses learn from what you're doing?

MR. MARRIOTT: I think it's increased our perception among our guests and our employees, and also the communities in -- we serve that we're good citizens, that we're doing our part to helping the environment. And I think people in the industry really need to

embrace this, think about it, think what they can do to; I think all of us now are using these little lights that last forever and use less energy that look like a corkscrew or something. They're funny-looking little white lights that go on and they do put out a good light in the room. And so I think that there's just many, many things we can do and continue to do, and we're always looking for new ways to reduce our impact on the environment.

MR. SALANT: This questioner wants to know about another recycling issue, if there is one. "People check in, use the little soaps once or twice and then leave them behind. What do you do with all those soaps?" (Laughter.)

MR. MARRIOTT: We get rid of them. (Laughter.) I don't think anybody in this room would want to use somebody else's soap. (Laughter.)

MR. SALANT: Can you please speak to branding? What does it mean to you to be the brand?

MR. MARRIOTT: What -- if I am the brand, I don't think I am the brand. But the fact that our name is over the door of the hotels in which we operate and serve, it just gives an added sense of responsibility. It gives me another reason to stay up at night and worry about the fact that everything is going as well as it should go. There's an added sense of duty, an added sense of responsibility, an added sense of commitment that comes from the family's involvement in the business and the fact that the business has been around for 80 years, and has grown from a root beer stand to what it is today based on family values and the values of our associates and people who visit with us and stay with us. It's a very big responsibility.

MR. SALANT: A lot of questions about the Marriott overseas. This questioner wants to know, "What is the process you use to evaluate or enter a country in which you are not present?"

MR. MARRIOTT: Well, the key to that -- answer to that question is go to the countries where the business is good. And, you know, right now we only have two hotels in Vietnam. Vietnam is one of the hottest markets in the world for the hotel business. We're continuing to work hard to get into that country and we'll do more there. But, you know, it follows the old adage, you get into a war, the country that you're in war with -- and you -- when you go home, they always do very well -- Japan and Germany being wonderful examples. Vietnam is now coming on very strong. Business is outstanding.

We look for opportunities. We won't go into a country unless the country is beginning to boom. Sub-Saharan Africa is beginning to come back very strong and we're looking at opportunities there in many countries. And so we continue to search the world for opportunities where we can do well and provide a good service and a good product.

MR. SALANT: How do you choose the right employees and associates in other nations?

MR. MARRIOTT: We screen our people. I've often said we hire friendly and train technical, and that's what we really do. We hire

people who want to serve. We look for people who are happy and have a smile and are excited about this business and looking for a career in this business.

And, you know -- and again, I was in Fort Lauderdale. We had two employees there who were from India. They were here on a six-month work visa and they were going back to India and were going to work on our hotels back in India, and were excited about the fact that they got to train here in the United States and to learn our customs and our procedures on how we do business here. And they're taking them back to their home country. But we look for people who are friendly, who want to serve, who want to work in this business and who have an appetite for growth and opportunity.

MR. SALANT: Some of the areas you're expanding in, like India, like China, are areas that are directly competing with us in other sectors, all considered less than ideal for American travelers. Are you concerned about the implications for American-owned properties in these areas?

MR. MARRIOTT: The American-owned properties in America or the American-owned properties --

MR. SALANT: Overseas.

MR. MARRIOTT: Most American-owned -- there are hardly any American-owned properties overseas. We don't own a single hotel outside the United States. We have a lease on a hotel in Frankfurt, Germany, and that's about as close as we get. So what we do is we work with local developers and partners. We manage on their behalf or we sometimes let them franchise our name if we have tight controls over what they do. But our investment outside the United States is very, very tiny, and the hotels outside the United States are almost 100 percent owned by others.

MR. SALANT: This questioner wants to know if the reputation of the United States abroad, which he says is sinking -- has that affected your industry?

MR. MARRIOTT: No, it really hasn't. Our reputation abroad for American brands is terrific. The Chinese, the Russians -- all these various countries around the world really love American brands. And that's why one of the reasons why we're successful overseas -- we've opened a Ritz-Carlton in downtown Moscow right on Red Square, which is extremely successful. And again, it's the branding. And it's just thrilling to see how people around the world embrace American brands, whether it's Starbucks or McDonald's or Marriott or whatever it is, they really flock to good old American brands.

MR. SALANT: What are some of the secrets of building a successful family business in today's global economy?

MR. MARRIOTT: Well, we're more -- we are a family business and we try and treat our associates like members of our family. We try to treat them fairly, we try and give them opportunities, and when they need help we give them help. We train them as best as we can and we encourage them to stay with us. I was talking to an executive the

other day who was commuting out of another city to Washington, and I said, "You moved your family back home." And he said, "Well, we love the city that we came from and when I came to Marriott five years ago," he said, "I thought, you know, we'd leave in five years," but he says, "We're staying and we don't want to stay and we found out nobody leaves Marriott." Well, they do, but we don't want them to and we want -- you know, we really want our people in our company to feel like they're members of our family and treat them that way.

MR. SALANT: We have a request for a financial tip. Is Marriott stock a good buy at the current price? (Laughter.)

MR. MARRIOTT: I always believe Marriott's always a good buy -- thank you.

MR. SALANT: What has been the impact of Marriott's no-smoking policies?

MR. MARRIOTT: It's been extremely favorably received. Over 95 percent of our guests have written us and told us that they really are in favor of this. There are just a few who have said they're concerned about it because they can't smoke anymore but even those people -- I've talked to several of them who told me that they'd never want to stay in a smoking room because it smelled so bad when they moved in although they were smokers. And so it's taken all the smell of the smoke out of all of our rooms. We don't have to worry anymore about keeping rooms aside for people who smoke and finally ending up putting nonsmokers in smoking rooms. It's just simplified our business and it's made our rooms fresher and cleaner and better, and it's a win-win for the company and for the customer.

MR. SALANT: As a follow-up to that the questioner wants to know what happened after that cigar event at your hotel?

MR. MARRIOTT: Not much. (Laughter.)

MR. SALANT: We have a lot of questions about the future of the company. This questioner wants to know if Marriott will consider getting back into senior living facilities. With the Baby Boom generation being there there are predictions of a growing market in that area.

MR. MARRIOTT: We know the Baby Boomers are growing because we're putting a lot of them up in our hotels. We do not want to get back into that business. We are committed to being a lodging business and a timeshare business, taking care of people away from home in a lodging setting, and Baby Boomers are a tremendous, tremendous market for us today. We're doing a lot of business with them and we're excited about the future of more business with them.

MR. SALANT: Do you miss the restaurants?

MR. MARRIOTT: Almost half our sales are still restaurants so I can't say I miss the restaurants, and we're in them and we're working them and it's still as hard as it always was. It's a lot easier to sell rooms than it is prepare and deal with food. But it's a major emphasis of our company today just as it has been for 80 years.

MR. SALANT: I know you were on the turnpikes as we said earlier and you've -- and the restaurants have been around. Do you think that that helped grow -- and how did that help grow the Marriott brand originally as it translated to the hotel's business?

MR. MARRIOTT: Well, as I said earlier our roots are basically in the restaurant business. We developed standards in the restaurant business and all of our hotels have standards that they follow. The other hotel chains were started out basically as a conglomeration of different hotels that were acquired under one roof. For the first many, many years all the hotels that we developed we developed ourselves. We didn't buy anything until 1968, 10 or 11 years after we got into the business. Everything we built and developed ourselves. So we were able to put in our own standards which came from the restaurant business.

Our form of -- our system of operations is a restaurant operating system where we -- by we have a district manager over six or eight hotels. We used to have a district manager over six or eight restaurants. We had standard recipes in our restaurants. We have standard recipe cards in our hotels. We have standard ways of making up the room -- 66 different steps to make up and clean a guest room. These things we established as we went along because this is what we've learned and developed and made us successful in the restaurant business.

MR. SALANT: When you first made the trek east to Washington -- the family -- did they ever think that Marriott would be what it is today?

MR. MARRIOTT: They really didn't. As I've said, my mom didn't think she was going to get through the first summer so she did as much sightseeing as she could do in Washington because she didn't think she'd ever be here again. And my father was always afraid of failure and was very, very, very conservative. In fact, when we built our first hotel -- the Twin Bridges here in Washington -- the cost of the hotel was \$3 million. It was 365 rooms. That was back in 1957. He borrowed more money than he ever thought he'd have to borrow to build this hotel and he went public with the company because of it because he didn't want to put the debt on his own balance sheet. So he would have been, I think, pleased and surprised but he would have been worried about all the debt that we have today.

MR. SALANT: A question I got several cards on -- what are your future plans? What are your -- are you ever going to retire?

MR. MARRIOTT: My wife said she married me, you know, for better or for worse and not for lunch, and I always say that -- (laughter) -- the food in the employee cafeteria is better than the tuna fish sandwiches I get at home. So I am going to hang around and do the best I can to continue to be involved in the business. And I love the business. It's my life. It's my vocation. It's my avocation, and I'll work in it as long as I possibly can.

MR. SALANT: Is it your hope that eventually a third-generation Marriott will take over?

MR. MARRIOTT: Well, you always have hopes that your kids are going to do well, and they are doing well, and I'm not going to say anymore. (Laughter.)

MR. SALANT: How is the credit crunch affecting any Marriott expansion plans? Is the problem limited to the United States or is it global?

MR. MARRIOTT: Well, right now we're -- we are -- it's too early to tell. Basically, the smaller hotels that we're developing -- the Residence Inn, the Courtyards, the Fairfield Inns -- are mostly being developed by local developers who use their local banks, and as you may have read in The Wall Street Journal local banks are not really being affected. It's the big money center banks that are cutting back on their lending, and we've not been in the market recently for a major mortgage on a big hotel nor have many of our developers. So we'll have to wait and see. In six months I can give you a much better answer. I hope by then it's all fixed.

MR. SALANT: With the decline of the U.S. dollar overseas are you seeing an influx of foreign residents -- of foreign visitors, and if not, how are you going to get them over here?

MR. MARRIOTT: We are seeing an influx but nowhere near what it should be. I think that the number of visitors to the United States in '07 was up about 10 percent from '06, but United States continues to lose market share in world travel. Between 2000 and 2007 we have lost about, you know, several points of market share in world travel, and one of the reasons is the bad perception of our visa program and our entry system. It's too tough to visit America. It's too hard to get a visa.

And the other problem is there's a lack of promotional dollars on the part of the United States government. They don't spend 10 cents around the world to promote our country, and we're in last place in tourism dollars spent in the major countries of the world. Countries like Iceland spend more money generating visitors for their country than we do.

Roger Dow, who's sitting here to my left in his Travel Industry -- (inaudible) -- of America, is working very hard with Congress to get them to fund some travel dollars -- to get people to visit America. It would be a tremendous export boom for America if more people would come here and spend money. We're a shopping bonanza for the Brits who -- it's a 2 to 1 deal. It's a 50 percent discount coming over here with their pound and turning them into dollars. So -- and we have seen a lot of British come and more Germans came this last year but we can do a lot better.

MR. SALANT: Is there any way to encourage those who are concerned about the recession or security to come to the U.S.?

MR. MARRIOTT: Well, I think the fact that we haven't had a security issue in this country since 9/11 has been fantastic, and I don't think they should be concerned about security. I think if we

can continue to resolve the visa issues and enable people to get here easily it's going to help a lot. Brazil, for instance, has -- is a country as large as United States and they have four consulate offices in Brazil where the citizens of Brazil can apply for a visa. So if you travel 400 miles with your wife and three kids to get a visa, and you get there and one of the kids is turned down, you're not going to do this again, and you're going to go someplace else for your vacation. So we really need to continue to work hard with Homeland Security as well as State to try and straighten these issues out. There's just been a report released by the Homeland Security and State Department.

The study was done by an independent commission of which I'm a member which was submitted yesterday and accepted, and now they've got to work on some of the recommendations. But there were a lot of good strong recommendations in this program which would if taken care of would go a long way toward improving the process.

MR. SALANT: What are the differences among your various brands and among -- between the hotel and the timeshare?

MR. MARRIOTT: Well, people travel and select a hotel based on the purpose of their trip, and if they're going to one of the luxury hotel (sic) and they've got to entertain a big business client then Ritz-Carlton is for them. If they're taking their kids to Florida for the -- for a week at Disney World then they'll stop at a Fairfield Inn on the way. And we have, you know, Residence Inn for people who are on business assignments and staying for two or three weeks. They have their own kitchen -- they can cook.

We have Courtyard for the business traveler who's got a 10, 12-hour stay and wants to get in and out and on their way, and we've got the Marriott brands and the Renaissance brands. So we have a brand for every trip purpose. And timeshare is basically a paid vacation. When you buy a timeshare for a week or two weeks you're guaranteeing that you're going to take a vacation every year for at least a week or two weeks, and so it's a very different business but in a way it's very similar. A lot of our hotel customers own timeshare and it work -- they work very well together.

MR. SALANT: This questioner wants to know about those recommendations in the report you just mentioned.

MR. MARRIOTT: Well, it's too many to list but several of them involve what happens to a person who applies for a visa and is turned down, and the process for getting that fixed needs to be really addressed because they're turned down a lot of the times because they didn't fill the form out right or there's some legal reason, and they really haven't caught -- (inaudible) -- say hardly any terrorists as a result of this very complex visa system that we have.

One of the recommendations that we're asking them to look at is videoconferencing -- that they can approve a visa for a person who's maybe had a prior visa by getting them on a video and talking to them and making sure that they have the proper documentation. The fact that if I have a six-month visa as a businessman I'm (on here ?)

assignment for a year I've got to leave the United States and have my visa renewed in another country, so they're all going to Canada to have their visa renewed in the U.S. embassy in Canada or the consulate in Toronto or wherever they're going. And so this needs to be studied hard.

It's just very difficult for people who have a visa, who've been proven, who've been through the process, who've been fingerprinted, who've been interviewed to have to go through the process every six months all over again. And that's -- this kind of bureaucracy that's building up as a result of trying to stop terrorism has got to be simplified. State and Homeland Security have really got to work more closely together to resolve some of these issues and move very quickly on them because they're -- takes a long time, as you know, to get this kind of thing resolved.

MR. SALANT: Talk about the desire for foreign tourists. What do your American hotels do to make it easier for non-English speaking guests when they come there?

MR. MARRIOTT: Well, many of the non-speaking English (sic) guests come as part of a tour group with their own translator and particularly if they're coming from China or from Japan and, you know, most of the citizens of Western Europe do speak some English. We do -- where we can in our bigger hotels we have name badges with the flag of the country that the employee is from so we have translators embedded in all of our big hotels that can handle most of the languages. As I mentioned earlier, we have as many as 29 different languages spoken by employees in our hotels, and not a very big hotel -- a 400-room hotel in Minneapolis. So you could think that we do have people on staff who can translate.

MR. SALANT: We're almost out of time, but before asking the last question we have a view matters to take care of. First, let me remind members of future speakers. Later this month House Speaker Nancy Pelosi and Senate Majority Leader Harry Reid will be delivering their annual prebuttal to President Bush's State of the Union address. Then on February 14th, Ted Danson, the actor and activist and board member of Oceana, will be speaking. And on February 29th, our luncheon guest will be Dr. Andrew von Eschenbach, the FDA commissioner.

Second, I'd like to present our guest with the National Press Club coffee mug -- (laughter) -- perfect for carrying a hot beverage when you're inspecting your hotel rooms, and also a certificate of appreciation for appearing here today, and a copy of our new centennial video, "The National Press Club: A Century of Headlines."

MR. MARRIOTT: Thank you very much. (Applause.)

MR. SALANT: For our last question -- you've been married for 50 years while constantly being on the road. What's your secret? (Laughter.)

MR. MARRIOTT: Fifty-two years. Just say yes. (Laughter, applause.)

MR. SALANT: I'd like to thank everyone for coming today. I'd



also like to thank National Press Club staff members Melinda Cooke, Pat Nelson, Jo Anne Booz, and Howard Rothman for organizing today's lunch, and thanks to the Eric Friedheim Library at the National Press Club for its research. The video -- (inaudible) -- of today's luncheon is provided by the National Broadcast -- National Press Club broadcast operations center. Press Club members can get free transcripts of our luncheons at our website, [www.press.org](http://www.press.org). Nonmembers may buy transcripts, audiotapes, and videotapes by calling 1-888-343-1940, and for more information about joining the Press Club, please call us at area code 202-662-7511. Thank you very much again. We're adjourned. (Applause.)