

Hyatt Hotels Corporation
Table of Contents
Financial Information (unaudited)

- Reconciliation of Non-GAAP to GAAP Measure: Adjusted EBITDA to EBITDA and a Reconciliation of EBITDA to Net Income Attributable to Hyatt Hotels Corporation
- Reconciliation of Non-GAAP to GAAP Measure: Summary of Special Items - Three Months Ended December 31, 2012 and 2011
- Reconciliation of Non-GAAP to GAAP Measure: Summary of Special Items - Years Ended December 31, 2012 and 2011
- Reconciliation of Non-GAAP to GAAP Measure: Adjusted Selling, General, and Administrative Expenses to Selling, General, and Administrative Expenses
- Reconciliation of Non-GAAP to GAAP Measure: Comparable Owned and Leased Hotel Operating Margin to Owned and Leased Hotel Operating Margin

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,	
	2012	2011	2012	2011
Adjusted EBITDA	\$ 147	\$ 143	\$ 606	\$ 538
Equity earnings (losses) from unconsolidated hospitality ventures	(16)	(2)	(22)	4
Loss on sale of real estate	—	—	—	(2)
Asset impairments	—	(4)	—	(6)
Other income (loss), net	(5)	8	7	(11)
Net loss attributable to noncontrolling interests	1	—	1	2
Pro rata share of unconsolidated hospitality ventures Adjusted EBITDA	(15)	(19)	(73)	(78)
EBITDA	\$ 112	\$ 126	\$ 519	\$ 447
Depreciation and amortization	(90)	(87)	(353)	(305)
Interest expense	(17)	(15)	(70)	(57)
(Provision) benefit for income taxes	11	28	(8)	28
Net income attributable to Hyatt Hotels Corporation	\$ 16	\$ 52	\$ 88	\$ 113

Hyatt Hotels Corporation

Summary of Special Items - Three Months Ended December 31, 2012 and 2011

Reconciliation of Non-GAAP to GAAP Measure: 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, 2012 and December 31, 2011, respectively.

(in millions, except per share amounts)

	Location on Consolidated Statements of Income	Three Months Ended December 31,	
		2012	2011
Net income attributable to Hyatt Hotels Corporation		\$ 16	\$ 52
Earnings per share		\$ 0.09	\$ 0.31
Special items			
Asset impairments (a)	Asset impairments	—	3
Unconsolidated hospitality ventures impairment (b)	Equity earnings (losses) from unconsolidated hospitality ventures	18	1
(Gains) losses on other marketable securities (c)	Other income (loss), net	—	(6)
Impairment of held-to-maturity investment (d)	Other income (loss), net	4	—
Loss on sublease agreement (e)	Other income (loss), net	—	2
Realignment costs (f)	Other income (loss), net	2	—
Provisions on hotel loans (g)	Other income (loss), net	4	—
Transaction costs (h)	Other income (loss), net	1	1
Income from cost method investments (i)	Other income (loss), net	(1)	—
Total special items - pre-tax		28	1
Provision for income taxes for special items	(Provision) benefit for income taxes	(11)	(1)
Total special items - after-tax		17	—
Special items impact per share		\$ 0.11	\$ —
Net income attributable to Hyatt Hotels Corporation, adjusted for special items		\$ 33	\$ 52
Earnings per share, adjusted for special items		\$ 0.20	\$ 0.31

(a) Asset impairments - During the fourth quarter of 2011, we identified and recorded \$3 million of asset impairment charges. The charges relate to inventory in our vacation ownership business and are net of \$1 million of noncontrolling interest.

(b) Unconsolidated hospitality ventures impairment - During the fourth quarters of 2012 and 2011, we recorded \$18 million and \$1 million, respectively, in impairment charges, of which \$0 and \$1 million, respectively, related to vacation ownership ventures.

(c) (Gains) losses on other marketable securities - Fourth quarter 2011 activity represents (gains) losses on investments in trading securities not used to fund operating programs.

(d) 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.

(e) Loss on sublease agreement - During the fourth quarter of 2011, we recorded a \$2 million loss on a sublease agreement based on terms of our existing master lease.

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

(g) Provisions on hotel loans - In the fourth quarter of 2012, we recorded a \$4 million provision related to a pre-opening loan based on our assessment of collectability.

(h) Transaction costs - In the fourth quarter of 2012, we incurred \$1 million in transaction costs to acquire the Hyatt Regency Birmingham. In the fourth quarter of 2011, we incurred \$1 million in transaction costs to acquire hotels and other assets from LodgeWorks, L.P. and its private equity partners.

(i) Income from 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.

Hyatt Hotels Corporation

Summary of Special Items - Year Ended December 31, 2012 and 2011

Reconciliation of Non-GAAP to GAAP Measure: 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, 2012 and 2011, respectively.

(in millions, except per share amounts)

	Location on Consolidated Statements of Income	Year Ended December 31,	
		2012	2011
Net income attributable to Hyatt Hotels Corporation		\$ 88	\$ 113
Earnings per share		\$ 0.53	\$ 0.67
Special items			
Asset impairments (a)	Asset impairments	—	5
Unconsolidated hospitality ventures impairment (b)	Equity earnings (losses) from unconsolidated hospitality ventures	19	1
Loss on sale of real estate (c)	Other income (loss), net	—	2
(Gains) losses on other marketable securities (d)	Other income (loss), net	(17)	13
Impairment of held-to-maturity investment (e)	Other income (loss), net	4	—
(Gain) loss on sublease agreement (f)	Other income (loss), net	(2)	7
Realignment costs (g)	Other income (loss), net	21	—
Provisions on hotel loans (h)	Other income (loss), net	4	4
Transaction costs (i)	Other income (loss), net	2	5
Income from cost method investments (j)	Other income (loss), net	(1)	—
Total special items - pre-tax		30	37
Provision for income taxes for special items	(Provision) benefit for income taxes	(10)	(14)
Total special items - after-tax		20	23
Special items impact per share		\$ 0.12	\$ 0.13
Net income attributable to Hyatt Hotels Corporation, adjusted for special items		\$ 108	\$ 136
Earnings per share, adjusted for special items		\$ 0.65	\$ 0.80

(a) Asset impairments - During the year ended December 31, 2011, we identified and recorded \$5 million of asset impairment charges. The 2011 charge includes a \$4 million impairment taken on inventory at one of our vacation ownership properties, which is net of \$1 million in noncontrolling interest.

(b) Unconsolidated hospitality ventures impairment - During 2012 and 2011, we recorded impairment charges of \$19 million and \$1 million, respectively, of which \$1 million in each year relates to vacation ownership ventures.

(c) Loss on sale of real estate - During the year ended December 31, 2011, we sold eight hotels from our owned hotel portfolio for a loss of \$2 million.

(d) (Gains) losses on other marketable securities - Activity represents (gains) losses on investments in trading securities not used to fund operating programs.

(e) 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.

(f) (Gain) loss on sublease agreement - During the year ended December 31, 2012, we recorded a \$2 million gain due to the termination of a sublease. During the year ended December 31, 2011, we recorded a \$7 million loss on two sublease agreements based on terms of our existing master lease. One of these sublease agreements is with a related party.

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

(h) Provisions on hotel loans - During 2012, we recorded a \$4 million provision related to a pre-opening loan based on our assessment of collectability. During 2011, we recorded \$4 million in provisions related to certain hotel developer loans based on our assessment of their collectability.

(i) Transaction costs - 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. In the year ended December 31, 2011, we incurred \$5 million in transaction costs to acquire hotels and other assets from LodgeWorks, L.P. and its private equity partners.

(j) Income from 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.

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 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,			
	2012	2011	Change (\$)	Change (%)	2012	2011	Change (\$)	Change (%)
Adjusted selling, general, and administrative expenses (a)	\$ 76	\$ 78	\$ (2)	(2.6)%	\$ 303	\$ 284	\$ 19	6.7%
Rabbi trust impact	2	6	(4)	(66.7)%	13	(1)	14	1,400.0%
Selling, general and administrative expenses	<u>\$ 78</u>	<u>\$ 84</u>	<u>\$ (6)</u>	<u>(7.1)%</u>	<u>\$ 316</u>	<u>\$ 283</u>	<u>\$ 33</u>	<u>11.7%</u>

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

	Three Months Ended December 31,				Year Ended December 31,			
	2012	2011	Change (\$)	Change (%)	2012	2011	Change (\$)	Change (%)
Americas management and franchising	\$ 14	\$ 16	\$ (2)	(12.5)%	\$ 57	\$ 55	\$ 2	3.6 %
ASPAC management and franchising	9	10	(1)	(10.0)%	40	41	(1)	(2.4)%
EAME/SW Asia management	10	8	2	25.0 %	37	33	4	12.1 %
Owned and leased	4	3	1	33.3 %	12	10	2	20.0 %
Corporate and other (1)	39	41	(2)	(4.9)%	157	145	12	8.3 %
Adjusted selling, general, and administrative expenses	<u>\$ 76</u>	<u>\$ 78</u>	<u>\$ (2)</u>	<u>(2.6)%</u>	<u>\$ 303</u>	<u>\$ 284</u>	<u>\$ 19</u>	<u>6.7 %</u>

(1) Corporate and other includes vacation ownership expenses of \$8 million and \$7 million for the three months ended December 31, 2012 and 2011, respectively, and \$31 million and \$27 million for the year ended December 31, 2012 and 2011, respectively.

Hyatt Hotels Corporation

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,			
	2012	2011	Change (\$)	Change (%)	2012	2011	Change (\$)	Change (%)
Revenue								
Comparable owned and leased hotels	\$ 463	\$ 450	\$ 13	2.9 %	\$ 1,819	\$ 1,746	\$ 73	4.2%
Non-comparable hotels	54	43	11	25.6 %	202	133	69	51.9%
Owned and leased hotels revenue	<u>\$ 517</u>	<u>\$ 493</u>	<u>\$ 24</u>	<u>4.9 %</u>	<u>\$ 2,021</u>	<u>\$ 1,879</u>	<u>\$ 142</u>	<u>7.6%</u>
Expenses								
Comparable owned and leased hotels	\$ 363	\$ 348	\$ 15	4.3 %	\$ 1,414	\$ 1,363	\$ 51	3.7%
Non-comparable hotels	38	32	6	18.8 %	130	106	24	22.6%
Rabbi trust	—	2	(2)	(100.0)%	5	(1)	6	600.0%
Owned and leased hotels expense	<u>\$ 401</u>	<u>\$ 382</u>	<u>\$ 19</u>	<u>5.0 %</u>	<u>\$ 1,549</u>	<u>\$ 1,468</u>	<u>\$ 81</u>	<u>5.5%</u>
Owned and leased hotel operating margin percentage	<u>22.4%</u>	<u>22.5%</u>		<u>(0.1)%</u>	<u>23.4%</u>	<u>21.9%</u>		<u>1.5%</u>
Comparable owned and leased hotel operating margin percentage	<u>21.6%</u>	<u>22.7%</u>		<u>(1.1)%</u>	<u>22.3%</u>	<u>21.9%</u>		<u>0.4%</u>