

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, 2014 and 2013
- Reconciliation of Non-GAAP to GAAP Measure: Summary of Special Items - Year Ended December 31, 2014 and 2013
- 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 Hotels Operating Margin to Owned and Leased Hotels 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,	
	2014	2013	2014	2013
<b>Adjusted EBITDA</b>	<b>\$ 146</b>	<b>\$ 178</b>	<b>\$ 728</b>	<b>\$ 680</b>
Equity earnings (losses) from unconsolidated hospitality ventures	3	(11)	25	(1)
Gains on sales of real estate and other	246	—	311	125
Asset impairments	(10)	(11)	(17)	(22)
Other income (loss), net	(6)	29	(17)	17
Net (income) loss attributable to noncontrolling interests	—	2	(2)	2
Pro rata share of unconsolidated hospitality ventures Adjusted EBITDA	(16)	(20)	(80)	(68)
<b>EBITDA</b>	<b>\$ 363</b>	<b>\$ 167</b>	<b>\$ 948</b>	<b>\$ 733</b>
Depreciation and amortization	(85)	(91)	(354)	(345)
Interest expense	(17)	(17)	(71)	(65)
Provision for income taxes	(79)	(27)	(179)	(116)
<b>Net income attributable to Hyatt Hotels Corporation</b>	<b>\$ 182</b>	<b>\$ 32</b>	<b>\$ 344</b>	<b>\$ 207</b>

Hyatt Hotels Corporation

Reconciliation of Non-GAAP to GAAP Measure: Summary of Special Items - Three Months Ended December 31, 2014 and 2013

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, 2014 and December 31, 2013, respectively.

(in millions, except per share amounts)

	Location on Consolidated Statements of Income	Three Months Ended December 31,	
		2014	2013
<b>Net income attributable to Hyatt Hotels Corporation</b>		<b>\$ 182</b>	<b>\$ 32</b>
<b>Earnings per share</b>		<b>\$ 1.20</b>	<b>\$ 0.20</b>
<b>Special items</b>			
Gains on sales of real estate and other (a)	Gains on sales of real estate and other	(246)	—
Gain on sale of real estate held by unconsolidated hospitality venture (b)	Equity earnings (losses) from unconsolidated hospitality ventures	(12)	—
Transaction costs (c)	Other income (loss), net	1	7
Asset impairments (d)	Asset impairments	10	11
Stock based compensation expense (e)	Selling, general, and administrative expenses	22	—
Provisions on hotel loans (f)	Other income (loss), net	—	6
Loss on sublease agreement (g)	Other income (loss), net	—	6
Unconsolidated hospitality ventures impairment (h)	Equity earnings (losses) from unconsolidated hospitality ventures	—	3
Marketable securities (i)	Other income (loss), net	—	(1)
Total special items - pre-tax		(225)	32
Income tax (provision) benefit for special items	Provision for income taxes	90	(13)
<b>Total special items - after-tax</b>		<b>(135)</b>	<b>19</b>
<b>Special items impact per share</b>		<b>\$ (0.89)</b>	<b>\$ 0.12</b>
<b>Net income attributable to Hyatt Hotels Corporation, adjusted for special items</b>		<b>\$ 47</b>	<b>\$ 51</b>
<b>Earnings per share, adjusted for special items</b>		<b>\$ 0.31</b>	<b>\$ 0.32</b>

(a) Gains on sales of real estate and other - Includes gains of \$166 million on the sales of forty-three select service properties, which will remain Hyatt-branded hotels under long-term franchise agreements, and \$80 million on the sale of our vacation ownership business.

(b) Gain on sale of real estate held by unconsolidated hospitality venture - During the fourth quarter of 2014, a joint venture in which we hold an ownership interest sold the Hyatt Regency Lost Pines Resort and Spa and adjacent land, which was accounted for as a step acquisition, and we recognized a gain of \$12 million.

(c) Transaction costs - In the fourth quarter of 2014, we incurred \$1 million in transaction costs in connection with the acquisition of the Hyatt Regency Lost Pines Resort and Spa and adjacent land. In the fourth quarter of 2013, we incurred \$7 million in transactions costs primarily in connection with the acquisitions of the Hyatt Regency Orlando and Grand Hyatt San Antonio.

(d) Asset impairments - In the fourth quarter of 2014, we recorded \$10 million of impairment charges, which included \$6 million of property and equipment, \$2 million of franchise intangibles, and \$2 million of goodwill. During the fourth quarter of 2013, in connection with the acquisition of the Grand Hyatt San Antonio, we wrote off \$11 million related to contract acquisition costs.

(e) Stock based compensation expense - During the fourth quarter of 2014, we recorded a nonrecurring stock based compensation expense related to prior periods for grants made to certain individuals.

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

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

(h) Unconsolidated hospitality ventures impairment - During the fourth quarter of 2013, we recorded \$3 million in impairment charges related to hospitality ventures.

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

Hyatt Hotels Corporation

Reconciliation of Non-GAAP to GAAP Measure: Summary of Special Items - Year Ended December 31, 2014 and 2013

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, 2014 and 2013, respectively.

(in millions, except per share amounts)

	Location on Consolidated Statements of Income	Year Ended December 31,	
		2014	2013
<b>Net income attributable to Hyatt Hotels Corporation</b>		<b>\$ 344</b>	<b>\$ 207</b>
<b>Earnings per share</b>		<b>\$ 2.23</b>	<b>\$ 1.30</b>
<b>Special items</b>			
Gains on sales of real estate and other (a)	Gains on sales of real estate and other	(311)	(125)
Gains on sales of real estate held by unconsolidated hospitality ventures (b)	Equity earnings (losses) from unconsolidated hospitality ventures	(34)	—
Gain on sale of artwork	Other income (loss), net	—	(29)
Gain on sale of residential properties (c)	Equity earnings (losses) from unconsolidated hospitality ventures	(2)	(8)
Gain on sale of cost method investment (d)	Other income (loss), net	(1)	—
Marketable securities (e)	Other income (loss), net	—	(2)
Foreign currency translation loss on sale of joint venture (f)	Equity earnings (losses) from unconsolidated hospitality ventures	—	2
Unconsolidated hospitality ventures impairment (g)	Equity earnings (losses) from unconsolidated hospitality ventures	3	3
Loss on sublease agreement (h)	Other income (loss), net	—	6
Provisions on hotel loans (i)	Other income (loss), net	—	6
Transaction costs (j)	Other income (loss), net	6	10
Charitable contribution to Hyatt Hotels Foundation (k)	Other income (loss), net	—	20
Debt settlement costs (l)	Other income (loss), net	—	35
Realignment costs (m)	Other income (loss), net	7	—
Asset impairments (n)	Asset impairments	17	22
Stock based compensation expense (o)	Selling, general, and administrative expenses	22	—
Total special items - pre-tax		(293)	(60)
Income tax (provision) benefit for special items	Provision for income taxes	118	24
<b>Total special items - after-tax</b>		<b>(175)</b>	<b>(36)</b>
<b>Special items impact per share</b>		<b>\$ (1.14)</b>	<b>\$ (0.23)</b>
<b>Net income attributable to Hyatt Hotels Corporation, adjusted for special items</b>		<b>\$ 169</b>	<b>\$ 171</b>
<b>Earnings per share, adjusted for special items</b>		<b>\$ 1.09</b>	<b>\$ 1.07</b>

(a) Gains on sales of real estate and other - The year ended December 31, 2014 includes gains of \$231 million on the sales of fifty-two select service properties and one full service property, which will remain Hyatt-branded hotels under long term agreements, and \$80 million on the sale of our vacation ownership business. The year ended December 31, 2013 includes gains on the sales of three full service properties, which were sold subject to long-term franchise agreements.

(b) Gains on sales of real estate held by unconsolidated hospitality ventures - During the year ended December 31, 2014, two joint ventures in which we hold an ownership interest sold the Hyatt Place Austin Downtown and Hyatt Place Coconut Point to third parties, for which we recognized a gain of \$20 million and \$2 million, respectively. Additionally, a joint venture in which we hold an ownership interest sold the Hyatt Regency Lost Pines Resort and Spa and adjacent land, which was accounted for as a step acquisition, and we recognized a gain of \$12 million.

(c) Gain on sale of residential properties - During 2014 and 2013, we recognized gains of \$2 million and \$8 million, respectively, in connection with the sales of residential properties at one of our joint ventures.

(d) Gain on sale of cost method investment - During the year ended December 31, 2014, we sold our interest in a joint venture classified as a cost method investment and recorded a \$1 million gain on sale.

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

(f) 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.

(g) Unconsolidated hospitality ventures impairment - During 2014 and 2013, we recorded impairment charges of \$3 million and \$3 million related to hospitality ventures, respectively.

(h) Loss on sublease agreement - During 2013, we recorded a \$6 million loss related to a sublease agreement.

(i) Provisions on hotel loans - During 2013, we recorded a \$6 million provision related to pre-opening loans based on our assessment of collectability.

(j) Transaction costs - In the year ended December 31, 2014, we incurred \$6 million in transaction costs related to the sale of our vacation ownership business and the acquisitions of the Park Hyatt New York and the Hyatt Regency Lost Pines Resort and Spa and adjacent land. 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.

(k) Charitable contribution to Hyatt Hotels Foundation - In the year ended December 31, 2013, we funded \$20 million to Hyatt Hotels Foundation, which we established in 2013 to further the Company's philanthropic initiatives.

(l) Debt settlement costs - In the year ended December 31, 2013, 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.

(m) Realignment costs - Represents separation, recruiting and relocation costs incurred associated with the realignment of key management positions.

(n) Asset impairments - During 2014 we recorded \$17 million in impairment charges, which included \$13 million of property and equipment, \$2 million of franchise intangibles, and \$2 million of goodwill. During 2013, we recorded \$22 million of impairment charges, 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.

(o) Stock based compensation expense - During the fourth quarter of 2014, we recorded a nonrecurring stock based compensation expense related to prior periods for grants made to certain individuals.

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,			
	2014	2013	Change (\$)	Change (%)	2014	2013	Change (\$)	Change (%)
Adjusted selling, general, and administrative expenses (a)	\$ 102	\$ 79	\$ 23	29.1 %	\$ 340	\$ 299	\$ 41	13.7 %
Rabbi trust impact	3	8	(5)	(62.5)%	9	24	(15)	(62.5)%
Selling, general and administrative expenses	<u>\$ 105</u>	<u>\$ 87</u>	<u>\$ 18</u>	<u>20.7 %</u>	<u>\$ 349</u>	<u>\$ 323</u>	<u>\$ 26</u>	<u>8.0 %</u>

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

	Three Months Ended December 31,				Year Ended December 31,			
	2014 (c)	2013	Change (\$)	Change (%)	2014	2013	Change (\$)	Change (%)
Americas management and franchising	\$ 28	\$ 17	\$ 11	64.7 %	\$ 74	\$ 59	\$ 15	25.4%
ASPAC management and franchising	12	7	5	71.4 %	44	33	11	33.3%
EAME/SW Asia management	12	9	3	33.3 %	37	32	5	15.6%
Owned and leased hotels	3	5	(2)	(40.0)%	14	14	—	—%
Corporate and other (b)	47	41	6	14.6 %	171	161	10	6.2%
Adjusted selling, general, and administrative expenses	<u>\$ 102</u>	<u>\$ 79</u>	<u>\$ 23</u>	<u>29.1 %</u>	<u>\$ 340</u>	<u>\$ 299</u>	<u>\$ 41</u>	<u>13.7%</u>

(b) Corporate and other includes vacation ownership expenses of \$0 and \$7 million for the three months ended December 31, 2014 and 2013, respectively, and \$24 million and \$30 million for the year ended December 31, 2014 and 2013, respectively.

(c) Adjusted selling, general, and administrative expenses include \$22 million of nonrecurring stock based compensation expense, of which \$4 million relates to Americas management and franchising, \$1 million relates to ASPAC management and franchising, \$1 million relates to EAME/SW Asia management and \$16 million relates to Corporate and other.

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 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,			
	2014	2013	Change (\$)	Change (%)	2014	2013	Change (\$)	Change (%)
Revenue								
Comparable owned and leased hotels	\$ 415	\$ 415	\$ —	— %	\$ 1,645	\$ 1,591	\$ 54	3.4 %
Non-comparable owned and leased hotels	136	142	(6)	(4.2)%	601	551	50	9.1 %
Owned and leased hotels revenue	<u>\$ 551</u>	<u>\$ 557</u>	<u>\$ (6)</u>	<u>(1.1)%</u>	<u>\$ 2,246</u>	<u>\$ 2,142</u>	<u>\$ 104</u>	<u>4.9 %</u>
Expenses								
Comparable owned and leased hotels	\$ 326	\$ 324	\$ 2	0.6 %	\$ 1,268	\$ 1,237	\$ 31	2.5 %
Non-comparable owned and leased hotels	97	98	(1)	(1.0)%	420	381	39	10.2 %
Rabbi trust	1	4	(3)	(75.0)%	3	11	(8)	(72.7)%
Owned and leased hotels expense	<u>\$ 424</u>	<u>\$ 426</u>	<u>\$ (2)</u>	<u>(0.5)%</u>	<u>\$ 1,691</u>	<u>\$ 1,629</u>	<u>\$ 62</u>	<u>3.8 %</u>
Owned and leased hotels operating margin percentage	<u>23.0%</u>	<u>23.5%</u>		<u>(0.5)%</u>	<u>24.7%</u>	<u>23.9%</u>		<u>0.8 %</u>
Comparable owned and leased hotels operating margin percentage	<u>21.4%</u>	<u>21.9%</u>		<u>(0.5)%</u>	<u>22.9%</u>	<u>22.3%</u>		<u>0.6 %</u>