Hyatt Hotels Corporation

Table of Contents

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 March 31,	
	2016	**2015**
Adjusted EBITDA (a)	**$ 194**	**$ 185**
Equity earnings (losses) from unconsolidated hospitality ventures	2	(6)
Stock-based compensation expense (a)	(16)	(16)
Gain on sale of real estate	—	8
Other loss, net	(4)	(18)
Pro rata share of unconsolidated hospitality ventures Adjusted EBITDA	(28)	(23)
EBITDA	**$ 148**	**$ 130**
Depreciation and amortization	(81)	(79)
Interest expense	(17)	(17)
Provision for income taxes	(16)	(12)
Net income attributable to Hyatt Hotels Corporation	**$ 34**	**$ 22**

(a) Effective January 1, 2016, our definition of Adjusted EBITDA has been updated to exclude stock-based compensation expense, to facilitate comparison with our competitors. We have applied this change in the definition of Adjusted EBITDA to 2015 historical results to allow for comparability between the periods presented.

Hyatt Hotels Corporation

Reconciliation of Non-GAAP to GAAP Measure: Summary of Special Items - Three Months Ended March 31, 2016 and March 31, 2015

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 March 31, 2016 and March 31, 2015, respectively.

(in millions, except per share amounts)

	Location on Condensed Consolidated Statements of Income	**Three Months Ended March 31,**	
		2016	**2015**
Net income attributable to Hyatt Hotels Corporation		**$ 34**	**$ 22**
Earnings per share		**$ 0.25**	**$ 0.15**
Special items			
Gain on sale of real estate (a)	Gain on sale of real estate	—	(8)
Gain on sale of residential property (b)	Equity earnings (losses) from unconsolidated hospitality ventures	—	(1)
Total special items - pre-tax		—	(9)
Income tax (provision) benefit for special items	Provision for income taxes	—	4
Total special items - after-tax		**—**	**(5)**
Special items impact per share		**$ —**	**$ (0.04)**
Net income attributable to Hyatt Hotels Corporation, adjusted for special items		**$ 34**	**$ 17**
Earnings per share, adjusted for special items		**$ 0.25**	**$ 0.11**

(a) Gain on sale of real estate - During the three months ended March 31, 2015, we recorded a gain on the sale of Hyatt Regency Indianapolis, which was sold subject to a franchise agreement.

(b) Gain on sale of residential property - During the three months ended March 31, 2015, we recognized a gain of $1 million in connection with the sale of a residential property at one of our joint ventures.

Hyatt Hotels Corporation

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 the condensed 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. Selling, general, and administrative expenses also includes expenses related to stock-based compensation. Below is a reconciliation of this account excluding the impact of our rabbi trust investments and stock-based compensation expense.

(in millions)

	Three Months Ended March 31,			
	2016	**2015**	**Change ($)**	**Change (%)**
Adjusted selling, general, and administrative expenses (a) (b)	$ 72	$ 72	$ —	— %
Stock-based compensation expense (b)	16	16	—	— %
Rabbi trust impact	—	6	(6)	(100.0)%
Selling, general, and administrative expenses	$ 88	$ 94	$ (6)	(6.4)%

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

(b) Effective January 1, 2016 our definition of Adjusted EBITDA has been updated to exclude stock-based compensation expense therefore Adjusted selling, general, and administrative expenses has also been updated to exclude stock-based compensation expense. We have applied this change in the definition of Adjusted selling, general, and administrative expenses to 2015 historical results to allow for comparability between the periods presented.

	Three Months Ended March 31,			
	2016	**2015**	**Change ($)**	**Change (%)**
Americas management and franchising (b)	$ 14	$ 14	$ —	— %
ASPAC management and franchising (b)	9	8	1	12.5 %
EAME/SW Asia management (b)	9	10	(1)	(10.0)%
Owned and leased hotels (b)	3	4	(1)	(25.0)%
Corporate and other (b)	37	36	1	2.8 %
Adjusted selling, general, and administrative expenses (b)	$ 72	$ 72	$ —	— %

Hyatt Hotels Corporation

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

Below is a breakdown of consolidated owned and leased hotels revenues and expenses, as used in calculating comparable owned and leased hotels operating margin percentages. Results of operations as presented on the condensed 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 March 31,			
	2016	**2015**	**Change ($)**	**Change (%)**
Revenues				
Comparable owned and leased hotels	$ 516	$ 507	$ 9	1.8 %
Non-comparable owned and leased hotels	—	2	(2)	(100.0)%
Owned and leased hotels revenues	$ 516	$ 509	$ 7	1.4 %
Expenses				
Comparable owned and leased hotels	$ 387	$ 380	$ 7	1.8 %
Non-comparable owned and leased hotels	2	3	(1)	(33.3)%
Rabbi trust	—	1	(1)	(100.0)%
Owned and leased hotels expenses	$ 389	$ 384	$ 5	1.3 %
Owned and leased hotels operating margin percentage	24.6%	24.6%		— %
Comparable owned and leased hotels operating margin percentage	25.0%	25.0%		— %