Hyatt Hotels Corporation

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Financial Information (unaudited)

Hyatt Hotels Corporation

Reconciliation of Non-GAAP to GAAP Measure: Adjusted EBITDA to EBITDA and a Reconciliation of EBITDA to Net Income Attributable to Hyatt Hotels Corporation

The table below provides a reconciliation of consolidated Adjusted EBITDA to EBITDA and a reconciliation of EBITDA to net income attributable to Hyatt Hotels Corporation. Adjusted EBITDA, as the Company defines it, is a non-GAAP financial measure. See Definitions for our definition of Adjusted EBITDA and why we present it.

(in millions)

	Three Months Ended December 31,		Year Ended December 31,	
	2013	**2012**	**2013**	**2012**
Adjusted EBITDA	**$ 178**	**$ 147**	**$ 680**	**$ 606**
Equity losses from unconsolidated hospitality ventures	(11)	(16)	(1)	(22)
Gains on sales of real estate	—	—	125	—
Asset impairments	(11)	—	(22)	—
Other income (loss), net	29	(5)	17	7
Net loss attributable to noncontrolling interests	2	1	2	1
Pro rata share of unconsolidated hospitality ventures Adjusted EBITDA	(20)	(15)	(68)	(73)
EBITDA	**$ 167**	**$ 112**	**$ 733**	**$ 519**
Depreciation and amortization	(91)	(90)	(345)	(353)
Interest expense	(17)	(17)	(65)	(70)
(Provision) benefit for income taxes	(27)	11	(116)	(8)
Net income attributable to Hyatt Hotels Corporation	**$ 32**	**$ 16**	**$ 207**	**$ 88**

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Reconciliation of Non-GAAP to GAAP Measure: Summary of Special Items - Three Months Ended December 31, 2013 and 2012

The following table represents a reconciliation of net income attributable to Hyatt Hotels Corporation, adjusted for special items, to net income attributable to Hyatt Hotels Corporation presented for the three months ended December 31, 2013 and December 31, 2012, respectively.

(in millions, except per share amounts)

	Location on Consolidated Statements of Income	Three Months Ended December 31, 2013	Three Months Ended December 31, 2012
Net income attributable to Hyatt Hotels Corporation		**$ 32**	**$ 16**
Earnings per share		**$ 0.20**	**$ 0.09**
Special items			
Asset impairments (a)	Asset impairments	11	—
Transaction costs (b)	Other income (loss), net	7	1
Provisions on hotel loans (c)	Other income (loss), net	6	4
Loss on sublease agreement (d)	Other income (loss), net	6	—
Unconsolidated hospitality ventures impairment (e)	Equity earnings (losses) from unconsolidated hospitality ventures	3	18
Marketable securities (f)	Other income (loss), net	(1)	—
Impairment of held-to-maturity investment (g)	Other income (loss), net	—	4
Realignment costs (h)	Other income (loss), net	—	2
Income from non-hospitality cost method investments (i)	Other income (loss), net	—	(1)
Total special items - pre-tax		32	28
Provision for income taxes for special items	(Provision) benefit for income taxes	(13)	(11)
Total special items - after-tax		**19**	**17**
Special items impact per share		**$ 0.12**	**$ 0.11**
Net income attributable to Hyatt Hotels Corporation, adjusted for special items		**$ 51**	**$ 33**
Earnings per share, adjusted for special items		**$ 0.32**	**$ 0.20**

(a) Asset impairments - In connection with the purchase of the Grand Hyatt San Antonio we wrote off $11 million related to contract acquisition costs.

(b) Transaction costs - In the fourth quarter of 2013, we incurred $7 million in transaction costs which primarily represent costs incurred in connection with the acquisitions of the Hyatt Regency Orlando and Grand Hyatt San Antonio. In the fourth quarter of 2012, we incurred $1 million in transaction costs to acquire the Hyatt Regency Birmingham.

(c) Provisions on hotel loans - In the fourth quarter of 2013 and 2012, we recorded a $6 million and $4 million provision related to pre-opening loans, respectively, based on our assessment of collectability.

(d) Loss on sublease agreement - During the fourth quarter of 2013, we recorded a $6 million loss related to a sublease agreement.

(e) Unconsolidated hospitality ventures impairment - During the fourth quarter of 2013 and 2012, we recorded $3 million and $18 million in impairment charges related to hospitality ventures, respectively.

(f) Marketable securities - Represents (gains) losses on investments not used to fund operating programs.

(g) Impairment of held-to-maturity investment - During the fourth quarter of 2012, we recorded a $4 million impairment charge on a held-to-maturity investment.

(h) Realignment costs - Represents costs incurred as part of our Company's realignment.

(i) Income from non-hospitality cost method investments - During the fourth quarter of 2012, we recorded $1 million of income primarily consisting of amounts received from certain non-hospitality related real estate investment companies.

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Reconciliation of Non-GAAP to GAAP Measure: Summary of Special Items - Year Ended December 31, 2013 and 2012

The following table represents a reconciliation of net income attributable to Hyatt Hotels Corporation, adjusted for special items, to net income attributable to Hyatt Hotels Corporation presented for the year ended December 31, 2013 and 2012, respectively.

(in millions, except per share amounts)

	Location on Consolidated Statements of Income	Year Ended December 31, 2013	Year Ended December 31, 2012
Net income attributable to Hyatt Hotels Corporation		**$ 207**	**$ 88**
Earnings per share		**$ 1.30**	**$ 0.53**
Special items			
Gains on sales of real estate (a)	Gains (losses) on sales of real estate	(125)	—
Gain on sale of artwork	Other income (loss), net	(29)	—
Gain on sale of residential properties (b)	Equity earnings (losses) from unconsolidated hospitality ventures	(8)	—
Marketable securities (c)	Other income (loss), net	(2)	(17)
Foreign currency translation loss on sale of joint venture (d)	Equity earnings (losses) from unconsolidated hospitality ventures	2	—
Unconsolidated hospitality ventures impairment (e)	Equity earnings (losses) from unconsolidated hospitality ventures	3	19
(Gain) loss on sublease agreement (f)	Other income (loss), net	6	(2)
Provisions on hotel loans (g)	Other income (loss), net	6	4
Transaction costs (h)	Other income (loss), net	10	2
Charitable contribution to Hyatt Thrive Foundation (i)	Other income (loss), net	20	—
Asset impairments (j)	Asset impairments	22	—
Debt settlement costs (k)	Other income (loss), net	35	—
Impairment of held-to-maturity investment (l)	Other income (loss), net	—	4
Realignment costs (m)	Other income (loss), net	—	21
Income from non-hospitality cost method investments (n)	Other income (loss), net	—	(1)
Total special items - pre-tax		(60)	30
Provision for income taxes for special items	(Provision) benefit for income taxes	24	(10)
Total special items - after-tax		**(36)**	**20**
Special items impact per share	`	**$ (0.23)**	**$ 0.12**
Net income attributable to Hyatt Hotels Corporation, adjusted for special items		**$ 171**	**$ 108**
Earnings per share, adjusted for special items		**$ 1.07**	**$ 0.65**

(a) Gains on sales of real estate - Includes gains on the sale of Hyatt Fisherman's Wharf, Hyatt Santa Barbara and Hyatt Regency Denver Tech, which were sold subject to franchise agreements.
(b) Gain on sale of residential properties - During 2013, we recognized a gain of $8 million in connection with the sale of residential properties at one of our joint ventures.
(c) Marketable securities - Represents (gains) losses on investments not used to fund operating programs.
(d) Foreign currency translation loss on sale of joint venture - During 2013, we had a foreign currency translation loss of $2 million as a result of the sale of our interest in a foreign joint venture.
(e) Unconsolidated hospitality ventures impairment - During 2013 and 2012, we recorded impairment charges of $3 million and $19 million related to hospitality ventures, respectively.
(f) (Gain) loss on sublease agreement - During 2013 and 2012, we recorded a $6 million loss and a $2 million gain related to sublease agreements, respectively.
(g) Provisions on hotel loans - During 2013 and 2012, we recorded a $6 million and $4 million provision related to pre-opening loans, respectively, based on our assessment of collectability.
(h) Transaction costs - In the year ended December 31, 2013, we incurred $10 million in transaction costs which primarily represent costs incurred in connection with our investment in Playa, and the acquisitions of the Hyatt Regency Orlando and Grand Hyatt San Antonio. In the year ended December 31, 2012, we incurred $2 million in transaction costs to acquire the Hyatt Regency Mexico City and the Hyatt Regency Birmingham.
(i) Charitable contribution to Hyatt Thrive Foundation - We committed to fund $20 million to a charitable foundation that we recently formed with the intent that the foundation will fund charitable activities over time.
(j) Asset impairments - We recorded $22 million in impairment charges in 2013, which included the write-off of $11 million of contract acquisition costs in conjunction with the acquisition of the Grand Hyatt San Antonio and an $11 million impairment of property and equipment within our owned and leased segment.
(k) Debt settlement costs - We incurred $35 million in debt settlement costs for the redemption of our 2015 Notes and the tender of a portion of our 2019 Notes.
(l) Impairment of held-to-maturity investment - During the year ended December 31, 2012, we recorded a $4 million impairment charge on a held-to-maturity investment.
(m) Realignment costs - Represents costs incurred as part of our Company's realignment.
(n) Income from non-hospitality cost method investments - During 2012, we recorded $1 million of income primarily consisting of amounts received from certain non-hospitality related real estate investment companies.

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Reconciliation of Non-GAAP to GAAP Measure: Adjusted Selling, General, and Administrative Expenses to Selling, General, and Administrative Expenses

Results of operations as presented on consolidated statements of income include the impact of expenses recognized with respect to employee benefit programs funded through rabbi trusts. Certain of these expenses are recognized in selling, general, and administrative expenses and are completely offset by the corresponding net gains and interest income from marketable securities held to fund operating programs, thus having no net impact to our earnings. Below is a reconciliation of this account excluding the impact of our rabbi trust investments.

(in millions)

	Three Months Ended December 31,				Year Ended December 31,			
	2013	**2012**	**Change ($)**	**Change (%)**	**2013**	**2012**	**Change ($)**	**Change (%)**
Adjusted selling, general, and administrative expenses (a)	$ 79	$ 76	$ 3	3.9%	$ 299	$ 303	$ (4)	(1.3)%
Rabbi trust impact	8	2	6	300.0%	24	13	11	84.6 %
Selling, general and administrative expenses	$ 87	$ 78	$ 9	11.5%	$ 323	$ 316	$ 7	2.2 %

(a) Segment breakdown for adjusted selling, general, and administrative expenses.

	Three Months Ended December 31,				Year Ended December 31,			
	2013	**2012**	**Change ($)**	**Change (%)**	**2013**	**2012**	**Change ($)**	**Change (%)**
Americas management and franchising	$ 17	$ 14	$ 3	21.4 %	$ 59	$ 57	$ 2	3.5 %
ASPAC management and franchising	7	9	(2)	(22.2)%	33	40	(7)	(17.5)%
EAME/SW Asia management	9	10	(1)	(10.0)%	32	37	(5)	(13.5)%
Owned and leased	5	4	1	25.0 %	14	12	2	16.7 %
Corporate and other (b)	41	39	2	5.1 %	161	157	4	2.5 %
Adjusted selling, general, and administrative expenses	$ 79	$ 76	$ 3	3.9 %	$ 299	$ 303	$ (4)	(1.3)%

(b) Corporate and other includes vacation ownership expenses of $7 million and $8 million for the three months ended December 31, 2013 and 2012, respectively, and $30 million and $31 million for the year ended December 31, 2013 and 2012, respectively.

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Reconciliation of Non-GAAP to GAAP Measure: Comparable Owned and Leased Hotel Operating Margin to Owned and Leased Hotel Operating Margin

Below is a breakdown of consolidated owned and leased hotels revenues and expenses, as used in calculating comparable owned and leased hotel operating margin percentages. Results of operations as presented on consolidated statements of income include the impact of expenses recognized with respect to employee benefit programs funded through rabbi trusts. Certain of these expenses are recognized in owned and leased hotels expenses and are completely offset by the corresponding net gains and interest income from marketable securities held to fund operating programs, thus having no net impact to our earnings. Below is a reconciliation of this account excluding the impact of our rabbi trusts and excluding the impact of non-comparable hotels.

(in millions)

	Three Months Ended December 31,				Year Ended December 31,			
	2013	**2012**	**Change ($)**	**Change (%)**	**2013**	**2012**	**Change ($)**	**Change (%)**
Revenue								
Comparable owned and leased hotels	$ 493	$ 463	$ 30	6.5%	$ 1,912	$ 1,816	$ 96	5.3%
Non-comparable hotels	64	54	10	18.5%	230	205	25	12.2%
Owned and leased hotels revenue	$ 557	$ 517	$ 40	7.7%	$ 2,142	$ 2,021	$ 121	6.0%
Expenses								
Comparable owned and leased hotels	$ 379	$ 359	$ 20	5.6%	$ 1,452	$ 1,396	$ 56	4.0%
Non-comparable hotels	43	42	1	2.4%	166	148	18	12.2%
Rabbi trust	4	—	4	100.0%	11	5	6	120.0%
Owned and leased hotels expense	$ 426	$ 401	$ 25	6.2%	$ 1,629	$ 1,549	$ 80	5.2%
Owned and leased hotel operating margin percentage	23.5%	22.4%		1.1%	23.9%	23.4%		0.5%
Comparable owned and leased hotel operating margin percentage	23.1%	22.5%		0.6%	24.1%	23.1%		1.0%