Embassy Memphis Corp
Form 424B3
November 20, 2014
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Registration No. 333-198693

PROSPECTUS

HILTON WORLDWIDE FINANCE LLC

HILTON WORLDWIDE FINANCE CORP.

Offer to Exchange (the exchange offer)

$1,500,000,000 aggregate principal amount of 5.625% Senior Notes due 2021 (the exchange notes), which have been registered under the Securities Act of 1933, as amended (the Securities Act), for any and all outstanding unregistered 5.625% Senior Notes due 2021 (the outstanding notes and, together with the exchange notes, the notes).

The exchange notes will be joint and several obligations of Hilton Worldwide Finance LLC and Hilton Worldwide Finance Corp. fully and unconditionally guaranteed on a joint and several senior unsecured basis by our immediate parent company, Hilton Worldwide Holdings Inc., and each of our wholly owned domestic restricted subsidiaries that guarantee any of our indebtedness under our senior secured credit facilities and the outstanding notes.

We are conducting the exchange offer in order to provide you with an opportunity to exchange your unregistered outstanding notes for freely tradable exchange notes that have been registered under the Securities Act.

The Exchange Offer

We will exchange all outstanding notes that are validly tendered and not validly withdrawn for an equal principal amount of exchange notes that are freely tradable.

You may withdraw tenders of outstanding notes at any time prior to the expiration date of the exchange offer.

The exchange offer expires at 5:00 p.m., New York City time, on December 22, 2014, which is the 21st business day after the date of this prospectus, unless extended. We do not currently intend to extend the expiration date.

The exchange of the outstanding notes for the exchange notes in the exchange offer will not constitute a taxable event for U.S. federal income tax purposes.

The terms of the exchange notes to be issued in the exchange offer are substantially identical to the outstanding notes, except that the exchange notes will be freely tradable.

Results of the Exchange Offer

The exchange notes may be sold in the over-the-counter market, in negotiated transactions or through a combination of such methods. We do not plan to list the exchange notes on a national market.

All untendered outstanding notes will continue to be subject to the restrictions on transfer set forth in the outstanding notes and in the indenture. In general, the outstanding notes may not be offered or sold, unless registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. Other than in connection with the exchange offer, we do not currently anticipate that we will register the outstanding notes under the Securities Act.

You should carefully consider the Risk Factors beginning on page 24 of this prospectus before participating in the exchange offer.

Each broker dealer that receives exchange notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker dealer in connection with resales of exchange notes received in exchange for outstanding notes where such outstanding notes were acquired as a result of market making activities or other trading activities.

Neither the Securities and Exchange Commission (the SEC) nor any state securities commission has approved or disapproved of the exchange notes to be distributed in the exchange offer or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is November 20, 2014.

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with different information. This prospectus may be used only for the purposes for which it has been published and no person has been authorized to give any information not contained herein. If you receive any other information, you should not rely on it. We are not making an offer of these securities in any state where the offer is not permitted.

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FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of the federal securities laws. These statements include, but are not limited to, statements related to our expectations regarding the performance of our business, our financial results, our liquidity and capital resources and other non-historical statements. In some cases, you can identify these forward-looking statements by the use of words such as outlook, believes, expects, potential, continues, may, will, should, could, seeks, approximately, projects, predicts, intends, plans, e the negative version of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. We believe these factors include but are not limited to those described under Risk Factors. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this prospectus. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law.

TRADEMARKS AND SERVICE MARKS

Hilton Hotels & Resorts, Waldorf Astoria Hotels & Resorts, Conrad Hotels & Resorts®, Curio-A Collection by Hilton, Canopy by Hilton, DoubleTree by Hilton®, Embassy Suites Hotels®, Hilton Garden Inn®, Hampton Inn®, Homewood Suites by Hilton®, Home2 Suites by Hilton®, Hilton Grand Vacations®, Hilton

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Grand Vacations Club®, The Hilton Club®, Hilton HHonors®, eforea®, OnQ®, LightStay®, the Hilton Hawaiian Village®, Requests Upon Arrival and other trademarks, trade names and service marks of Hilton and our brands appearing in this prospectus are the property of Hilton and our affiliates.

Solely for convenience, the trademarks, service marks and trade names referred to in this prospectus are without the ® and symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensors to these trademarks, service marks and trade names. All trademarks, service marks and trade names appearing in this prospectus are the property of their respective owners.

INDUSTRY AND MARKET DATA

Within this prospectus, we reference information and statistics regarding various industries and sectors. We have obtained this information and statistics from various independent third-party sources, including independent industry publications, reports by market research firms and other independent sources. Smith Travel Research (STR) and PKF Hospitality Research, LLC (PKF-HR) are the primary sources for third-party market data and industry statistics and forecasts, respectively, included in this prospectus. STR does not guarantee the performance of any company about which it collects and provides data. Nothing in the STR or PKF-HR data should be construed as advice. Some data and other information are also based on our good faith estimates, which are derived from our review of internal surveys and independent sources. We believe that these external sources and estimates are reliable, but have not independently verified them.

BASIS OF PRESENTATION

Except where otherwise indicated, financial information included in this prospectus is of Hilton Worldwide Holdings Inc. (Holdings) and its subsidiaries on a consolidated basis. Holdings has no independent operations and has no assets other than its ownership of 100 percent of the equity interests in Hilton Worldwide Finance LLC, one of the Issuers of the notes. As a result, the financial information included in this prospectus with respect to Holdings is substantially the same as the financial information of the Issuers. Most of our owned U.S. hotels are operated through subsidiaries of the Issuers that are designated as unrestricted subsidiaries of the Issuers pursuant to the indenture governing the notes. We have provided certain financial data that distinguishes between the operations of the issuer and its restricted subsidiaries, which we sometimes refer to as our restricted group and the operations of these unrestricted subsidiaries.

Holdings refers to Hilton Worldwide Holdings Inc., a Delaware corporation that is the parent entity of the Issuers and the parent guarantor of the notes. Issuer refers to Hilton Worldwide Finance LLC, exclusive of its subsidiaries. Issuers refers to Hilton Worldwide Finance LLC and Hilton Worldwide Finance Corp., the issuers of the notes, and not Holdings or any of their respective subsidiaries. Except where the context requires otherwise, references in this prospectus to Hilton, Hilton Worldwide, the Company, we, us, and our refer to Holdings, together with its consolidated subsidiaries, including the Issuers.

PropCo or Unrestricted U.S. Real Estate Subsidiaries refers to the entity or entities which, as of September 30, 2014, held the following owned hotels in the U.S. (or holding the capital stock of entities owning such hotels): (i) Pointe Hilton Squaw Peak Resort (Phoenix, AZ); (ii) DoubleTree Hotel San Jose (San Jose, CA); (iii) Hilton Garden Inn LAX/El Segundo (El Segundo, CA); (iv) Hilton San Francisco Union Square (San Francisco, CA); (v) Embassy Suites Washington D.C. (Washington, D.C.); (vi) Hilton Miami Airport (Miami, FL); (vii) Hilton Orlando Lake Buena Vista (Orlando, FL); (viii) Hilton Atlanta Airport (Atlanta, GA); (ix) Hilton Hawaiian Village Beach Resort & Spa (Honolulu, HI); (x) Hilton Waikoloa Village (Waikoloa, HI); (xi) Hilton Chicago (Chicago, IL); (xii) Hilton Garden Inn Chicago/Oak Brook (Oakbrook Terrace, IL); (xiii) Hilton Suites Chicago/Oak Brook (Oakbrook Terrace, IL); (xiv) Hilton New Orleans Airport (Kenner, LA);

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(xv) Hilton New Orleans Riverside (New Orleans, LA); (xvi) Hilton Boston Logan Airport (Boston, MA); (xvii) Hilton Short Hills (Short Hills, NJ); (xviii) Hilton New York (New York, NY); (xix) The Waldorf Astoria New York (New York, NY); (xx) Caribe Hilton (San Juan, PR); (xxi) Hampton Inn & Suites Memphis Shady Grove (Memphis, TN); (xxii) DoubleTree Hotel Crystal City National Airport (Arlington, VA); (xxiii) Hilton McLean Tysons Corner (McLean, VA); (xxiv) Hilton Seattle Airport & Conference Center (Seattle, WA); (xxv) Embassy Suites Parsippany (Parsippany, NJ); (xxvi) Embassy Suites Kansas City Plaza (Kansas City, MO); (xxvii) Embassy Suites Atlanta Perimeter Center (Atlanta, GA); (xxviii) Embassy Suites San Rafael Marin County (San Rafael, CA); and (xxix) Embassy Suites Kansas City Overland Park (Overland Park, KS).

Timeshare Entities refers to our wholly owned U.S. restricted subsidiaries that are prohibited from providing guarantees of the notes as a result of the agreements governing our revolving non-recourse timeshare notes credit facility and/or our notes backed by timeshare financing receivables.

Except where the context requires otherwise, references to our properties, hotels and rooms refer to the hotels, resorts and timeshare properties managed, franchised, owned or leased by us. Of these hotels, resorts and rooms, a portion are directly owned or leased by us or joint ventures in which we have an interest and the remaining hotels, resorts and rooms are owned by our third-party owners.

Investment funds associated with or designated by The Blackstone Group L.P. and their affiliates, our current majority owners, are referred to herein as Blackstone or our Sponsor and Blackstone, together with the other owners of Hilton Worldwide Holdings Inc. prior to our December 2013 initial public offering (IPO), are collectively referred to as our pre-IPO owners.

Reference to ADR or Average Daily Rate means hotel room revenue divided by total number of rooms sold in a given period and RevPAR or Revenue per Available Room represents hotel room revenue divided by room nights available to guests for a given period. References to RevPAR index measure a hotel s relative share of its segment s Revenue per Available Room. For example, if a subject hotel s RevPAR is $50 and the RevPAR of its competitive set is $50, the subject hotel would have no RevPAR index premium. If the subject hotel s RevPAR totaled $60, its RevPAR index premium would be 20 percent, which indicates that the subject hotel has outperformed other hotels in its competitive set. References to global RevPAR index premium means the average RevPAR index premium of our comparable hotels (as defined in Management s Discussion and Analysis of Financial Condition and Results of Operations Key Business and Financial Metrics Used by Management Comparable Hotels on page 64, but excluding hotels that do not receive competitive set information from STR, or do not participate with STR). The owner or manager of each Hilton comparable hotel exercises its discretion in identifying the competitive set of properties for such hotel, considering factors such as physical proximity, competition for similar customers, product features, services and amenities, quality and average daily rate, as well as STR rules regarding competitive set makeup. Accordingly, while the hotel brands included in the competitive set for any given Hilton comparable hotel depend heavily on market-specific conditions, the competitive sets for Hilton comparable hotels frequently include properties branded with the competing brands identified for the relevant Hilton comparable hotel listed under Selected Competitors on page 102. STR provides us with the relevant data for competitive sets that we submit for each of our comparable hotels, which we utilize to compute the RevPAR index for our comparable hotels.

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PROSPECTUS SUMMARY

This summary highlights information appearing elsewhere in this prospectus and may not contain all of the information that may be important to you. You should read this entire prospectus carefully, including the information set forth under the heading Risk Factors and our consolidated financial statements before participating in the exchange offer.

Hilton Worldwide

Hilton Worldwide is one of the largest and fastest growing hospitality companies in the world, with 4,265 hotels, resorts and timeshare properties comprising 705,196 rooms in 93 countries and territories. In the nearly 100 years since our founding, we have defined the hospitality industry and established a portfolio of 12 world-class brands. Our flagship full-service Hilton Hotels & Resorts brand is the most recognized hotel brand in the world. Our premier brand portfolio also includes our luxury and lifestyle hotel brands, Waldorf Astoria Hotels & Resorts, Conrad Hotels & Resorts and Canopy by Hilton, our full-service hotel brands, Curio A Collection by Hilton, DoubleTree by Hilton and Embassy Suites Hotels, our focused-service hotel brands, Hilton Garden Inn, Hampton Hotels, Homewood Suites by Hilton and Home2 Suites by Hilton and our timeshare brand, Hilton Grand Vacations. We own or lease interests in 145 hotels, many of which are located in global gateway cities, including iconic properties such as the Waldorf Astoria New York, the Hilton Hawaiian Village and the London Hilton on Park Lane. More than 155,000 employees proudly serve in our properties and corporate offices around the world, and we have approximately 43 million members in our award-winning customer loyalty program, Hilton HHonors.

We operate our business through three segments: (1) management and franchise; (2) ownership; and (3) timeshare. These complementary business segments enable us to capitalize on our strong brands, global market presence and significant operational scale. Through our management and franchise segment, which consists of 4,120 properties with 645,866 rooms, we manage hotels, resorts and timeshare properties owned by third parties and we license our brands to franchisees. Our ownership segment consists of 145 hotels with 59,330 rooms that we own or lease. Through our timeshare segment, which consists of 44 properties comprising 6,794 units, we market and sell timeshare intervals, operate timeshare resorts and a timeshare membership club and provide consumer financing.

Our competitive strengths, together with execution of our strategies and strong fundamentals in the global lodging industry, have contributed to our strong top- and bottom-line operating performance in recent periods and continued industry-leading unit growth.

Our system-wide comparable RevPAR increased 5.2 percent on a currency neutral basis for the year ended December 31, 2013 compared to the year ended December 31, 2012 and increased 7.3 percent on a currency neutral basis for the nine months ended September 30, 2014 compared to the nine months ended September 30, 2013.

Adjusted EBITDA increased 13 percent for the year ended December 31, 2013 compared to the year ended December 31, 2012 and increased 14 percent for the nine months ended September 30, 2014 compared to the nine months ended September 30, 2013.

Net income attributable to Hilton stockholders and earnings per share each increased 18 percent for the year ended December 31, 2013 compared to the year ended December 31, 2012 and increased 32 percent and 24 percent, respectively, for the nine months ended September 30, 2014 compared to the nine months ended September 30, 2013.

Our capital light management and franchise segment experienced increases in Adjusted EBITDA of eight percent and 16 percent, respectively, for the year ended December 31, 2013 and the nine months ended September 30, 2014 compared to the prior periods; and our capital light timeshare segment experienced increases in Adjusted EBITDA of 18 percent and 13 percent, respectively, for the year ended December 31, 2013 and the nine months ended September 30, 2014 compared to the prior periods.

We have reduced our long-term debt by $2.3 billion through voluntary prepayments from December 12, 2013, the date of our IPO, through November 18, 2014.

We opened 34,000 new rooms during the year ended December 31, 2013, and increased the number of rooms in our system by over 25,000 rooms on a net basis, growing the number of rooms in our management and franchise segment in excess of four percent. During the nine months ended September 30, 2014, we opened nearly 30,000 rooms and achieved net unit growth of over 26,000 rooms.

We approved 72,000 new rooms for development during the year ended December 31, 2013 and another 55,000 new rooms during the nine months ended September 30, 2014.

Our industry-leading pipeline has grown at an average of 12 percent for each of the last three years, and as of September 30, 2014, included 1,269 hotels, consisting of approximately 215,000 rooms, of which more than half, or 119,000 rooms, were located outside of the United States. All of the rooms in our pipeline are within our capital light management and franchise segment.

As of September 30, 2014, we had approximately 109,000 rooms under construction, representing the largest number of rooms under construction in the industry based on STR data. We expect that our number one share of worldwide rooms under construction will allow us to continue to expand our share of worldwide rooms supply and build on our leading market position.

See Summary Historical Financial Data for the definition of Adjusted EBITDA and a reconciliation of net income attributable to Hilton stockholders to Adjusted EBITDA.

Recent Developments

Launch of New Brand

On October 15, 2014, we launched our newest brand: Canopy by Hilton. This brand represents a new hotel concept that redefines the lifestyle category, offering simple, guest-directed service, thoughtful local choices and comfortable spaces for a positive stay, as well as delivering the many benefits of our system, including the Hilton HHonors guest loyalty program. Letters of intent have been signed for 11 properties and we expect to open the first Canopy hotel in 2015.

Sale of Waldorf Astoria New York

On October 6, 2014, we announced that we have agreed to sell the Waldorf Astoria New York to an affiliate of Anbang Insurance Group Co. Ltd. (the Buyer) for a purchase price of $1.95 billion, which is payable in cash at closing and is subject to customary pro rations and adjustments. At closing, we will enter into a management agreement with a 100-year term with the Buyer, pursuant to which we will continue to operate the hotel under our Waldorf Astoria Hotels & Resorts brand. The Buyer has provided a $100 million cash deposit, which is being held in escrow as earnest money and the completion of the transaction is subject to customary closing conditions. Subject to specified terms and conditions, the closing is scheduled for December 31, 2014, but the parties have the right to adjourn closing to March 31, 2015 or later. We can provide no assurance that the closing will occur on either date or at all. At closing, we expect that our existing mortgage loan of approximately $525 million secured by the Waldorf Astoria New York will be repaid in full.

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Our Competitive Strengths

We believe the following competitive strengths provide the foundation for our position as a leading global hospitality company.

World-Class Hospitality Brands. Our globally recognized, world-class brands have defined the hospitality industry. Our flagship Hilton Hotels & Resorts brand often serves as an introduction to our wider range of brands, including those in the luxury segment, upper midscale segment and everything in between, that are designed to accommodate any customer s needs anywhere in the world. Our brands have achieved an average global RevPAR index premium of 15 percent for the twelve months ended September 30, 2014, based on STR data. This means that our brands achieve on average 15 percent more revenue per room than competitive properties in similar markets. The demonstrated strength of our brands makes us a preferred partner for hotel owners.

Leading Global Presence and Scale. We are one of the largest hospitality companies in the world with 4,265 properties and 705,196 rooms in 93 countries and territories. We have hotels in key gateway cities such as New York City, London, Dubai, Johannesburg, Tokyo, Shanghai and Sydney and 364 hotels located at or near airports around the world. Our global presence allows us to serve our loyal customers throughout the world and to introduce our award-winning brands to customers in new markets. These world-class brands facilitate system growth by providing hotel owners with a variety of options to address each market s specific needs. In addition, the diversity of our operations reduces our exposure to business cycles, individual market disruptions and other risks. Our robust commercial services platform allows us to take advantage of our scale to more effectively deliver products and services that drive customer preference and enhance commercial performance on a global basis.

Large and Growing Loyal Customer Base. Serving our customers is our first priority. By continually adapting to customer preferences and providing our customers with superior experiences, we have improved our overall customer satisfaction ratings since 2007. We earned 34 first place awards in the J.D. Power North America Guest Satisfaction rankings since 1999, more than any multi-brand lodging company. Our hotels accommodated more than 136 million customer visits during the twelve months ended September 30, 2014, with members of our Hilton HHonors loyalty program contributing 51 percent of the 179 million resulting room nights. Hilton HHonors unites all our brands, encourages customer loyalty and allows us to provide tailored promotions, messaging and customer experiences. Membership in our Hilton HHonors program continues to increase, and as of September 30, 2014, there were approximately 43 million Hilton HHonors members, an 11 percent increase from September 30, 2013.

Significant Embedded Growth. All of our segments are expected to grow through improvement in same-store performance driven by strong anticipated industry fundamentals. PKF-HR predicts that lodging industry RevPAR in the U.S., where 76 percent of our system rooms are located, will grow 8.2 percent in 2014 and 6.7 percent in 2015. Our management and franchise segment also is expected to grow through new room additions, as upon completion, our industry-leading development pipeline would result in a 31 percent increase in our room count with minimal capital investment from us. In addition, our franchise revenues should grow over time as franchise agreements renew at our published license rates, which are higher than our current effective rates. For the nine months ended September 30, 2014, our weighted average effective license rate across our brands was 4.6 percent of room revenue and our weighted average published license rate was 5.4 percent as of September 30, 2014. We also expect our incentive management fees, which are linked to hotel profitability measures, to increase as a result of the expected improvements in industry fundamentals and new unit growth. In our ownership segment, we believe we will benefit from strong growth in bottom-line earnings as industry fundamentals continue to improve as a result of this segment s operating leverage, and our large hotels with significant meeting space should benefit from recent improvements in group demand, which we expect will exhibit strong growth as the current stage of the lodging cycle advances. Finally, our timeshare business has over six years of

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projected interval supply at our current sales pace in the form of existing owned inventory and executed capital light projects, which should enable us to continue to grow our earnings from the segment with lower levels of capital investment from us.

Strong Cash Flow Generation. We generate significant cash flow from operating activities with an increasing percentage from our growing capital light management and franchise and timeshare segments. During the three-year period ended December 31, 2013, we generated an aggregate of $4.4 billion in cash flow from operating activities. Over this same period, we reduced our total indebtedness by $4.8 billion and during the nine months ended September 30, 2014, we further reduced our long-term debt by $700 million through voluntary prepayments. Additionally, in October 2014, we made a $100 million voluntary prepayment to further reduce our long-term debt. We believe that our focus on cash flow generation, the relatively low investment required to grow our management and franchise and timeshare segments, and our disciplined approach to capital allocation position us to maximize opportunities for profitability and growth while continuing to reduce our indebtedness over time.

Iconic Hotels with Significant Underlying Real Estate Value. Our diverse global portfolio of owned and leased hotels includes a number of renowned properties in key gateway cities such as New York City, London, San Francisco, Chicago, São Paolo, Sydney and Tokyo. The portfolio also includes iconic hotels with significant embedded asset value, including: the Waldorf Astoria New York, a landmark luxury hotel with 1,413 rooms encompassing an entire city block in the heart of midtown Manhattan near Grand Central Terminal; the Hilton Hawaiian Village, a full-service beach resort with 2,860 rooms that sits on approximately 22 oceanfront acres along Waikiki Beach on the island of Oahu; and the London Hilton on Park Lane, a 453-room hotel overlooking Hyde Park in the exclusive Mayfair district of London. Our ten owned hotels with the highest Adjusted EBITDA contributed 56 percent of our ownership segment s Adjusted EBITDA during the year ended December 31, 2013, which highlights the quality of our key flagship properties. In addition, we believe the iconic nature of many of these properties creates significant value for our entire system of properties by reinforcing the world-class nature of our brands. We continually focus on increasing the value and enhancing the market position of our owned and leased hotels and, over time, we believe we can unlock significant incremental value through opportunistically exiting assets or executing on adaptive reuse plans for all or a portion of certain hotels as retail, residential or timeshare uses. An example of this is the recent sale of a previously non-income producing parcel of land at the Hilton Hawaiian Village that had previously been used as a loading dock, along with corresponding entitlements, to a third party in connection with a planned timeshare development project that will not require any capital investment by us. Further, we have plans at the Hilton New York to redevelop the hotel s retail platform to include over 10,000 square feet of street-level retail space, as well as to convert certain floors to timeshare units, which we expect will increase the value of the property. Additionally, in October 2014, we announced that we have entered into an agreement to sell the Waldorf Astoria New York for $1.95 billion and that we will enter into a management agreement with the buyer for a 100-year term.

Market-Leading and Innovative Timeshare Platform. Our timeshare business complements our other segments and provides an alternative hospitality product that serves an attractive customer base. Our timeshare customers are among our most loyal hotel customers, with estimated spend in our hotel system increasing approximately 40 percent after the purchase of their timeshare interests. Historically, we have concentrated our timeshare efforts in four key markets: Florida, Hawaii, New York City and Las Vegas, which has helped us to increase annual sales of timeshare intervals while yielding strong profit margins during a time when our competitors generally experienced declines in both sales and profit margins. As a result of this strong operating performance and the returns we were able to drive on our own timeshare developments, we began a transformation of our timeshare business to a capital light model in which third-party timeshare owners and developers provide capital for development while we act as sales and marketing agent and property manager. Through these transactions, we receive a sales and marketing commission and branding fees on sales of timeshare intervals, recurring

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fees to operate the homeowners associations and revenues from resort operations. We also earn recurring fees in connection with the points-based membership programs we operate that provide for exclusive exchange, leisure travel and reservation services, and through fees related to the servicing of consumer loans. We have increased the sales of intervals developed by third parties from zero in 2009 to 58 percent for the twelve months ended September 30, 2014, which has dramatically reduced the capital requirements of our timeshare segment while continuing to drive strong earnings and cash flows.

Performance-Driven Culture. We are an organization of people serving people, thus it is imperative that we attract and retain best-in-class talent to serve our various stakeholders. We have a performance-driven culture that begins with an intense alignment around our mission, vision, values and key strategic priorities. Our President and Chief Executive Officer, Christopher J. Nassetta, has nearly 30 years of experience in the hotel industry, previously serving as President and Chief Executive Officer of Host Hotels & Resorts, Inc., where he was named Institutional Investor s 2007 REIT CEO of the Year. He and the balance of our executive management team have been instrumental in transforming our organization and installing a culture that develops leaders at all levels of the organization that are focused on delivering exceptional service to our customers every day. We rely on our over 155,000 employees to execute our strategy and continue to enhance our products and services to ensure that we remain at the forefront of performance and innovation in the lodging industry.

Our Business and Growth Strategy

The following are key elements of our strategy to become the preeminent global hospitality company the first choice of guests, employees and owners alike:

Expand our Global Footprint. We intend to build on our leading position in the U.S. and expand our global footprint. In February 2006, we reacquired Hilton International Co., which had operated as a separate company since 1964, and in so doing, reacquired the international Hilton branding rights. Reuniting Hilton s U.S. and international operations has provided us with the platform to grow our business and brands globally. As a result of the reacquisition and focus on global expansion, we currently rank number one in every major region of the world by rooms under construction, based on STR data. We aim to increase the relative contribution of our international operations by increasing the number of rooms in our system that are located outside of the U.S. As of September 30, 2014, 70 percent of our new rooms under construction are located outside of the U.S. We plan to continue to expand our global footprint by introducing the right brands with the right product positioning in targeted markets and allocating business development resources effectively to drive new unit growth in every region of the world.

Grow our Fee-Based Businesses. We intend to grow our higher margin, fee-based businesses. We expect to increase the contribution of our management and franchise segment, which already accounts for more than half of our aggregate segment Adjusted EBITDA, through new third-party hotel development and the conversion of existing hotels to our brands. Our industry-leading pipeline consisted of approximately 215,000 rooms as of September 30, 2014, all within our capital light management and franchise segment. Upon completion, this pipeline of new, third-party owned hotels would result in a 33 percent increase in our management and franchise segment s room count with minimal capital investment from us. In addition, we aim to increase the average effective franchise fees we receive over time by renewing and entering into new franchise agreements at our current published franchise fee rates.

Continue to Increase the Capital Efficiency of our Timeshare Business. Traditionally, timeshare operators have funded 100 percent of the investment necessary to acquire land and construct timeshare properties. In 2010, we began sourcing timeshare intervals through sales and marketing agreements

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with third-party developers. These agreements enable us to generate fees from the sales and marketing of the timeshare intervals and club memberships and from the management of the timeshare properties without requiring us to fund acquisition and construction costs. Our supply of third-party developed timeshare intervals has increased to 106,000, or 81 percent of our total supply, as of September 30, 2014 and the percentage of sales of timeshare intervals developed by third parties has increased to 58 percent for the twelve months ended September 30, 2014. We continue to expand our capital light timeshare business through fee-for-service arrangements with third-party timeshare developers, including the sales and marketing and other timeshare related services agreement we announced in June 2014 for the development of a 37-story, 418-unit timeshare tower adjacent to the Hilton Hawaiian Village. We also recently signed a sales and marketing agreement with a third party for our first timeshare project in Maui, which will consist of over 20,000 intervals and is expected to begin sales in 2016. We will continue to seek opportunities to grow our timeshare business through this capital light model.

Optimize the Performance of our Owned and Leased Hotels. In addition to utilizing our commercial services platform to enhance the revenue performance of our owned and leased assets, we have focused on maximizing the cost efficiency of the portfolio by implementing labor management practices and systems and reducing fixed costs to drive profitability. Through our disciplined approach to asset management, we have developed and executed on strategic plans for each of our hotels to enhance the market position of each property. We expect to continue to enhance the performance of our hotels by improving operating efficiencies, and believe there is an opportunity to drive further improvements in operating margins and Adjusted EBITDA. Further, at certain of our hotels, we are developing plans for the adaptive reuse of all or a portion of the property to residential, retail or timeshare uses similar to our plans for the Hilton New York. Finally, we believe we can create value over time by opportunistically exiting assets and restructuring or exiting leases.

Strengthen and Enhance our Brands and Commercial Services Platform. We intend to enhance our world-class brands through superior brand management by continuing to develop products and services that drive increased RevPAR premiums. We will continue to refine our luxury brands to deliver modern products and service standards that are relevant to today s luxury traveler. We will continue to position our full-service operating model and product standards to meet evolving customer needs and drive financial results that support incremental owner investment in our hotels. In our focused-service brands, we will continue to position for growth in the U.S., and tailor our products as appropriate to meet the needs of customers and developers outside the U.S. We will continue to innovate and enhance our commercial services platform to ensure we have the most formidable sales, pricing, marketing and distribution platform in the industry to drive premium commercial performance to our entire system of hotels. We also will continue to invest in our Hilton HHonors customer loyalty program to ensure it remains relevant to our customers and drives customer loyalty and value to our hotel owners.

Refinancing Transactions and Initial Public Offering

On October 25, 2013, we repaid in full all $13.4 billion in borrowings outstanding on such date under our senior mortgage loans and secured mezzanine loans with proceeds from: (1) our October 4, 2013 offering of the outstanding notes, the proceeds of which were released from escrow on October 25, 2013; (2) borrowings under our new senior secured credit facilities (the Senior Secured Credit Facilities), which initially consisted of a $7.6 billion term loan facility (the Term Loans) and an undrawn $1.0 billion revolving credit facility (the Revolving Credit Facility); (3) a

$3.5 billion commercial mortgage-backed securities loan secured by 23 of our U.S. owned real estate assets (the CMBS Loan); and (4) a $525 million mortgage loan secured by our Waldorf Astoria New York property (the Waldorf Astoria Loan), together with additional borrowings under our non-recourse timeshare financing receivables credit facility (the Timeshare Facility) and cash on hand. For more information, see Description of Certain Other Indebtedness. In addition, on October 25, 2013, Hilton

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Worldwide, Inc., our wholly owned subsidiary, issued a notice of redemption to holders of all of the outstanding $96 million aggregate principal amount of its 8 percent quarterly interest bonds due 2031 on November 25, 2013. The bonds were redeemed in full at a redemption price equal to 100 percent of the principal amount thereof and interest accrued and unpaid thereon, to, but not including November 25, 2013. We refer to the transactions discussed above as the Debt Refinancing.

On December 17, 2013, we completed our IPO in which Holdings sold 64,102,564 shares of its common stock and a selling stockholder sold 71,184,153 shares of common stock at an initial public offering price of $20.00 per share. The shares offered and sold in the offering were registered under the Securities Act pursuant to our Registration Statement on Form S-1, which was declared effective by the SEC on December 11, 2013. The common stock is listed on the New York Stock Exchange (NYSE) under the symbol HLT and began trading publicly on December 12, 2013. The offering generated net proceeds of approximately $1,243 million to us after underwriting discounts, expenses and transaction costs. We used the offering proceeds along with available cash to repay approximately $1,250 million of borrowings under the Term Loans.

Our Structure

The following diagram illustrates our simplified organizational structure as of the date of this prospectus. This diagram is provided for illustrative purposes only and does not show all legal entities or obligations of such entities:

(1) Our Senior Secured Credit Facilities initially consisted of the $7.6 billion Term Loans and the $1.0 billion Revolving Credit Facility. On December 17, 2013 we repaid approximately $1.25 billion of borrowings under the Term Loans using proceeds from our IPO and available cash and we have since paid down $1.05 billion of borrowings, resulting in a total reduction of outstanding principal of $2.3 billion. Our Senior Secured Credit Facilities are secured by first priority liens on substantially all of the assets of the Issuers and guarantors of the notes, subject to certain exceptions and permitted liens. For a description of our Senior Secured Credit Facilities, see Description of Certain Other Indebtedness Senior Secured Credit Facilities.

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(2) The notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis, by Holdings and each of our existing wholly owned U.S. restricted subsidiaries that guarantee indebtedness under our Senior Secured Credit Facilities and any future wholly owned U.S. restricted subsidiaries that guarantee indebtedness under our Senior Secured Credit Facilities or other capital markets debt securities of the Issuers or any subsidiary guarantor. These guarantees are subject to release under specified circumstances. See Description of the Notes.

(3) As of the date of this prospectus, our only unrestricted subsidiaries are our subsidiaries that constitute PropCo. For the year ended December 31, 2013, our Unrestricted U.S. Real Estate Subsidiaries represented $1,880 million or 19.3 percent of our total revenues, $186 million or 44.8 percent of net income attributable to Hilton stockholders and $560 million or 25.3 percent of our Adjusted EBITDA, and as of December 31, 2013, represented $8,649 million or 32.6 percent of our total assets and $6,496 million or 29.1 percent of our total liabilities. For the nine months ended September 30, 2014, our Unrestricted U.S. Real Estate Subsidiaries represented $1,481 million or 19.3 percent of our total revenues, $110 million or 21.4 percent of net income attributable to Hilton stockholders and $443 million or 24.1 percent of our Adjusted EBITDA, and as of September 30, 2014, represented $8,762 million or 33.3 percent of our total assets and $6,616 million or 30.7 percent of our total liabilities.

(4) The notes are not guaranteed by certain of our wholly owned domestic special purpose restricted subsidiaries or our non-wholly owned domestic restricted subsidiaries.

Our wholly owned U.S. restricted subsidiaries that are Timeshare Entities are prohibited from being guarantors under our non-recourse Timeshare Facility and the agreements governing our non-recourse notes backed by timeshare receivables, including our $304 million in aggregate principal amount of non-recourse 1.77 percent notes, $46 million in aggregate principal amount of non-recourse 2.07 percent notes and our $250 million in aggregate principal amount of non-recourse 2.28 percent notes (Securitized Timeshare Debt). For the year ended December 31, 2013, these entities represented $51 million of our total revenues and $46 million of our Adjusted EBITDA. Adjusted EBITDA of the Timeshare Entities generally represents the amount of interest which we receive on the timeshare receivables placed in such entities. As of December 31, 2013, these entities had restricted and unrestricted cash and cash equivalents of $20 million, financing receivables of $726 million and long-term debt of $672 million. For the nine months ended September 30, 2014 and 2013, these entities represented $68 million and $26 million of our total revenues and $59 million and $23 million of our Adjusted EBITDA, respectively. As of September 30, 2014, these entities had restricted and unrestricted cash and cash equivalents of $24 million, gross financing receivables of $691 million and long-term debt of $661 million.

In addition, we have one non-wholly owned domestic subsidiary that is a restricted subsidiary. For the year ended December 31, 2013, the non-wholly owned domestic subsidiary represented $22 million or 0.2 percent of our total revenues and $6 million or 0.3 percent of our Adjusted EBITDA. As of December 31, 2013, this subsidiary had restricted and unrestricted cash and cash equivalents of $2 million, property and equipment, net of $63 million and long-term debt including current maturities of $30 million. For the nine months ended September 30, 2014, the non-wholly owned domestic subsidiary represented $18 million or 0.2 percent of our total revenues and $5 million or 0.3 percent of our Adjusted EBITDA. As of September 30, 2014, this subsidiary had restricted and unrestricted cash and cash equivalents of $3 million, property and equipment, net of $62 million and long-term debt including current maturities of $29 million.

The notes are also not guaranteed by any of our wholly owned domestic restricted subsidiaries (a) substantially all of the assets of which consist of equity interests in one or more foreign subsidiaries that are controlled foreign corporations within the meaning of Section 957 of the Internal Revenue Code, or (b) that are directly or indirectly owned by any of our foreign subsidiaries. Such entities are included in the further description of our international operations in footnote (5) below.

(5) As of the date of this prospectus, none of our foreign subsidiaries or U.S. subsidiaries owned by foreign subsidiaries or conducting foreign operations guarantee the notes, and no foreign subsidiaries or U.S.

subsidiaries owned by foreign subsidiaries or conducting foreign operations (existing or formed in the future) are expected to guarantee the notes in the future. Our non-U.S. operations are generally conducted by our foreign subsidiaries and our foreign assets are generally owned by our foreign subsidiaries. For the year ended December 31, 2013, our foreign operations represented $2,409 million or 24.7 percent of our total revenues and $466 million or 21.1 percent of our Adjusted EBITDA. For the nine months ended September 30, 2014, our foreign operations represented $1,783 million or 23.2 percent of our total revenues and $318 million or 17.3 percent of our Adjusted EBITDA.

(6) Certain of our unrestricted PropCo entities entered into the $3.5 billion CMBS Loan secured by 23 of our U.S. owned real estate assets. See Description of Certain Other Indebtedness CMBS Loan.

(7) One of our unrestricted PropCo entities entered into the $525 million Waldorf Astoria Loan secured by the Waldorf Astoria New York property. See Description of Certain Other Indebtedness Waldorf Astoria Loan.

(8) Certain of our restricted subsidiaries entered into the Timeshare Facility, and other restricted subsidiaries issued $600 million aggregate principal amount of Securitized Timeshare Debt. As of September 30, 2014, we had $150 million and $511 million of indebtedness outstanding under the Timeshare Facility and the Securitized Timeshare Debt, respectively. The Timeshare Facility and Securitized Timeshare Debt are non-recourse to the Issuers and the guarantors. See Description of Certain Other Indebtedness Timeshare Facility and Securitized Timeshare Debt.

Relationship with PropCo Entities

Entities comprising PropCo are unrestricted subsidiaries for purposes of the indenture governing the notes and, as such, are not subject to any of the restrictive covenants in the indenture and do not guarantee the notes or provide any other credit or collateral support for the notes. The PropCo entities owned 29 of our U.S. owned hotels as of September 30, 2014. The properties held by our PropCo entities secure our $3.5 billion CMBS Loan, our $525 million Waldorf Astoria Loan and a $64 million mortgage note and are not included in the collateral securing our Senior Secured Credit Facilities. See Management s Discussion and Analysis of Financial Condition and Results of Operations Supplemental Financial Data for Unrestricted U.S. Real Estate Subsidiaries.

Because our PropCo entities are not subject to the restrictive covenants under the indenture, they are not limited by the indenture in their ability to incur indebtedness or make payments of dividends or to make other distributions, loans or restricted payments. The Issuers and the guarantors of the notes are restricted under the terms of the indenture governing the notes from making investments in, or loans to, PropCo entities. See Description of the Notes.

We operate hotels under management agreements for the benefit of PropCo entities. Our fees consist of a base management fee equal to a percentage of each hotel s gross revenue, and an incentive fee based on profits in excess of a return threshold established for each hotel. PropCo pays all operating and other expenses and reimburses our out-of-pocket expenses. In turn, our managerial discretion is subject to approval by PropCo in certain major areas, including the approval of annual operating and capital expenditure budgets. The term of each of our management agreements with PropCo is 30 years, subject to extension at our option for up to three periods of 10 years each. The PropCo management agreements contain early termination rights in favor of PropCo only upon an event of default by us. We have certain intercompany loans and cash pooling arrangements between us and PropCo to facilitate the efficient operation of the PropCo hotels. As of September 30, 2014, we managed 29 hotels with approximately 21,261 rooms pursuant to management agreements with PropCo, and for the year ended December 31, 2013 and the nine months ended September 30, 2014, revenues derived under PropCo management agreements totaled $49 million.

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Corporate Information

Hilton Worldwide Finance LLC, a Delaware limited liability company was formed under the laws of the State of Delaware in August 2013. Hilton Worldwide Finance Corp., a corporate co-issuer of the notes, was incorporated under the laws of the State of Delaware in August 2013. Our principal executive offices are located at 7930 Jones Branch Drive, Suite 1100, McLean, Virginia 22102 and our telephone number is (703) 883-1000.

The Exchange Offer

The following summary is provided solely for your convenience and is not intended to be complete. You should read the full text and more specific details contained elsewhere in this prospectus for a more detailed description of the notes.

General	On October 4, 2013, the Issuers issued an aggregate of $1,500,000,000 principal amount of 5.625% Senior Notes due 2021 in a private offering. In connection with the private offering of the outstanding notes, the Issuers and the guarantors entered into a registration rights agreement with the initial purchasers in which they agreed, among other things, to deliver this prospectus to you and to complete the exchange offer within 450 days after the date of issuance and sale of the outstanding notes. You are entitled to exchange in the exchange offer your outstanding notes for the exchange notes which are identical in all material respects to the outstanding notes except:
	the exchange notes have been registered under the Securities Act;
	the exchange notes are not entitled to any registration rights which are applicable to the outstanding notes under the registration rights agreement; and
	the escrow, special mandatory redemption and additional interest provisions of the registration rights agreement are no longer applicable.
The Exchange Offer	The Issuers are offering to exchange up to $1,500,000,000 aggregate principal amount of 5.625% Senior Notes due 2021, which have been registered under the Securities Act, for a like amount of outstanding notes.
	You may only exchange outstanding notes in denominations of $2,000 and integral multiples of $1,000, in excess thereof.
Resale	Based on an interpretation by the staff of the SEC set forth in no-action letters issued to third parties, the Issuers believe that the exchange notes issued pursuant to the exchange offer in exchange for outstanding notes may be offered for resale, resold and otherwise transferred by you (unless you are our affiliate within the meaning of Rule 405 under the

Securities Act) without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that:

- you are acquiring the exchange notes in the ordinary course of your business; and

- you have not engaged in, do not intend to engage in, and have no arrangement or understanding with any person to participate in, a distribution of the exchange notes.

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If you are a broker-dealer and receive exchange notes for your own account in exchange for outstanding notes that you acquired as a result of market making activities or other trading activities, you must acknowledge that you will deliver this prospectus in connection with any resale of the exchange notes. See Plan of Distribution.

Any holder of outstanding notes who:

- is our affiliate;
- does not acquire exchange notes in the ordinary course of its business; or
- tenders its outstanding notes in the exchange offer with the intention to participate, or for the purpose of participating, in a distribution of exchange notes;

cannot rely on the position of the staff of the SEC enunciated in *Morgan Stanley & Co. Inc*. (available June 5, 1991) and Exxon *Capital Holdings Corp*. (available May 13, 1988), as interpreted in the SEC s letter to *Shearman & Sterling* (available July 2, 1993), or similar no-action letters and, in the absence of an exemption therefrom, must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale of the exchange notes.

Expiration Date

The exchange offer will expire at 5:00 p.m., New York City time, on December 22, 2014, which is the 21st business day after the date of this prospectus, unless extended by the Issuers. The Issuers do not currently intend to extend the expiration date.

Withdrawal

You may withdraw the tender of your outstanding notes at any time prior to the expiration of the exchange offer. The Issuers will return to you any of your outstanding notes that are not accepted for any reason for exchange, without expense to you, promptly after the expiration or termination of the exchange offer.

Interest on the Exchange Notes and the Outstanding Notes

The exchange notes will bear interest at the rate per annum set forth on the cover page of this prospectus from the most recent date to which interest has been paid on the outstanding notes. The interest will be

	payable semi-annually on April 15 and October 15. No interest will be paid on outstanding notes following their acceptance for exchange.
Conditions to the Exchange Offer	The exchange offer is subject to customary conditions, which the Issuers may waive. See The Exchange Offer Conditions to the Exchange Offer.
Procedures for Tendering Outstanding Notes	If you wish to participate in the exchange offer, you must complete, sign and date the accompanying letter of transmittal, or a facsimile of

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	such letter of transmittal, according to the instructions contained in this prospectus and the letter of transmittal. You must then mail or otherwise deliver the letter of transmittal, or a facsimile of such letter of transmittal, together with the outstanding notes and any other required documents, to the exchange agent at the address set forth on the cover page of the letter of transmittal.
	If you hold outstanding notes through The Depository Trust Company (DTC) and wish to participate in the exchange offer, you must comply with the Automated Tender Offer Program procedures of DTC by which you will agree to be bound by the letter of transmittal. By signing, or agreeing to be bound by, the letter of transmittal, you will represent to us that, among other things:
	you are not our affiliate within the meaning of Rule 405 under the Securities Act;
	you do not have an arrangement or understanding with any person or entity to participate in the distribution of the exchange notes;
	you are acquiring the exchange notes in the ordinary course of your business; and
	if you are a broker-dealer that will receive exchange notes for your own account in exchange for outstanding notes that were acquired as a result of market making activities, that you will deliver a prospectus, as required by law, in connection with any resale of such exchange notes.
Special Procedures for Beneficial Owners	If you are a beneficial owner of outstanding notes that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, and you wish to tender those outstanding notes in the exchange offer, you should contact the registered holder promptly and instruct the registered holder to tender those outstanding notes on your behalf. If you wish to tender on your own behalf, you must, prior to completing and executing the letter of transmittal and delivering your outstanding notes, either make appropriate arrangements to register ownership of the outstanding notes in your name or obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take considerable time and may not be able to be completed prior to the expiration date.

Guaranteed Delivery Procedures	If you wish to tender your outstanding notes and your outstanding notes are not immediately available or you cannot deliver your outstanding notes, the letter of transmittal or any other required documents, or you cannot comply with the procedures under DTC s Automated Tender Offer Program for transfer of book-entry interests, prior to the expiration date, you must tender your outstanding notes according to the guaranteed delivery procedures set forth in this prospectus under The Exchange Offer Guaranteed Delivery Procedures.

Effect on Holders of Outstanding Notes	As a result of the making of, and upon acceptance for exchange of, all validly tendered outstanding notes pursuant to the terms of the exchange offer, the Issuers and the guarantors will have fulfilled a covenant under the registration rights agreement. Accordingly, there will be no increase in the interest rate on the outstanding notes under the circumstances described in the registration rights agreement. If you do not tender your outstanding notes in the exchange offer, you will continue to be entitled to all the rights and limitations applicable to the outstanding notes as set forth in the indenture; however, as a result of the making of, and upon acceptance for exchange of, all validly tendered outstanding notes pursuant to the terms of the exchange offer, the Issuers will not have any further obligation to you to provide for the exchange and registration of the outstanding notes under the registration rights agreement. To the extent that the outstanding notes are tendered and accepted in the exchange offer, the trading market for the remaining outstanding notes that are not so tendered and exchanged could be adversely affected.
Consequences of Failure to Exchange	All untendered outstanding notes will continue to be subject to the restrictions on transfer set forth in the outstanding notes and in the indenture. In general, the outstanding notes may not be offered or sold, unless registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. Other than in connection with the exchange offer, the Issuers do not currently anticipate that they will register the outstanding notes under the Securities Act.
Certain U.S. Federal Income Tax Considerations	The exchange of outstanding notes for exchange notes in the exchange offer will not constitute a taxable event to holders for U.S. federal income tax purposes. See Certain U.S. Federal Income Tax Considerations.
Use of Proceeds	The Issuers will not receive any cash proceeds from the issuance of the exchange notes in the exchange offer. See Use of Proceeds.
Exchange Agent	Wilmington Trust, National Association is the exchange agent for the exchange offer. The addresses and telephone numbers of the exchange agent are set forth in the section captioned The Exchange Offer Exchange Agent of this prospectus.

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Summary Historical Financial Data

We derived the summary statement of operations data and the summary statement of cash flows data for the years ended December 31, 2013, 2012 and 2011 and the summary balance sheet data as of December 31, 2013 and 2012 from our audited consolidated financial statements included elsewhere in this prospectus. We derived the summary balance sheet data as of December 31, 2011 from our audited consolidated financial statements that are not included in this prospectus. We derived the summary statement of operations data and the summary statement of cash flows data for the nine months ended September 30, 2014 and 2013 and the summary balance sheet data as of September 30, 2014 from our unaudited condensed consolidated financial statements included elsewhere in this prospectus. We derived the summary balance sheet data as of September 30, 2013 from our unaudited condensed consolidated financial statements that are not included in this prospectus. Our historical results are not necessarily indicative of the results expected for any future period.

We have prepared our unaudited condensed consolidated financial statements on the same basis as our audited consolidated financial statements and, in our opinion, have included all adjustments, which include only normal recurring adjustments, necessary to present fairly in all material respects our financial position and results of operations. The results for any interim period are not necessarily indicative of the results that may be expected for the full year. Additionally, our historical results are not necessarily indicative of the results expected for any future period.

You should read the summary historical financial data below, together with the consolidated financial statements and related notes thereto appearing elsewhere in this prospectus, as well as Selected Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations, Description of Certain Other Indebtedness, and the other financial information included elsewhere in this prospectus.

The historical financial information included in the prospectus includes results of the PropCo entities for the periods presented. The PropCo entities and their subsidiaries do not provide any credit or collateral support for any indebtedness of the Issuer, including the notes.

	Nine Months Ended September 30,		Year Ended December 31,		
	2014	2013	2013	2012	2011
	(dollars in millions, except per share data)				
Summary Statement of Operations Data:					
Revenues					
Owned and leased hotels	$ 3,141	$ 2,982	$ 4,046	$ 3,979	$ 3,898
Management and franchise fees and other	1,030	868	1,175	1,088	1,014
Timeshare	850	809	1,109	1,085	944
	5,021	4,659	6,330	6,152	5,856
Other revenues from managed and franchised properties	2,653	2,433	3,405	3,124	2,927
Total revenues	7,674	7,092	9,735	9,276	8,783
Expenses					
Owned and leased hotels	2,420	2,327	3,147	3,230	3,213

Timeshare	564	545	730	758	668
Depreciation and amortization	470	455	603	550	564
Impairment losses				54	20
General, administrative and other	349	319	748	460	416
	3,803	3,646	5,228	5,052	4,881
Other expenses from managed and franchised properties	2,653	2,433	3,405	3,124	2,927
Total expenses	6,456	6,079	8,633	8,176	7,808

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	Nine Months Ended September 30, 2014	2013	Year Ended December 31, 2013	2012	2011
	(dollars in millions, except per share data)				
Operating income	1,218	1,013	1,102	1,100	975
Net income attributable to Hilton stockholders	515	389	415	352	253
Earnings per share (basic and diluted)	$ 0.52	$ 0.42	$ 0.45	$ 0.38	$ 0.27

	As of and for the Nine Months Ended September 30, 2014	2013	As of and for the Year Ended December 31, 2013	2012	2011
	(dollars in millions, except Hotel RevPAR and ADR)				
Summary Balance Sheet Data:					
Cash and cash equivalents	$ 543	$ 724	$ 594	$ 755	$ 781
Restricted cash and cash equivalents	288	502	266	550	658
Total assets	26,324	26,729	26,562	27,066	27,312
Long-term debt[1]	11,127	14,279	11,755	15,575	16,311
Non-recourse timeshare debt[1][2]	661	388	672		
Non-recourse debt and capital lease obligations of consolidated variable interest entities[1]	276	318	296	420	481
Total equity	4,750	2,553	4,276	2,155	1,702
Summary Statement of Cash Flows Data:					
Capital expenditures for property and equipment	$ 184	$ 167	$ 254	$ 433	$ 389
Cash flow from operating activities	899	1,024	2,101	1,110	1,167
Cash flow from investing activities	(200)	(252)	(382)	(558)	(463)
Cash flow from financing activities	(743)	(789)	(1,863)	(576)	(714)
Operational and Other Data:					
Number of hotels and timeshare properties	4,265	4,080	4,115	3,966	3,843
Number of rooms and units	705,196	671,926	678,630	652,957	633,238
Hotel RevPAR[3]	$ 107.48	$ 100.19	$ 98.65	$ 93.38	$ 90.70
Hotel occupancy[3]	75.8%	73.5%	72.3%	71.1%	69.7%
Hotel ADR[3]	$ 141.77	$ 136.24	$ 136.49	$ 131.35	$ 130.15
Ratio of earnings to fixed charges	2.5x	2.2x	1.9x	1.8x	1.4x
Adjusted EBITDA:					
Management and franchise	$ 1,085	$ 938	$ 1,271	$ 1,180	$ 1,095
Ownership	730	672	926	793	725
Timeshare	232	205	297	252	207
Corporate and other	(207)	(208)	(284)	(269)	(274)
Adjusted EBITDA[4]	$ 1,840	$ 1,607	$ 2,210	$ 1,956	$ 1,753

Restricted Group Financial Data[5]:					
Owned and leased hotels revenue[6]	$ 1,660	$ 1,596	$ 2,166	$ 2,225	$ 2,232
Total revenues	6,193	5,706	7,855	7,522	7,117
Ownership Adjusted EBITDA[7]	287	269	366	329	316
Adjusted EBITDA[8]	1,397	1,204	1,650	1,492	1,344
Cash and cash equivalents	499	713	552	740	781
Restricted cash and cash equivalents	232	479	225	550	658
Capital expenditures	80	78	120	169	138
Net secured debt, as adjusted[9]	5,272				
Net total debt, as adjusted[9]	6,826				
Ratio of net secured debt, as adjusted, to Adjusted EBITDA[10]	2.9x				
Ratio of net total debt, as adjusted, to Adjusted EBITDA[10]	3.7x				

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(1) Includes current maturities.

(2) Includes Timeshare Facility and Securitized Timeshare Debt.

(3) Operating statistics are for comparable hotels as of each period end. See the definition of comparable hotels in Management s Discussion and Analysis of Financial Condition and Results of Operations Key Business and Financial Metrics Used by Management Comparable Hotels.

(4) EBITDA is defined by us as net income attributable to Hilton stockholders, excluding interest expense, the provision for income taxes and depreciation and amortization. We evaluate our operating performance using a metric we refer to as Adjusted EBITDA which is defined as EBITDA, further adjusted to exclude certain items, including, but not limited to, gains, losses and expenses in connection with: (i) asset dispositions for both consolidated and unconsolidated investments; (ii) foreign currency transactions; (iii) debt restructurings/retirements; (iv) non-cash impairment losses; (v) furniture, fixtures and equipment (FF&E) replacement reserves required under certain lease agreements; (vi) reorganization costs; (vii) share-based and certain other compensation expenses prior to and in connection with our IPO; (viii) severance, relocation and other expenses; and (ix) other items.

EBITDA and Adjusted EBITDA are not recognized terms under generally accepted accounting principles in the United States of America (U.S. GAAP) and should not be considered as alternatives to net income (loss) or other measures of financial performance or liquidity derived in accordance with U.S. GAAP. In addition, our definitions of EBITDA and Adjusted EBITDA may not be comparable to similarly titled measures of other companies.

We believe that EBITDA and Adjusted EBITDA provide useful information to investors about us and our financial condition and results of operations for the following reasons: (i) EBITDA and Adjusted EBITDA are among the measures used by our management team to evaluate our operating performance and make day-to-day operating decisions; and (ii) EBITDA and Adjusted EBITDA are frequently used by securities analysts, investors and other interested parties as a common performance measure to compare results or estimate valuations across companies in our industry.

EBITDA and Adjusted EBITDA have limitations as analytical tools and should not be considered either in isolation or as a substitute for net income (loss), cash flow or other methods of analyzing our results as reported under U.S. GAAP. Some of these limitations are:

EBITDA and Adjusted EBITDA do not reflect changes in, or cash requirements for, our working capital needs;

EBITDA and Adjusted EBITDA do not reflect our interest expense, or the cash requirements necessary to service interest or principal payments, on our indebtedness;

EBITDA and Adjusted EBITDA do not reflect our tax expense or the cash requirements to pay our taxes;

EBITDA and Adjusted EBITDA do not reflect historical cash expenditures or future requirements for capital expenditures or contractual commitments;

- EBITDA and Adjusted EBITDA do not reflect the effect on earnings or changes resulting from matters that we consider not to be indicative of our future operations;

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA and Adjusted EBITDA do not reflect any cash requirements for such replacements; and

- other companies in our industry may calculate EBITDA and Adjusted EBITDA differently, limiting their usefulness as comparative measures.

Because of these limitations, EBITDA and Adjusted EBITDA should not be considered as discretionary cash available to us to reinvest in the growth of our business or as measures of cash that will be available to us to meet our obligations.

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The following table provides a reconciliation of net income attributable to Hilton stockholders, which we believe is the most closely comparable U.S. GAAP financial measure, to EBITDA and Adjusted EBITDA:

	Nine Months Ended September 30,		Year Ended December 31,		
	2014	**2013**	**2013**	**2012**	**2011**
	(dollars in millions)				
Net income attributable to Hilton stockholders	$ 515	$ 389	$ 415	$ 352	$ 253
Interest expense	467	401	620	569	643
Interest expense included in equity in earnings (losses) from unconsolidated affiliates	8	10	13	13	12
Income tax expense (benefit)	331	192	238	214	(59)
Depreciation and amortization	470	455	603	550	564
Depreciation and amortization included in equity in earnings (losses) from unconsolidated affiliates	22	23	32	34	48
EBITDA	**1,813**	**1,470**	**1,921**	**1,732**	**1,461**
Net income attributable to noncontrolling interest	8	9	45	7	2
Loss (gain) on foreign currency transactions	(41)	43	45	(23)	21
FF&E replacement reserve[(a)]	32	29	46	68	57
Share-based compensation expense	25	5	313	50	19
Impairment losses				54	20
Impairment loss included in equity in earnings (losses) from unconsolidated affiliates				19	141
Gain on debt extinguishment[(b)]			(229)		
Other gain, net[(c)]	(38)	(5)	(7)	(15)	(19)
Other adjustment items[(d)]	41	56	76	64	51
Adjusted EBITDA	**$ 1,840**	**$ 1,607**	**$ 2,210**	**$ 1,956**	**$ 1,753**

(a) Represents FF&E replacement reserves established for the benefit of lessors for requisition of capital assets under certain lease agreements.

(b) Represents the gain recognized in our consolidated statement of operations as a result of the debt refinancing which occurred in 2013. See Note 13: Debt to our audited consolidated financial statements included elsewhere in this prospectus for additional information.

(c) Other gain, net includes gains and losses on the acquisition of a controlling financial interest in certain hotels and dispositions of property and equipment and investments in affiliates, as well as a gain related to the restructuring of a capital lease in 2011.

(d) Represents adjustments for reorganization costs, severance, offering costs and other items.

(5) Restricted group information excludes PropCo information, but includes entities that hold two hotels in which we own interests of 50 percent or less that collectively represented $20 million and $18 million of Adjusted EBITDA, $8 million and $6 million of interest expense and $3 million of depreciation and amortization expense for the year ended December 31, 2013 and the nine months ended September 30, 2014, respectively. These entities also had property and equipment, net, of $153 million, and long-term debt and non-recourse debt of $103 million and $12 million, respectively, including current maturities, as of September 30, 2014. These entities are not subsidiaries for purposes of the indenture that will govern the notes and, accordingly, are not subject to the covenants under the indenture.

(6) Reflects revenues from our owned and leased hotels that are not held by PropCo, which consist of all of our foreign owned and leased hotels, our U.S. leased hotels and certain of our U.S. owned hotels. See Business Properties Owned or Controlled Hotels.

(7) Reflects Adjusted EBITDA from our owned and leased hotels that are not held by PropCo, which consist of all of our foreign owned and leased hotels, our U.S. leased hotels and certain of our U.S. owned hotels. See Business Properties Owned or Controlled Hotels.

(8) Restricted group EBITDA and restricted group Adjusted EBITDA are substantially as defined above with respect to consolidated EBITDA and consolidated Adjusted EBITDA, other than the fact that the amounts are limited to those relating to our restricted group.

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The following table provides a reconciliation of restricted group net income attributable to Hilton stockholders, which we believe is the most closely comparable U.S. GAAP financial measure, to restricted group EBITDA and Adjusted EBITDA:

	Nine Months Ended September 30,		Year Ended December 31,		
	2014	2013	2013	2012	2011
	(dollars in millions)				
Net income attributable to Hilton stockholders	$ 405	$ 249	$ 229	$ 193	$ 127
Interest expense	341	401	589	569	643
Interest expense included in equity in earnings (losses) from unconsolidated affiliates	8	10	13	13	12
Income tax expense (benefit)	253	92	106	100	(149)
Depreciation and amortization	319	303	405	366	379
Depreciation and amortization included in equity in earnings (losses) from unconsolidated affiliates	22	23	32	34	47
EBITDA	**1,348**	**1,078**	**1,374**	**1,275**	**1,059**
Net income attributable to noncontrolling interests	8	9	45	7	2
Loss (gain) on foreign currency transactions	(41)	43	45	(23)	21
Gain on debt restructuring			(229)		
FF&E replacement reserve	32	29	46	68	57
Share-based compensation expense	25	5	313	50	19
Impairment losses				54	20
Impairment losses included in equity in earnings (losses) from unconsolidated affiliates				19	134
Other gain, net	(15)	(5)	(7)	(15)	(19)
Other adjustment items	40	45	63	57	51
Adjusted EBITDA	**$ 1,397**	**$ 1,204**	**$ 1,650**	**$ 1,492**	**$ 1,344**

(9) Restricted group net total debt is calculated as total debt of the restricted group, as set forth under Capitalization adjusted to (i) exclude non-recourse debt of our Timeshare Entities, (ii) include our pro rata share of debt of our unconsolidated joint ventures ($219 million as of September 30, 2014) and (iii) net out $731 million of cash and cash equivalents and restricted cash and cash equivalents, which is the total amount of cash that we have in the restricted group. Net secured debt is defined as net debt, excluding all unsecured debt, of the restricted group.

Restricted group net total debt and net secured debt are non-GAAP financial measures that we use to evaluate our financial leverage. We believe restricted group net total debt and net secured debt provide useful information about our indebtedness to investors as they are used by lenders under our Senior Secured Credit Facilities to evaluate our financial leverage and liquidity. Restricted group net total debt and net secured debt should not be considered as a substitutes to debt presented in accordance with U.S. GAAP. Restricted group net total debt and net secured debt may not be comparable to a similarly titled measure of other companies.

(10) Restricted group ratio of net secured debt, as adjusted, to Adjusted EBITDA is calculated as restricted group net secured debt, as adjusted, divided by restricted group Adjusted EBITDA for the twelve months ended September 30, 2014. Restricted group ratio of net total debt, as adjusted, to Adjusted EBITDA is calculated as restricted group net total debt, as adjusted, divided by restricted group Adjusted EBITDA for the twelve months ended September 30, 2014. Restricted group Adjusted EBITDA for the twelve months ended September 30, 2014 is calculated by adding restricted group Adjusted EBITDA for the nine months ended September 30, 2014 to restricted group Adjusted EBITDA for the year ended December 31, 2013 and subtracting restricted group Adjusted EBITDA for the nine months ended September 30, 2013. These are non-GAAP financial measures that we use to evaluate our financial leverage and we believe provide useful information about our indebtedness to investors as they are used by lenders under our Senior Secured Credit Facilities to evaluate our financial leverage and liquidity.

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The Exchange Notes

The terms of the exchange notes are identical in all material respects to the terms of the outstanding notes, except that the exchange notes will not contain terms with respect to transfer restrictions or additional interest upon a failure to fulfill certain of our obligations under the registration rights agreement. The exchange notes will evidence the same debt as the outstanding notes. The exchange notes will be governed by the same indenture under which the outstanding notes were issued. The following summary is not intended to be a complete description of the terms of the exchange notes. For a more detailed description of the exchange notes, see Description of the Notes in this prospectus.

Issuers	Hilton Worldwide Finance LLC, a Delaware limited liability company, and Hilton Worldwide Finance Corp., a Delaware corporation.
Notes Offered	Up to $1,500,000,000 aggregate principal amount of 5.625% Senior Notes due 2021.
Maturity Dates	The exchange notes will mature on October 15, 2021, unless earlier redeemed or repurchased.
Interest	Interest on the exchange notes will accrue at a rate of 5.625% per annum, payable semi-annually in arrears on April 15 and October 15. Interest on each exchange note will accrue from the last interest payment date on which interest was paid on the outstanding note surrendered in exchange.
Guarantees	The exchange notes will be fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by Holdings and each of our existing wholly owned U.S. restricted subsidiaries that guarantee indebtedness under our Senior Secured Credit Facilities and any future wholly owned U.S. restricted subsidiaries that guarantee indebtedness under our Senior Secured Credit Facilities or other capital markets debt securities of the Issuers or any subsidiary guarantor. As of the date of this prospectus, none of our foreign subsidiaries or U.S. restricted subsidiaries owned by foreign subsidiaries or conducting foreign operations, our non-wholly owned domestic restricted subsidiaries, our unrestricted subsidiaries or certain of our special purpose restricted subsidiaries guarantee the exchange notes, and no foreign subsidiaries or U.S. subsidiaries owned by foreign subsidiaries or conducting foreign operations (existing or formed in the future) are expected to guarantee the exchange notes in the future. The guarantees are subject to release under specified circumstances. See Description of the Notes.

Ranking	The exchange notes and the guarantees thereof will be our and our guarantors senior unsecured obligations and will rank:

- equally in right of payment with all of our and the guarantors existing and future senior obligations;

- senior in right of payment to any of our and our guarantors subordinated indebtedness; and

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structurally subordinated to all existing and future liabilities (including trade payables) of our subsidiaries that do not guarantee the exchange notes.

The exchange notes and the guarantees thereof will be effectively subordinated in right of payment to our and the guarantors secured indebtedness, including indebtedness under our Senior Secured Credit Facilities, to the extent of the value of the collateral securing such indebtedness. As of September 30, 2014:

the Issuers and the guarantors had $6,830 million of total indebtedness outstanding, none of which would be subordinated;

the Issuers and the guarantors had $5,300 million of senior secured indebtedness outstanding, consisting of borrowings under our Senior Secured Credit Facilities;

the Issuers and the guarantors had $953 million of availability to incur secured indebtedness under our Revolving Credit Facility (after giving effect to $47 million of outstanding letters of credit); and

our non-guarantor subsidiaries and entities in which we own interests of 50 percent or less had $5,234 million of total indebtedness outstanding.

As of the date of this prospectus, none of our foreign subsidiaries or non-wholly owned domestic restricted subsidiaries guarantee the exchange notes. In addition, the PropCo entities and their subsidiaries which hold most of our U.S. owned real estate (which consisted of 29 owned properties, including The Waldorf Astoria in New York, as of September 30, 2014), are unrestricted subsidiaries and will not guarantee the exchange notes.

As of the date of this prospectus, our only restricted subsidiaries that are not guarantors consist of our foreign subsidiaries, non-wholly owned U.S. subsidiaries, U.S. subsidiaries owned by foreign subsidiaries or conducting foreign operations, and restricted subsidiaries that are prohibited from being guarantors under our Timeshare Facility or the agreements governing our Securitized Timeshare Debt. Such subsidiaries represented 25.5 percent of our total revenues and 23.4 percent of our

Adjusted EBITDA for the year ended December 31, 2013. For the nine months ended September 30, 2014, such subsidiaries represented 24.4 percent of our total revenues and 20.8 percent of our Adjusted EBITDA.

As of the date of this prospectus, our only unrestricted subsidiaries are our Unrestricted U.S. Real Estate Subsidiaries which constitute PropCo. For the year ended December 31, 2013, our Unrestricted U.S. Real Estate Subsidiaries represented $1,880 million or 19.3 percent of our total revenues, $186 million or 44.8 percent of net income attributable to Hilton stockholders and $560 million or 25.3 percent of our Adjusted EBITDA, and as of December 31, 2013, represented $8,649 million or 32.6 percent of our total assets and $6,496 million or 29.1 percent of our total liabilities. For the nine

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months ended September 30, 2014, our Unrestricted U.S. Real Estate Subsidiaries represented $1,481 million or 19.3 percent of our total revenues, $110 million or 21.4 percent of net income attributable to Hilton stockholders and $443 million or 24.1 percent of our Adjusted EBITDA, and as of September 30, 2014, represented $8,762 million or 33.3 percent of our total assets and $6,616 million or 30.7 percent of our total liabilities.

Optional Redemption	We may, at our option, redeem the exchange notes, in whole or in part, at any time prior to October 15, 2016, at a price equal to 100 percent of the principal amount of the exchange notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date plus the applicable make-whole premium described under Description of the Notes Optional Redemption.
	From and after October 15, 2016, we may, at our option, redeem at any time and from time to time some or all of the exchange notes at the applicable redemption prices set forth in this prospectus.
	In addition, on or prior to October 15, 2016, we may, at our option, redeem up to 40 percent of the aggregate principal amount of the exchange notes with the net cash proceeds from certain equity offerings at the redemption price of 105.625 percent of the principal amount of the exchange notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.
	In connection with any tender offer for the exchange notes, if holders of not less than 90 percent in aggregate principal amount of the exchange notes validly tender and do not withdraw such exchange notes in such tender offer and we purchase all of the exchange notes validly tendered and not withdrawn by such holders, we may, at our option, redeem all the exchange notes that remain outstanding following such purchase at a price equal to the price offered to each other holder in such tender offer plus, to the extent not included in the tender offer payment, accrued and unpaid interest to, but excluding, the redemption date.
Change of Control Offers	Upon the occurrence of a change of control triggering event, if we do not redeem the exchange notes, you will have the right, as holders of the exchange notes, to require us to repurchase some or all of your exchange notes at 101 percent of their principal amount, plus accrued and unpaid interest to the repurchase date. See Description of the Notes Repurchase at the Option of Holders Change of Control Triggering Event.

Asset Sale Proceeds	If the Issuer or its restricted subsidiaries engage in asset sales, the Issuer generally must either invest the net proceeds from such asset sales in its business within a specific period of time, prepay certain of its or its subsidiary guarantors debt or make an offer to purchase a principal amount of the exchange notes with the specified excess net proceeds, subject to certain exceptions. The purchase price of the exchange notes will be 100 percent of their principal amount plus

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accrued and unpaid interest, if any, to, but not including, the repurchase date. For more information, see Description of the Notes Repurchase at the Option of Holders Asset Sales.

Certain Covenants	The exchange notes will be governed by the same indenture under which the outstanding notes were issued. The indenture governing the exchange notes contains covenants that, among other things, limit the Issuer s ability and the ability of its restricted subsidiaries to:

- incur or guarantee additional debt or issue disqualified stock or certain preferred stock;
- pay dividends and make other distributions on, or redeem or repurchase, capital stock;
- make certain investments;
- incur certain liens;
- enter into certain transactions with affiliates;
- merge or consolidate;
- enter into agreements that restrict the ability of certain restricted subsidiaries to make dividends or other payments to the Issuers;
- designate restricted subsidiaries as unrestricted subsidiaries; and
- transfer or sell certain assets.

These covenants are subject to a number of important limitations and exceptions. See Description of the Notes Certain Covenants. In addition, most of such covenants will be terminated if the exchange notes are rated investment grade by either Moody s Investors Service, Inc. (Moody s) or Standard & Poor s Ratings Services (S&P).

No Prior Market	The exchange notes will generally be freely transferable but will be new securities for which there will not initially be a market. Accordingly, there can be no assurance as to the development or liquidity of any market for the exchange notes. We do not intend to apply for a listing of the exchange notes on any securities exchange or an automated dealer quotation system. See Risk Factors Risks Related to the Exchange Notes Your ability to transfer the exchange notes may be limited by the absence of an active trading market, and an active trading market may not develop for the exchange notes.
Trustee	Wilmington Trust, National Association.
Use of Proceeds	We will not receive any proceeds from the exchange offer. See Use of Proceeds.
Governing Law	The exchange notes will be governed by the laws of the State of New York.
Risk Factors	You should carefully consider all information in this prospectus prior to exchanging your outstanding notes. In particular, you should evaluate the specific risks described in the section entitled Risk Factors in this prospectus before participating in the exchange offer.

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RISK FACTORS

You should carefully consider the following risk factors and all other information contained in this prospectus before participating in the exchange offer. The risks and uncertainties described below are not the only risks facing us and your investment in the exchange notes. Additional risks and uncertainties that we are unaware of, or those we currently deem less significant, also may become important factors that affect us. The following risks could materially and adversely affect our business, financial condition, results of operations or liquidity.

Risks Related to the Exchange Offer

If you choose not to exchange your outstanding notes in the exchange offer, the transfer restrictions currently applicable to your outstanding notes will remain in force and the market price of your outstanding notes could decline.

If you do not exchange your outstanding notes for exchange notes in the exchange offer, then you will continue to be subject to the transfer restrictions on the outstanding notes as set forth in the offering memorandum distributed in connection with the private offering of the outstanding notes. In general, the outstanding notes may not be offered or sold unless they are registered or exempt from registration under the Securities Act and applicable state securities laws. Except as required by the registration rights agreement, we do not intend to register resales of the outstanding notes under the Securities Act. You should refer to Prospectus Summary The Exchange Offer and The Exchange Offer for information about how to tender your outstanding notes.

The tender of outstanding notes under the exchange offer will reduce the remaining principal amount of the outstanding notes, which may have an adverse effect upon, and increase the volatility of, the market price of the outstanding notes not exchanged in the exchange offer due to a reduction in liquidity.

Your ability to transfer the exchange notes may be limited by the absence of an active trading market, and an active trading market may not develop for the exchange notes.

The exchange notes are a new issue of securities for which there is no established trading market. We do not intend to have the exchange notes listed on a national securities exchange or to arrange for quotation on any automated quotation system. The initial purchasers have advised us that they intend to make a market in the exchange notes, as permitted by applicable laws and regulations; however, the initial purchasers are not obligated to make a market in the exchange notes, and they may discontinue their market-making activities at any time without notice. Therefore, we cannot assure you as to the development or liquidity of any trading market for the exchange notes. The liquidity of any market for the exchange notes will depend on a number of factors, including:

- changes in the overall market for securities similar to the exchange notes;
- changes in our financial performance or prospects;
- the prospects for companies in our industry generally;

- the number of holders of the exchange notes;
- the interest of securities dealers in making a market for the exchange notes;
- the conditions of the financial markets; and
- prevailing interest rates.

Historically, the market for non-investment grade debt has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the exchange notes. The market, if any, for the exchange

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notes may face similar disruptions that may adversely affect the prices at which you may sell your exchange notes. Therefore, you may not be able to sell your exchange notes at a particular time and the price that you receive when you sell may not be favorable.

Certain persons who participate in the exchange offer must deliver a prospectus in connection with resales of the exchange notes.

Based on interpretations of the staff of the SEC contained in *Exxon Capital Holdings Corp.*, SEC no-action letter (available May 13, 1988), *Morgan Stanley & Co. Inc.*, SEC no-action letter (available June 5, 1991) and *Shearman & Sterling*, SEC no-action letter (available July 2, 1993), we believe that you may offer for resale, resell or otherwise transfer the exchange notes without compliance with the registration and prospectus delivery requirements of the Securities Act. However, in some instances described in this prospectus under Plan of Distribution, certain holders of exchange notes will remain obligated to comply with the registration and prospectus delivery requirements of the Securities Act to transfer the exchange notes. If such a holder transfers any exchange notes without delivering a prospectus meeting the requirements of the Securities Act or without an applicable exemption from registration under the Securities Act, such a holder may incur liability under the Securities Act. We do not and will not assume, or indemnify such a holder against, this liability.

Risks Related to Our Indebtedness and the Exchange Notes

Our substantial indebtedness and other contractual obligations could adversely affect our financial condition, our ability to pay our debts, including our exchange notes, our ability to raise additional capital to fund our operations, our ability to operate our business, our ability to react to changes in the economy or our industry and could divert our cash flow from operations for debt payments.

We have a significant amount of indebtedness. As of September 30, 2014, our total indebtedness was approximately $12.1 billion, including $937 million of non-recourse debt, and our contractual debt maturities of our long-term debt and non-recourse debt for the years ending December 31, 2014 (remaining), 2015 and 2016, respectively, were $34 million, $136 million and $433 million. Our substantial debt and other contractual obligations could have important consequences, including:

- making it more difficult for us to satisfy our obligations with respect to the exchange notes and our indebtedness, and any failure to comply with the obligations of any of our debt instruments, including restrictive covenants, could result in an event of default that accelerates our obligation to repay indebtedness;

- requiring a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness, thereby reducing our ability to use our cash flow to fund our operations, capital expenditures and pursue future business opportunities;

- increasing our vulnerability to adverse economic, industry or competitive developments;

- exposing us to increased interest expense, as our degree of leverage may cause the interest rates of any future indebtedness (whether fixed or floating rate interest) to be higher than they would be otherwise;

exposing us to the risk of increased interest rates because certain of our indebtedness is at variable rates of interest;

restricting us from making strategic acquisitions or causing us to make non-strategic divestitures;

limiting our ability to obtain additional financing for working capital, capital expenditures, product development, satisfaction of debt service requirements, acquisitions and general corporate or other purposes; and

limiting our flexibility in planning for, or reacting to, changes in our business or market conditions and placing us at a competitive disadvantage compared to our competitors who may be better positioned to take advantage of opportunities that our leverage prevents us from exploiting.

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Despite our current level of indebtedness, we may be able to incur substantially more debt and enter into other transactions which could further exacerbate the risks to our financial condition described above.

We may be able to incur significant additional indebtedness in the future. Although the credit agreements and the indentures that govern substantially all of our indebtedness contain restrictions on the incurrence of additional indebtedness and entering into certain types of other transactions, these restrictions are subject to a number of qualifications and exceptions. Additional indebtedness incurred in compliance with these restrictions could be substantial. These restrictions also do not prevent us from incurring obligations, such as trade payables, that do not constitute indebtedness as defined under our debt instruments. To the extent new debt is added to our current debt levels, the substantial leverage risks described in the immediately preceding risk factor would increase.

Our variable rate indebtedness subjects us to interest rate risk, which could cause our indebtedness service obligations to increase significantly.

Interest rates may increase in the future. As a result, interest rates on our Revolving Credit Facility or other variable rate debt offerings could be higher or lower than current levels. As of September 30, 2014, we had approximately $6.9 billion, or 57 percent, of our outstanding debt at variable interest rates. If interest rates increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income and cash flows, including cash available for servicing our indebtedness, would correspondingly decrease.

We may be unable to service our indebtedness, including the exchange notes.

Our ability to make scheduled payments on and to refinance our indebtedness, including the exchange notes, depends on and is subject to our financial and operating performance, which in turn is affected by general and regional economic, financial, competitive, business and other factors beyond our control, including the availability of financing in the international banking and capital markets. We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to service our debt, including the exchange notes, to refinance our debt or to fund our other liquidity needs. Substantially all of our other debt, including the secured credit facilities and our CMBS Loan, will mature before the maturity date of the exchange notes.

If we are unable to meet our debt service obligations or to fund our other liquidity needs, we will need to restructure or refinance all or a portion of our debt, including the exchange notes, which could cause us to default on our debt obligations and impair our liquidity. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our indebtedness could be at higher interest rates and may require us to comply with more onerous covenants that could further restrict our business operations.

Moreover, in the event of a default, the holders of our indebtedness, including the exchange notes, could elect to declare all the funds borrowed to be due and payable, together with accrued and unpaid interest. The lenders under our Revolving Credit Facility could also elect to terminate their commitments thereunder, cease making further loans, and institute foreclosure proceedings against their collateral, and we could be forced into bankruptcy or liquidation. If we breach our covenants under our Senior Secured Credit Facilities, we would be in default thereunder. The lenders could exercise their rights, as described above, and we could be forced into bankruptcy or liquidation.

Certain of our debt agreements impose significant operating and financial restrictions on us and our subsidiaries, which may prevent us from capitalizing on business opportunities.

The indenture that governs the exchange notes, the credit agreement that governs our Senior Secured Credit Facilities and the agreements that govern our CMBS Loan and Waldorf Astoria Loan, impose significant operating and financial restrictions on us. These restrictions limit the Issuer s ability and/or the ability of its restricted subsidiaries to, among other things:

- incur or guarantee additional debt or issue disqualified stock or preferred stock;
- pay dividends (including to us) and make other distributions on, or redeem or repurchase, capital stock;
- make certain investments;
- incur certain liens;
- enter into transactions with affiliates;
- merge or consolidate;
- enter into agreements that restrict the ability of restricted subsidiaries to make dividends or other payments to the Issuers;
- designate restricted subsidiaries as unrestricted subsidiaries; and
- transfer or sell assets.

In addition, if, on the last day of any period of four consecutive quarters on or after September 30, 2014, the aggregate principal amount of revolving credit loans, swing line loans and/or letters of credit (excluding up to $50.0 million of letters of credit and certain other letters of credit that have been cash collateralized or back-stopped) that are issued and/or outstanding is greater than 25 percent of the Revolving Credit Facility, the credit agreement that governs our Senior Secured Credit Facilities will require us to maintain a consolidated first lien net leverage ratio not to exceed 7.9 to 1.0. Our subsidiaries mortgage-backed loans also require them to maintain certain debt service coverage ratios and minimum net worth requirements.

As a result of these restrictions, we are limited as to how we conduct our business and we may be unable to raise additional debt or equity financing to compete effectively or to take advantage of new business opportunities. The terms of any future indebtedness we may incur could include more restrictive covenants. We may not be able to maintain compliance with these covenants in the future and, if we fail to do so, we may not be able to obtain waivers from the lenders and/or amend the covenants.

Our failure to comply with the restrictive covenants described above, as well as other terms of our other indebtedness and/or the terms of any future indebtedness from time to time, could result in an event of default, which, if not cured or waived, could result in our being required to repay these borrowings before their due date. If we are forced to refinance these borrowings on less favorable terms or are unable to refinance these borrowings, our results of operations and financial condition could be adversely affected.

Our failure to comply with the agreements relating to our outstanding indebtedness, including as a result of events beyond our control, could result in an event of default that could materially and adversely affect our results of operations and our financial condition.

If there were an event of default under any of the agreements relating to our outstanding indebtedness, the holders of the defaulted debt could cause all amounts outstanding with respect to that debt to be due and payable immediately. We cannot assure you that our assets or cash flows would be sufficient to fully repay borrowings under our outstanding debt instruments if accelerated upon an event of default. Further, if we are unable to repay, refinance or restructure our indebtedness under our secured debt, the holders of such debt could proceed against the collateral securing that indebtedness. In addition, any event of default or declaration of acceleration under one debt instrument could also result in an event of default under one or more of our other debt instruments.

Repayment of our debt, including required principal and interest payments on the exchange notes, is dependent on cash flow generated by our subsidiaries, which may be subject to limitations beyond our control.

Our subsidiaries own a significant portion of our assets and conduct a significant portion of our operations. Accordingly, repayment of our indebtedness, including the exchange notes, is dependent, to a significant extent, on the generation of cash flow by our subsidiaries and (if they are not guarantors of the exchange notes) their ability to make such cash available to us, by dividend, debt repayment or otherwise.

Unless they are guarantors of the exchange notes, our subsidiaries do not have any obligation to pay amounts due on the exchange notes or to make funds available to the Issuer for that purpose. Our non-guarantor subsidiaries may not be able to, or may not be permitted to, make distributions to enable us to make payments in respect of our indebtedness, including the exchange notes. Each non-guarantor subsidiary is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our non-guarantor subsidiaries. While limitations on our subsidiaries restrict their ability to pay dividends or make other intercompany payments to us, these limitations are subject to certain qualifications and exceptions. In particular, certain of our non-guarantor unrestricted subsidiaries are parties to the CMBS Loan and Waldorf Astoria Loan that contain restrictions on their ability to pay dividends or make other intercompany payments to us, and the indenture governing the exchange notes does not limit the ability of our non-guarantor unrestricted subsidiaries to incur any additional consensual restrictions on their ability to make any such payments to us.

In the event that we are unable to receive distributions from subsidiaries, we may be unable to make required principal and interest payments on our indebtedness, including the exchange notes.

Because the guarantee of the exchange notes by Holdings is being provided solely for the purpose of allowing the Issuers to satisfy their reporting obligations under the indenture governing the exchange notes, you should not assign any value to the guarantee of the exchange notes by Holdings.

The guarantee of the exchange notes by Holdings is being provided solely for the purpose of allowing the Issuers to satisfy their reporting obligations under the indenture governing the exchange notes by furnishing financial information relating to Holdings instead of the Issuers and, accordingly, you should not assign any value to the guarantee by Holdings. Moreover, the covenants in the indenture governing the exchange notes apply only to the Issuer and its restricted subsidiaries and do not apply to Holdings.

Because the co-issuer does not conduct any operations and has only nominal assets, you should not assign any value to the obligations of the co-issuer under the exchange notes.

We believe that some prospective purchasers of the exchange notes may be restricted in their ability to purchase debt securities of partnerships or limited liability companies, such as the Issuer, unless the securities are jointly issued by a corporation. Accordingly, the co-issuer of the exchange notes, Hilton Worldwide Finance Corp., a wholly owned subsidiary of the Issuer incorporated in Delaware as a special purpose finance vehicle, has been formed solely to facilitate the offering of the notes and other debt securities of the Issuer. It does not currently conduct any of our operations, have any substantial operations or assets or have any revenues. Accordingly, you should not assign any value to obligations of the co-issuer under the exchange notes.

Claims of holders of the exchange notes will be structurally subordinated to claims of creditors of certain of our subsidiaries that will not guarantee the exchange notes.

The exchange notes will not be guaranteed by certain of our existing and future subsidiaries. Only our existing wholly owned domestic restricted subsidiaries that guarantee indebtedness under our Senior Secured Credit Facilities will initially guarantee the exchange notes. As of the date of this prospectus, none of our foreign subsidiaries, our non-wholly owned domestic subsidiaries that are restricted subsidiaries, our ABS subsidiaries, or our unrestricted subsidiaries (which consist of our Unrestricted U.S. Real Estate Subsidiaries that are included in PropCo) guarantee the exchange notes, and no foreign subsidiaries are expected to guarantee the exchange notes in the future. Claims of holders of the exchange notes will be structurally subordinated to the claims of creditors of these non-guarantor subsidiaries, including trade creditors, and will not be satisfied from the assets of these non-guarantor subsidiaries until their creditors are paid in full.

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As of the date of this prospectus, our only restricted subsidiaries that are not guarantors consist of our foreign subsidiaries or U.S. subsidiaries owned by foreign subsidiaries or conducting foreign operations, and restricted subsidiaries that are prohibited from being guarantors under our Timeshare Facility or the agreements governing our Securitized Timeshare Debt. Such subsidiaries represented 25.5 percent of our total revenues, and 23.4 percent of our Adjusted EBITDA for the year ended December 31, 2013. For the nine months ended September 30, 2014, the such subsidiaries represented 24.4 percent of our total revenues, and 20.8 percent of our Adjusted EBITDA.

As of the date of this prospectus, our only unrestricted subsidiaries are our Unrestricted U.S. Real Estate Subsidiaries which constitute PropCo. For the year ended December 31, 2013, our Unrestricted U.S. Real Estate Subsidiaries represented $1,880 million or 19.3 percent of our total revenues, $186 million or 44.8 percent of net income attributable to Hilton stockholders and $560 million or 25.3 percent of our Adjusted EBITDA, and as of December 31, 2013, represented $8,649 million or 32.6 percent of our total assets and $6,496 million or 29.1 percent of our total liabilities. For the nine months ended September 30, 2014, our Unrestricted U.S. Real Estate Subsidiaries represented $1,481 million or 19.3 percent of our total revenues, $110 million or 21.4 percent of net income attributable to Hilton stockholders and $443 million or 24.1 percent of our Adjusted EBITDA, and as of September 30, 2014, represented $8,762 million or 33.3 percent of our total assets and $6,616 million or 30.7 percent of our total liabilities.

In addition, the guarantee of a subsidiary guarantor will be released in connection with a transfer of such subsidiary guarantor in a transaction not prohibited by the indenture governing the exchange notes or upon certain other events described in Description of the Notes Guarantees.

The indenture that governs the exchange notes permits these subsidiaries to incur certain additional debt and will not limit their ability to incur other liabilities that are not considered indebtedness under the indenture.

Certain of our subsidiaries are not subject to the restrictive covenants under the indenture and will not provide any credit or collateral support for the exchange notes.

Certain of our subsidiaries are unrestricted subsidiaries or are variable interest entities that, even though consolidated, are not subsidiaries under the indenture and, as such, are not subject to the restrictive covenants under the indenture and will not guarantee the exchange notes or provide any other credit or collateral support for the exchange notes. Because our unrestricted subsidiaries and variable interest entities are not subject to the restrictive covenants under the indenture governing the exchange notes, they are not limited by the indenture in their ability to incur indebtedness or make payments of dividends or to make other distributions, loans or restricted payments to persons that are not restricted subsidiaries or guarantors of the exchange notes. In addition, the indenture governing the exchange notes generally permits us to dispose of our interests in those subsidiaries, or any dividends we receive from them, including as dividends to our parent.

As of the date of this prospectus, our only unrestricted subsidiaries are our Unrestricted U.S. Real Estate Subsidiaries which constitute PropCo. In addition, we consolidated entities that hold two hotels in which we own interests of 50 percent or less that collectively represented $20 million and $18 million of Adjusted EBITDA for the year ended December 31, 2013 and the nine months ended September 30, 2014, respectively, $8 million and $6 million of interest expense and $3 million of depreciation and amortization expense for the year December 31, 2013 and the nine months ended September 30, 2014, respectively. These entities also had $103 million and $12 million of long-term debt and non-recourse debt, respectively, including current maturities, and property and equipment, net of $153 million as of September 30, 2014. These entities are not subject to the covenants under the indenture that governs the exchange notes and are not part of the restricted group.

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Federal and state statutes may allow courts, under specific circumstances, to void the exchange notes and the guarantees, subordinate claims in respect of the exchange notes and the guarantees and/or require holders of the exchange notes to return payments received from us.

Under federal bankruptcy laws and comparable provisions of state fraudulent transfer laws, the exchange notes and the guarantees could be voided, or claims in respect of the exchange notes and the guarantees could be subordinated to all of our other debt, if the issuance of the exchange notes or a guarantee was found to have been made for less than reasonable equivalent value and we, at the time we incurred the indebtedness evidenced by the exchange notes:

- were insolvent or rendered insolvent by reason of such indebtedness;
- were engaged in, or about to engage in, a business or transaction for which our remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that we would incur, debts beyond our ability to repay such debts as they mature.

A court might also void the issuance of the exchange notes or a guarantee without regard to the above factors, if the court found that we issued the exchange notes or the guarantors entered into the applicable guaranty with actual intent to hinder, delay or defraud our or their respective creditors.

A court would likely find that we or a guarantor did not receive reasonably equivalent value or fair consideration for the exchange notes or the guarantees, respectively, if we or a guarantor did not substantially benefit directly or indirectly from the issuance of the exchange notes. If a court were to void the issuance of the exchange notes or the guarantees, you would no longer have a claim against us or the guarantors. Sufficient funds to repay the exchange notes may not be available from other sources, including the remaining guarantors, if any. In addition, the court might direct you to repay any amounts that you already received from us or the guarantors.

In addition, any payment by us pursuant to the exchange notes made at a time when we were subsequently found to be insolvent could be voided and required to be returned to us or to a fund for the benefit of our creditors if such payment is made to an insider within a one-year period prior to a bankruptcy filing or within 90 days for any outside party and such payment would give the creditors more than such creditors would have received in a liquidation under Title 11 of the United States Code, as amended (the Bankruptcy Code).

The measures of insolvency for purposes of these fraudulent and preferential transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent or preferential transfer has occurred. Generally, however, we would be considered insolvent if:

- the sum of our debts, including contingent liabilities, were greater than the fair saleable value of all our assets;

- the present fair saleable value of our assets were less than the amount that would be required to pay our probable liability on existing debts, including contingent liabilities, as they become absolute and mature; or

- we could not pay our debts as they become due.

On the basis of historical financial information, recent operating history and other factors, after giving effect to the indebtedness incurred in the offering of the notes and the application of the proceeds therefrom, we are not insolvent, do not have unreasonably small capital for the business in which we are engaged and have not incurred debts beyond our ability to pay such debts as they mature. There can be no assurance, however, as to what standard a court would apply in making such determinations or that a court would agree with our conclusions in this regard. The indenture that governs the exchange notes contains a savings clause, which limits the liability of each guarantor on its guarantee to the maximum amount that such guarantor can incur without risk that its guarantee will be subject to avoidance as a fraudulent transfer. We cannot assure you that this limitation will protect such guarantees from fraudulent transfer challenges or, if it does, that the remaining amount due and

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collectible under the guarantees would suffice, if necessary, to pay the exchange notes in full when due. Furthermore, in a recent case, *Official Committee of Unsecured Creditors of TOUSA, Inc. v Citicorp North America, Inc.*, the U.S. Bankruptcy Court in the Southern District of Florida held that a savings clause similar to the savings clause that will be included in the indenture governing the exchange notes was unenforceable. As a result, the subsidiary guarantees were found to be fraudulent conveyances. The United States Court of Appeals for the Eleventh Circuit recently affirmed the liability findings of the Bankruptcy Court without ruling directly on the enforceability of savings clauses generally. If the TOUSA decision were followed by other courts, the risk that the guarantees would be deemed fraudulent conveyances would be significantly increased.

In addition, although each guarantee will contain a provision intended to limit that guarantor s liability to the maximum amount that it could incur without causing the incurrence of obligations under its guarantee to be a fraudulent transfer, this provision may not be effective to protect those guarantees from being voided under fraudulent transfer law, or may reduce that guarantor s obligation to an amount that effectively makes its guarantee worthless.

Finally, as a court of equity, the bankruptcy court may subordinate the claims in respect of the exchange notes to other claims against us under the principle of equitable subordination, if the court determines that: (i) the holders of the exchange notes engaged in some type of inequitable conduct; (ii) such inequitable conduct resulted in injury to our other creditors or conferred an unfair advantage upon the holder of the exchange notes; and (iii) equitable subordination is not inconsistent with the provisions of the Bankruptcy Code.

Because each guarantor s liability under its guarantees may be reduced to zero, voided or released under certain circumstances, holders of exchange notes may not receive any payments from some or all of the guarantors.

Holders of exchange notes have the benefit of the guarantees of the guarantors. However, the guarantees by the guarantors are limited to the maximum amount that the guarantors are permitted to guarantee under applicable law. As a result, a guarantor s liability under its guarantee could be reduced to zero, depending upon the amount of other obligations of such guarantor. Further, under the circumstances discussed more fully above, a court under federal and state fraudulent conveyance and transfer statutes could void the obligations under a guarantee or further subordinate it to all other obligations of the guarantor. See Federal and state statutes may allow courts, under specific circumstances, to void the exchange notes and the guarantees, subordinate claims in respect of the exchange notes and the guarantees and/or require holders of the exchange notes to return payments received from us. In addition, you will lose the benefit of a particular guarantee if it is released under certain circumstances described under Description of the Notes Guarantees.

We may not be able to finance a change of control offer required by the indenture.

Upon a change of control triggering event, as defined under the indenture governing the exchange notes, you will have the right to require us to offer to purchase all of the exchange notes then outstanding at a price equal to 101 percent of the principal amount of the exchange notes, plus accrued interest. In order to obtain sufficient funds to pay the purchase price of the outstanding exchange notes, we expect that we would have to refinance the exchange notes. We cannot assure you that we would be able to refinance the exchange notes on reasonable terms, if at all. Our failure to offer to purchase all outstanding exchange notes or to purchase all validly tendered exchange notes would be an event of default under the indenture. Such an event of default may cause the acceleration of our other debt, including debt under our Senior Secured Credit Facilities. Our future debt also may contain restrictions on repayment requirements with respect to specified events or transactions that constitute a change of control under the indenture.

We can enter into transactions like recapitalizations, reorganizations and other highly leveraged transactions that do not constitute a change of control but that could adversely affect the holders of the exchange notes.

Certain important corporate events, such as leveraged recapitalizations, may not, under the indenture governing the exchange notes, constitute a change of control triggering event that would require us to

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repurchase the exchange notes, notwithstanding the fact that such corporate events could increase the level of our indebtedness or otherwise adversely affect our capital structure, credit ratings or the value of the exchange notes. Therefore, we could, in the future, enter into certain transactions, including acquisitions, reorganizations, refinancings or other recapitalizations, which would not constitute a change of control under the indenture governing the exchange notes, but that could increase the amount of indebtedness outstanding at such time or otherwise affect our capital structure or credit ratings.

Holders of exchange notes may not be able to determine when a change of control triggering event giving rise to their right to have the exchange notes repurchased has occurred following a sale of substantially all of our assets.

The definition of change of control in the indenture governing the exchange notes includes a phrase relating to the sale of all or substantially all of our assets. There is no precise established definition of the phrase substantially all under applicable law. Accordingly, the ability of a holder of exchange notes to require us to repurchase its exchange notes as a result of a sale of less than all our assets to another person may be uncertain. See Description of the Notes Repurchase at the Option of Holders Change of Control.

A lowering or withdrawal of the ratings assigned to our debt securities by rating agencies may adversely affect the market price or liquidity of the exchange notes.

The exchange notes will have a non-investment grade rating. There can be no assurances that such rating will remain for any given period of time or that such rating will not be lowered or withdrawn entirely by a rating agency if, in that rating agency s judgment, future circumstances relating to the basis of the rating, such as adverse changes, so warrant. Credit ratings are not recommendations to purchase, hold or sell the notes, and may be revised or withdrawn at any time. Additionally, credit ratings may not reflect the potential effect of risks relating to the structure or marketing of the exchange notes. If the credit rating of the exchange notes is subsequently lowered or withdrawn for any reason, you may not be able to resell your exchange notes without a substantial discount.

If the exchange notes are rated investment grade by either Moody s or S&P, certain covenants contained in the indenture will be terminated, and holders of the exchange notes will lose the protection of these covenants even if the exchange notes subsequently fall back below investment grade.

The indenture contains certain covenants that will be terminated if the exchange notes are rated investment grade by either Moody s or S&P. These covenants restrict the Issuer s ability and the ability of its restricted subsidiaries to, among other things:

- incur additional indebtedness or issue preferred stock;
- make distributions or other restricted payments;
- sell capital stock or other assets; and
- engage in transactions with affiliates.

Because these restrictions will not apply once the exchange notes are rated investment grade, we will be able to incur additional debt and consummate transactions that may impair our ability to satisfy our obligations with respect to the exchange notes.

The exchange notes are unsecured and effectively junior to our secured indebtedness, including borrowings under our Senior Secured Credit Facilities, to the extent of the value of the collateral securing such secured indebtedness.

Our obligations under the exchange notes will be unsecured and will be effectively junior to our secured indebtedness to the extent of the value of the collateral securing such secured indebtedness. Borrowings under

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our Senior Secured Credit Facilities are secured by substantially all of the assets of Holdings, the Issuers and any existing and future subsidiary guarantors, including all of the capital stock of the Issuers and each restricted subsidiary (which, in the case of foreign subsidiaries, is limited to 65 percent of the capital stock of each first-tier foreign subsidiary), but excluding all of the assets of PropCo. In addition, borrowings under the CMBS Loan and the Waldorf Astoria Loan entered into by certain unrestricted subsidiaries of PropCo are secured by substantially all of the assets of the PropCo entities.

The exchange notes are effectively subordinated to all such secured indebtedness to the extent of the value of that collateral. If an event of default occurs under the Senior Secured Credit Facilities, the holders of such senior secured indebtedness will have a prior right to our assets, to the exclusion of the holders of the exchange notes, even if we are in default with respect to the exchange notes. In that event, our assets would first be used to repay in full all indebtedness and other obligations secured by them (including all amounts outstanding under our Senior Secured Credit Facilities), resulting in all or a portion of our assets being unavailable to satisfy the claims of the holders of the exchange notes and other unsecured indebtedness. Therefore, in the event of any distribution or payment of our assets in any foreclosure, dissolution, winding-up, liquidation, reorganization, or other bankruptcy proceeding, holders of the exchange notes will participate in our remaining assets ratably with each other and with all holders of our unsecured indebtedness that is deemed to be of the same class as such exchange notes, and potentially with all of our other general creditors, based upon the respective amounts owed to each holder or creditor. In any of the foregoing events, we cannot assure you that there will be sufficient assets to pay amounts due on the exchange notes. As a result, holders of such exchange notes may receive less, ratably, than holders of secured indebtedness.

As of September 30, 2014, the Issuers and the guarantors had approximately $5,300 million of senior secured indebtedness outstanding, and had an additional $953 million (after giving effect to $47 million of outstanding letters of credit) of unutilized capacity under the Revolving Credit Facility of our Senior Secured Credit Facilities. The exchange notes and the related guarantees would have ranked effectively junior to such outstanding indebtedness. We are permitted to add, in addition to the Revolving Credit Facility, incremental facilities, subject to certain conditions being satisfied. The indenture governing the exchange notes also permits us to incur additional secured indebtedness, which could be substantial.

Risks Related to Our Business and Industry

We are subject to the business, financial and operating risks inherent to the hospitality industry, any of which could reduce our revenues and limit opportunities for growth.

Our business is subject to a number of business, financial and operating risks inherent to the hospitality industry, including:

- significant competition from multiple hospitality providers in all parts of the world;
- changes in operating costs, including energy, food, compensation, benefits and insurance;
- increases in costs due to inflation that may not be fully offset by price and fee increases in our business;

changes in tax and governmental regulations that influence or set wages, prices, interest rates or construction and maintenance procedures and costs;

the costs and administrative burdens associated with complying with applicable laws and regulations;

the costs or desirability of complying with local practices and customs;

significant increases in cost for health care coverage for employees and potential government regulation with respect to health care coverage;

shortages of labor or labor disruptions;

the availability and cost of capital necessary for us and third-party hotel owners to fund investments, capital expenditures and service debt obligations;

- delays in or cancellations of planned or future development or refurbishment projects, which in the case of our managed and franchised hotels and timeshare properties controlled by homeowner associations are generally not within our control;

- the quality of services provided by franchisees;

- the financial condition of third-party property owners, developers and joint venture partners;

- relationships with third-party property owners, developers and joint venture partners, including the risk that owners may terminate our management, franchise or joint venture agreements;

- changes in desirability of geographic regions of the hotels or timeshare resorts in our business, geographic concentration of our operations and customers and shortages of desirable locations for development;

- changes in the supply and demand for hotel services (including rooms, food and beverage and other products and services) and vacation ownership services and products;

- the ability of third-party internet and other travel intermediaries to attract and retain customers; and

- decreases in the frequency of business travel that may result from alternatives to in-person meetings, including virtual meetings hosted online or over private teleconferencing networks.

Any of these factors could increase our costs or limit or reduce the prices we are able to charge for hospitality services and timeshare products, or otherwise affect our ability to maintain existing properties or develop new properties. As a result, any of these factors can reduce our revenues and limit opportunities for growth.

Macroeconomic and other factors beyond our control can adversely affect and reduce demand for our products and services.

Macroeconomic and other factors beyond our control can reduce demand for hospitality products and services, including demand for rooms at properties that we manage, franchise, own, lease or develop, as well as demand for timeshare properties. These factors include, but are not limited to:

- changes in general economic conditions, including low consumer confidence, unemployment levels and depressed real estate prices resulting from the severity and duration of any downturn in the U.S. or global economy;

- war, political conditions or civil unrest, terrorist activities or threats and heightened travel security measures instituted in response to these events;

decreased corporate or government travel-related budgets and spending, as well as cancellations, deferrals or renegotiations of group business such as industry conventions;

statements, actions, or interventions by governmental officials related to travel and corporate travel-related activities and the resulting negative public perception of such travel and activities;

the financial and general business condition of the airline, automotive and other transportation-related industries and its effect on travel, including decreased airline capacity and routes;

conditions which negatively shape public perception of travel, including travel-related accidents and outbreaks of pandemic or contagious diseases, such as avian flu, severe acute respiratory syndrome (SARS) and H1N1 (swine flu);

cyber-attacks;

climate change or availability of natural resources;

natural or man-made disasters, such as earthquakes, tsunamis, tornadoes, hurricanes, typhoons, floods, volcanic eruptions, oil spills and nuclear incidents;

- changes in the desirability of particular locations or travel patterns of customers;

- cyclical over-building in the hotel and timeshare industries; and

- organized labor activities, which could cause a diversion of business from hotels involved in labor negotiations and loss of business for our hotels generally as a result of certain labor tactics.

Any one or more of these factors could limit or reduce overall demand for our products and services or could negatively affect our revenue sources, which could adversely affect our business, financial condition and results of operations.

Contraction in the global economy or low levels of economic growth could adversely affect our revenues and profitability as well as limit or slow our future growth.

Consumer demand for our services is closely linked to the performance of the general economy and is sensitive to business and personal discretionary spending levels. Decreased global or regional demand for hospitality products and services can be especially pronounced during periods of economic contraction or low levels of economic growth, and the recovery period in our industry may lag overall economic improvement. Declines in demand for our products and services due to general economic conditions could negatively affect our business by decreasing the revenues and profitability of our owned properties, limiting the amount of fee revenues we are able to generate from our managed and franchised properties, and reducing overall demand for timeshare intervals. In addition, many of the expenses associated with our business, including personnel costs, interest, rent, property taxes, insurance and utilities, are relatively fixed. During a period of overall economic weakness, if we are unable to meaningfully decrease these costs as demand for our hotels and timeshare properties decreases, our business operations and financial performance may be adversely affected.

The hospitality industry is subject to seasonal and cyclical volatility, which may contribute to fluctuations in our results of operations and financial condition.

The hospitality industry is seasonal in nature. The periods during which our lodging properties experience higher revenues vary from property to property, depending principally upon location and the customer base served. We generally expect our revenues to be lower in the first quarter of each year than in each of the three subsequent quarters with the fourth quarter generally being the highest. In addition, the hospitality industry is cyclical and demand generally follows, on a lagged basis, the general economy. The seasonality and cyclicality of our industry may contribute to fluctuations in our results of operations and financial condition.

Because we operate in a highly competitive industry, our revenues or profits could be harmed if we are unable to compete effectively.

The segments of the hospitality industry in which we operate are subject to intense competition. Our principal competitors are other operators of luxury, full-service and focused-service and timeshare properties, including other major hospitality chains with well-established and recognized brands. We also compete against smaller hotel chains, independent and local hotel owners and operators and independent timeshare operators. If we are unable to compete successfully, our revenues or profits may decline.

Competition for hotel guests

We face competition for individual guests, group reservations and conference business. We compete for these customers based primarily on brand name recognition and reputation, as well as location, room rates, property size and availability of rooms and conference space, quality of the accommodations, customer satisfaction, amenities and the ability to earn and redeem loyalty program points. Our competitors may have greater financial and marketing resources and more efficient technology platforms, which could allow them to improve their properties and expand and improve their marketing efforts in ways that could affect our ability to compete for guests effectively.

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Competition for management and franchise agreements

We compete to enter into management and franchise agreements. Our ability to compete effectively is based primarily on the value and quality of our management services, brand name recognition and reputation, our ability and willingness to invest capital, availability of suitable properties in certain geographic areas, and the overall economic terms of our agreements and the economic advantages to the property owner of retaining our management services and using our brands. If the properties that we manage or franchise perform less successfully than those of our competitors, if we are unable to offer terms as favorable as those offered by our competitors, or if the availability of suitable properties is limited, our ability to compete effectively for new management or franchise agreements could be reduced.

Competition for sales of timeshare properties

We compete with other timeshare operators for sales of timeshare intervals based principally on location, quality of accommodations, price, financing terms, quality of service, terms of property use, opportunity for timeshare owners to exchange into time at other timeshare properties or other travel rewards as well as brand name recognition and reputation. Our ability to attract and retain purchasers of timeshare intervals depends on our success in distinguishing the quality and value of our timeshare offerings from those offered by others. If we are unable to do so, our ability to compete effectively for sales of timeshare intervals could be adversely affected.

Any deterioration in the quality or reputation of our brands could have an adverse effect on our reputation, business, financial condition or results of operations.

Our brands and our reputation are among our most important assets. Our ability to attract and retain guests depends, in part, on the public recognition of our brands and their associated reputation. In addition, the success of our hotel owners businesses and their ability to make payments to us may indirectly depend on the strength and reputation of our brands. Such dependence makes our business susceptible to risks regarding brand obsolescence and to reputational damage. If our brands become obsolete or are viewed as unfashionable or lacking in consistency and quality, we may be unable to attract guests to our hotels, and further we may be unable to attract or retain our hotel owners.

In addition, many factors can negatively affect the reputation of any individual brand, or the overall brand of our company. Changes in ownership or management practices, the occurrence of accidents or injuries, natural disasters, crime, individual guest notoriety or similar events can have a substantial negative effect on our reputation, create adverse publicity and cause a loss of consumer confidence in our business. Because of the global nature of our brands and the broad expanse of our business and hotel locations, events occurring in one location could have a resulting negative effect on the reputation and operations of otherwise successful individual locations. In addition, the considerable expansion in the use of social media over recent years has compounded the potential scope of the negative publicity that could be generated by such incidents. We could also face legal claims related to these events, along with adverse publicity resulting from such litigation. If the perceived quality of our brands declines, or if our reputation is damaged, our business, financial condition or results of operations could be adversely affected.

If we are unable to maintain good relationships with third-party hotel owners and renew or enter into new management and franchise agreements, we may be unable to expand our presence and our business, financial condition and results of operations may suffer.

Our management and franchise business depends on our ability to establish and maintain long-term, positive relationships with third-party property owners and on our ability to renew existing, and enter into new, management and franchise agreements. The management and franchise contracts we enter into with third-party owners are typically long-term arrangements, but may allow the hotel owner to terminate the agreement under certain circumstances, including in certain cases, the failure to meet certain financial or performance criteria. Our ability to meet these financial and performance criteria is subject to, among other things, risks common to the

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overall hotel industry, including factors outside of our control. In addition, any negative management and franchise pricing trends could adversely affect our ability to negotiate with hotel owners. If we fail to maintain and renew existing management and franchise agreements, and enter into new agreements on favorable terms, we may be unable to expand our presence and our business, financial condition and results of operations may suffer.

Our management and franchise business is subject to real estate investment risks for third-party owners that could adversely affect our operational results and our prospects for growth.

The ability to grow our management and franchise business is subject to the range of risks associated with real estate investments. Our ability to sustain continued growth through management and franchise agreements for new hotels and the conversion of existing facilities to managed or franchised branded hotels is affected, and may potentially be limited, by a variety of factors influencing real estate development generally. These include site availability, the availability of financing, planning, zoning and other local approvals. Other limitations that may be imposed by market factors include projected room occupancy, changes in growth in demand compared to projected supply, geographic area restrictions in management and franchise agreements, costs of construction and anticipated room rate structure. Any inability by us or our third-party owners to manage these factors effectively could adversely affect our operational results and our prospects for growth.

If our third-party property owners are unable to repay or refinance loans secured by the mortgaged properties, or to obtain financing adequate to fund current operations or growth plans, our revenues, profits and capital resources could be reduced and our business could be harmed.

Many of the properties owned by our third-party property owners are pledged as collateral for mortgage loans entered into when such properties were purchased or refinanced by them. If our third-party property owners are unable to repay or refinance maturing indebtedness on favorable terms or at all, their lenders could declare a default, accelerate the related debt and repossess the property. Any such repossessions could result in the termination of our management and franchise agreements or eliminate revenues and cash flows from such property, which could negatively affect our business and results of operations. In addition, the owners of managed and franchised hotels depend on financing to buy, develop and improve hotels and in some cases, fund operations during down cycles. Our hotel owners inability to obtain adequate funding could materially adversely affect the maintenance and improvement plans with respect to existing hotels, as well as result in the delay or stoppage of the development of our existing pipeline.

If third-party property owners fail to make investments necessary to maintain or improve their properties, guest preference for Hilton brands and reputation and performance results could suffer.

Substantially all of our management and franchise agreements require third-party property owners to comply with standards that are essential to maintaining the quality and reputation of our branded hotel properties. This includes requirements related to the physical condition, safety standards and appearance of the properties as well as the service levels provided by employees. These standards may evolve with customer preference, or we may introduce new requirements over time. If our property owners fail to make investments necessary to maintain or improve the properties in accordance with such standards, guest preference for our brands could diminish, and this could result in an adverse effect on our results of operations. In addition, if third-party property owners fail to observe standards and meet their contractual requirements, we may elect to exercise our termination rights, which would eliminate revenues from these properties and cause us to incur expenses related to terminating these relationships. We may be unable to find suitable or offsetting replacements for any terminated relationships.

Contractual and other disagreements with third-party property owners could make us liable to them or result in litigation costs or other expenses.

Our management and franchise agreements require us and our hotel owners to comply with operational and performance conditions that are subject to interpretation and could result in disagreements. At any given time, we

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may be in disputes with one or more of our hotel owners. Any such dispute could be very expensive for us, even if the outcome is ultimately in our favor. We cannot predict the outcome of any arbitration or litigation, the effect of any negative judgment against us or the amount of any settlement that we may enter into with any third-party. An adverse result in any of these proceedings could materially adversely affect our results of operations. Furthermore, specific to our industry, some courts have applied principles of agency law and related fiduciary standards to managers of third-party hotel properties, which means that property owners may assert the right to terminate agreements even where the agreements do not expressly provide for termination. In the event of any such termination, our fees from such properties would be eliminated, and accordingly may negatively affect our results of operations.

We are exposed to the risks resulting from significant investments in owned and leased real estate, which could increase our costs, reduce our profits and limit our ability to respond to market conditions.

We own or lease a substantial amount of real property as one of our three business segments. Real estate ownership and leasing is subject to various risks that may or may not be applicable to managed or franchised properties, including:

- governmental regulations relating to real estate ownership or operations, including tax, environmental, zoning and eminent domain laws;
- changes in market conditions or the area in which real estate is located losing value;
- differences in potential civil liability between owners and operators for accidents or other occurrences on owned or leased properties;
- the ongoing need for owner-funded capital improvements and expenditures to maintain or upgrade properties;
- periodic total or partial closures due to renovations and facility improvements;
- risks associated with mortgage debt, including the possibility of default, fluctuating interest rate levels and uncertainties in the availability of replacement financing;
- fluctuations in real estate values or potential impairments in the value of our assets; and
- the relative illiquidity of real estate compared to some other assets.

The negative effect on profitability and cash flow from declines in revenues is more pronounced in owned properties because we, as the owner, bear the risk of their high fixed-cost structure. Further, during times of economic distress, declining demand and declining earnings often result in declining asset values, and we may not be able to sell properties on favorable terms or at all. Accordingly, we may not be able to adjust our owned property portfolio promptly in response to changes in economic or other conditions.

Our efforts to develop, redevelop or renovate our owned and leased properties could be delayed or become more expensive, which could reduce revenues or impair our ability to compete effectively.

Certain of our owned and leased properties were constructed more than a century ago. The condition of aging properties could negatively affect our ability to attract guests or result in higher operating and capital costs, either of which could reduce revenues or profits from these properties. While we have budgeted for replacements and repairs to furniture, fixtures and hotel equipment at our properties there can be no assurance that these replacements and repairs will occur, or even if completed, will result in improved performance. In addition, these efforts are subject to a number of risks, including:

- construction delays or cost overruns (including labor and materials) that may increase project costs;
- obtaining zoning, occupancy and other required permits or authorizations;
- changes in economic conditions that may result in weakened or lack of demand or negative project returns;

- governmental restrictions on the size or kind of development;
- volatility in the debt and capital markets that may limit our ability to raise capital for projects or improvements;
- lack of availability of rooms or meeting spaces for revenue-generating activities during construction, modernization or renovation projects;
- force majeure events, including earthquakes, tornadoes, hurricanes, floods or tsunamis; and
- design defects that could increase costs.

If our properties are not updated to meet guest preferences, if properties under development or renovation are delayed in opening as scheduled, or if renovation investments adversely affect or fail to improve performance, our operations and financial results could be negatively affected.

Our properties may not be permitted to be rebuilt if destroyed.

Certain of our properties may qualify as legally-permissible nonconforming uses and improvements, including certain of our iconic and most profitable properties. If a substantial portion of any such properties were to be destroyed by fire or other casualty, we might not be permitted to rebuild that property as it now exists, regardless of the availability of insurance proceeds. Any loss of this nature, whether insured or not, could materially adversely affect our results of operations and prospects.

We share control in joint venture projects, which limits our ability to manage third-party risks associated with these projects.

Joint venturers often have shared control over the operation of our joint venture assets. In most cases, we are minority participants and do not control the decisions of the ventures. Therefore, joint venture investments may involve risks such as the possibility that a co-venturer in an investment might become bankrupt, be unable to meet its capital contribution obligations, have economic or business interests or goals that are inconsistent with our business interests or goals, or take actions that are contrary to our instructions or to applicable laws and regulations. In addition, we may be unable to take action without the approval of our joint venture partners, or our joint venture partners could take actions binding on the joint venture without our consent. Consequently, actions by a co-venturer or other third-party could expose us to claims for damages, financial penalties and reputational harm, any of which could have an adverse effect on our business and operations. In addition, we may agree to guarantee indebtedness incurred by a joint venture or co-venturer or provide standard indemnifications to lenders for loss liability or damage occurring as a result of our actions or actions of the joint venture or other co-venturers. Such a guarantee or indemnity may be on a joint and several basis with a co-venturer, in which case we may be liable in the event such co-venturer defaults on its guarantee obligation. The non-performance of such obligations may cause losses to us in excess of the capital we initially may have invested or committed under such obligations.

Preparing our financial statements requires us to have access to information regarding the results of operations, financial position and cash flows of our joint ventures. Any deficiencies in our joint ventures internal controls over financial reporting may affect our ability to report our financial results accurately or prevent or detect fraud. Such deficiencies also could result in restatements of, or other adjustments to, our previously reported or announced operating results, which could diminish investor confidence and reduce the market price for our shares. Additionally, if our joint ventures are unable to provide this information for any meaningful period or fail to meet expected deadlines, we may be unable to satisfy our financial reporting obligations or timely file our periodic reports.

Although our joint ventures may generate positive cash flow, in some cases they may be unable to distribute that cash to the joint venture partners. Additionally, in some cases our joint venture partners control distributions and may choose to leave capital in the joint venture rather than distribute it. Because our ability to generate liquidity from our joint ventures depends in part on their ability to distribute capital to us, our failure to receive distributions from our joint venture partners could reduce our return on these investments.

The timeshare business is subject to extensive regulation and failure to comply with such regulation may have an adverse effect on our business.

We develop, manage, market and sell timeshare intervals. Certain of these activities are subject to extensive state regulation in both the state in which the timeshare property is located and the states in which the timeshare property is marketed and sold. Federal regulation of certain marketing practices also applies. In addition, we provide financing to some purchasers of timeshare intervals and we also service the resulting loans. This practice subjects us to various federal and state regulations, including those which require disclosure to borrowers regarding the terms of their loans as well as settlement, servicing and collection of loans. If we fail to comply with applicable federal, state, and local laws in connection with our timeshare business, we may not be able to offer timeshare intervals or associated financing in certain areas, and as a result, the timeshare business could suffer a decline in revenues.

A decline in timeshare interval inventory or our failure to enter into and maintain timeshare management agreements may have an adverse effect on our business or results of operations.

In addition to timeshare interval inventory from our owned timeshare properties, we source inventory through sales and marketing agreements with third-party developers. If we fail to develop timeshare properties or are unsuccessful in entering into new agreements with third-party developers, we may experience a decline in timeshare interval inventory available to be sold by us, which could result in a decrease in our revenues. In addition, a decline in timeshare interval inventory could result in both a decrease of financing revenues that are generated from purchasers of timeshare intervals and fee revenues that are generated by providing management services to the timeshare properties.

If purchasers default on the loans that we provide to finance their purchases of timeshare intervals, the revenues and profits that we derive from the timeshare business could be reduced.

Providing secured financing to some purchasers of timeshare intervals subjects us to the risk of purchaser default. As of September 30, 2014, we had approximately $1,002 million of timeshare financing receivables outstanding. If a purchaser defaults under the financing that we provide, we could be forced to write off the loan and reclaim ownership of the timeshare interval through foreclosure or deed in lieu of foreclosure. If the timeshare interval has declined in value, we may incur impairment losses that reduce our profits. In addition, we may be unable to resell the property in a timely manner or at the same price, or at all. Also, if a purchaser of a timeshare interval defaults on the related loan during the early part of the amortization period, we may not have recovered the marketing, selling and general and administrative costs associated with the sale of that timeshare interval. If we are unable to recover any of the principal amount of the loan from a defaulting purchaser, or if the allowances for losses from such defaults are inadequate, the revenues and profits that we derive from the timeshare business could be reduced.

Some of our existing development pipeline may not be developed into new hotels, which could materially adversely affect our growth prospects.

As of September 30, 2014, we had a total of 1,269 hotels in our development pipeline, which we define as hotels under construction or approved for development under one of our brands. The commitments of owners and developers with whom we have agreements are subject to numerous conditions, and the eventual development and construction of our pipeline not currently under construction is subject to numerous risks, including, in certain cases, obtaining governmental and regulatory approvals and adequate financing. As a result, our entire development pipeline may not develop into new hotels.

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New hotel brands or non-hotel branded concepts that we launch in the future may not be as successful as we anticipate, which could have a material adverse effect on our business, financial condition or results of operations.

We have launched several new brand concepts over the last few years. We opened our first Home2 Suites by Hilton hotel in 2011, launched the eforea spa at Hilton brand in 2010, opened the first Herb N Kitchen Restaurant in 2013, opened our first Curio A Collection by Hilton hotel in August 2014 and introduced our newest brand, Canopy by Hilton, in October 2014. We may continue to build our portfolio of branded hotel products and non-hotel branded concepts by launching new hotel and non-hotel brands in the future. In addition, the Hilton Garden Inn, DoubleTree by Hilton and Hampton by Hilton brands have been expanding into new jurisdictions outside the United States in recent years. We may continue to expand existing brands into new international markets. New hotel products or concepts or brand expansions may not be accepted by hotel owners, franchisees or customers and we cannot guarantee the level of acceptance any new brands will have in the development and consumer marketplaces. If new branded hotel products, non-hotel branded concepts or brand expansions are not as successful as we anticipate, we may not recover the costs we incurred in developing or expanding such brands and this could have a material adverse effect on our business, financial condition or results of operations.

Failures in, material damage to, or interruptions in our information technology systems, software or websites and difficulties in updating our existing software or developing or implementing new software could have a material adverse effect on our business or results of operations.

We depend heavily upon our information technology systems in the conduct of our business. We own and license or otherwise contract for sophisticated technology and systems for property management, procurement, reservations and the operation of the Hilton HHonors customer loyalty program. Such systems are subject to, among other things, damage or interruption from power outages, computer and telecommunications failures, computer viruses and natural and man-made disasters. In addition, substantially all of our data center operations are currently located in a single facility, and any loss or damage to the facility could result in operational disruption and data loss. Damage or interruption to our information systems may require a significant investment to update, remediate or replace with alternate systems, and we may suffer interruptions in our operations as a result. In addition, costs and potential problems and interruptions associated with the implementation of new or upgraded systems and technology or with maintenance or adequate support of existing systems could also disrupt or reduce the efficiency of our operations. Any material interruptions or failures in our systems, including those that may result from our failure to adequately develop, implement and maintain a robust disaster recovery plan and backup systems could severely affect our ability to conduct normal business operations and, as a result, have a material adverse effect on our business operations and financial performance.

We rely on third parties for the performance of a significant portion of our information technology functions worldwide and the provision of information technology and business process services. In particular, our reservation system relies on data communications networks operated by unaffiliated third parties. The success of our business depends in part on maintaining our relationships with these third parties and their continuing ability to perform these functions and services in a timely and satisfactory manner. If we experience a loss or disruption in the provision of any of these functions or services, or they are not performed in a satisfactory manner, we may have difficulty in finding alternate providers on terms favorable to us, in a timely manner or at all, and our business could be adversely affected.

We rely on certain software vendors to maintain and periodically upgrade many of these systems so that they can continue to support our business. The software programs supporting many of our systems were licensed to us by independent software developers. The inability of these developers or us to continue to maintain and upgrade these information systems and software programs would disrupt or reduce the efficiency of our operations if we were unable to convert to alternate systems in an efficient and timely manner.

We are vulnerable to various risks and uncertainties associated with our websites and mobile applications, including changes in required technology interfaces, website and mobile application downtime and other

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technical failures, costs and issues as we upgrade our website software and mobile applications. Additional risks include computer viruses, changes in applicable federal and state regulation, security breaches, legal claims related to our website operations and e-commerce fulfillment and other consumer privacy concerns. Our failure to successfully respond to these risks and uncertainties could reduce website and mobile application sales and have a material adverse effect on our business or results of operations.

Cyber-attacks could have a disruptive effect on our business.

From time to time we and third parties who serve us experience cyber-attacks, attempted breaches of our or their information technology systems and networks or similar events, which could result in a loss of sensitive business or customer information, systems interruption or the disruption of our operations. For example, in 2011 we were notified by Epsilon, our database marketing vendor, that we were among a group of companies served by Epsilon that were affected by a data breach that resulted in an unauthorized third party gaining access to Epsilon s files that included names and e-mails of certain of our customers.

Even if we are fully compliant with legal standards and contractual requirements, we still may not be able to prevent security breaches involving sensitive data. The sophistication of efforts by hackers to gain unauthorized access to information systems has increased in recent years. Any breach, theft, loss, or fraudulent use of customer, employee or company data could cause consumers to lose confidence in the security of our websites, mobile applications and other information technology systems and choose not to purchase from us. Any such security breach could expose us to risks of data loss, business disruption, litigation and other liability, any of which could adversely affect our business.

We may be exposed to risks and costs associated with protecting the integrity and security of our guests personal information.

We are subject to various risks associated with the collection, handling, storage and transmission of sensitive information, including risks related to compliance with U.S. and foreign data collection and privacy laws and other contractual obligations, as well as the risk that our systems collecting such information could be compromised. In the course of doing business, we collect large volumes of internal and customer data, including credit card numbers and other personally identifiable information for various business purposes, including managing our workforce, providing requested products and services, and maintaining guest preferences to enhance customer service and for marketing and promotion purposes. Our various information technology systems enter, process, summarize and report such data. If we fail to maintain compliance with the various U.S. and foreign data collection and privacy laws or with credit card industry standards or other applicable data security standards, we could be exposed to fines, penalties, restrictions, litigation or other expenses, and our business could be adversely affected.

In addition, states and the federal government have recently enacted additional laws and regulations to protect consumers against identity theft. These laws and similar laws in other jurisdictions have increased the costs of doing business and, if we fail to implement appropriate safeguards or we fail to detect and provide prompt notice of unauthorized access as required by some of these laws, we could be subject to potential claims for damages and other remedies. If we were required to pay any significant amounts in satisfaction of claims under these laws, or if we were forced to cease our business operations for any length of time as a result of our inability to comply fully with any such law, our business, operating results and financial condition could be adversely affected.

We may seek to expand through acquisitions of and investments in other businesses and properties, or through alliances, and we may also seek to divest some of our properties and other assets. These acquisition and disposition activities may be unsuccessful or divert management s attention.

We may consider strategic and complementary acquisitions of and investments in other hotel or hospitality brands, businesses, properties or other assets. Furthermore, we may pursue these opportunities in alliance with existing or prospective owners of managed or franchised properties. In many cases, we will be competing for these opportunities with third parties that may have substantially greater financial resources than us. Acquisitions or investments in brands, businesses, properties or assets as well as these alliances are subject to risks that could affect our business, including risks related to:

- issuing shares of stock that could dilute the interests of our existing stockholders;
- spending cash and incurring debt;
- assuming contingent liabilities; or
- creating additional expenses.

We may not be able to identify opportunities or complete transactions on commercially reasonable terms or at all or we may not actually realize any anticipated benefits from such acquisitions, investments or alliances. Similarly, we may not be able to obtain financing for acquisitions or investments on attractive terms or at all, or the ability to obtain financing may not be restricted by the terms of our indebtedness. In addition, the success of any acquisitions or investments also will depend, in part, on our ability to integrate the acquisition or investment with our existing operations.

We may also divest certain properties or assets, and any such divestments may yield lower than expected returns. In some circumstances, sales of properties or other assets may result in losses. Upon a sale of properties or assets, we may become subject to contractual indemnity obligations, incur material tax liabilities or, as a result of required debt repayment, face a shortage of liquidity. Finally, any acquisitions, investments or dispositions could demand significant attention from management that would otherwise be available for business operations, which could harm our business.

Failure to keep pace with developments in technology could adversely affect our operations or competitive position.

The hospitality industry demands the use of sophisticated technology and systems for property management, brand assurance and compliance, procurement, reservation systems, operation of our customer loyalty programs, distribution of hotel resources to current and future customers and guest amenities. These technologies may require refinements and upgrades. The development and maintenance of these technologies may require significant investment by us. As various systems and technologies become outdated or new technology is required, we may not be able to replace or introduce them as quickly as needed or in a cost-effective and timely manner. We may not achieve the benefits we may have been anticipating from any new technology or system.

Failure to comply with marketing and advertising laws, including with regard to direct marketing, could result in fines or place restrictions on our business.

We rely on a variety of direct marketing techniques, including telemarketing, email marketing and postal mailings, and we are subject to various laws and regulations in the U.S. and internationally which govern marketing and advertising practices. Any further restrictions in laws, such as the Telephone Consumer Protection Act of 1991, the Telemarketing Sales Rule, CAN-SPAM Act of 2003, and various U.S. state laws, new laws, or international data protection laws, such as the EU member states implementation of proposed privacy regulation, that govern these activities could adversely affect current or planned marketing activities and cause us to change our marketing strategy. If this occurs, we may not be able to develop adequate alternative marketing strategies, which could affect our ability to maintain relationships with our customers and acquire new customers. We also obtain access to names of potential customers from travel service providers or other companies and we market to some individuals on these lists directly or through other companies marketing materials. If access to these lists was prohibited or otherwise restricted, our ability to develop new customers and introduce them to products could be impaired.

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The growth of internet reservation channels could adversely affect our business and profitability.

A significant percentage of hotel rooms for individual guests is booked through internet travel intermediaries. We contract with such intermediaries and pay them various commissions and transaction fees for sales of our rooms through their systems. If such bookings increase, these intermediaries may be able to obtain higher commissions, reduced room rates or other significant concessions from us or our franchisees. Although we have established agreements with many of these intermediaries that limit transaction fees for hotels, there can be no assurance that we will be able to renegotiate these agreements upon their expiration with terms as favorable as the provisions that existed before the expiration, replacement or renegotiation. Moreover, hospitality intermediaries generally employ aggressive marketing strategies, including expending significant resources for online and television advertising campaigns to drive consumers to their websites. As a result, consumers may develop brand loyalties to the intermediaries offered brands, websites and reservations systems rather than to the Hilton brands and systems. If this happens, our business and profitability may be significantly affected as shifting customer loyalties divert bookings away from our websites.

In addition, in general, internet travel intermediaries have traditionally competed to attract individual consumers or transient business rather than group and convention business. However, hospitality intermediaries have recently grown their business to include marketing to large group and convention business. If that growth continues, it could both divert group and convention business away from our hotels, and it could also increase our cost of sales for group and convention business.

Our reservation system is an important component of our business operations and a disruption to its functioning could have an adverse effect on our performance and results.

We manage a global reservation system that communicates reservations to our branded hotels when made by individuals directly, either online or by telephone to our call centers, or through intermediaries like travel agents, internet travel web sites and other distribution channels. The cost, speed, efficacy and efficiency of the reservation system are important aspects of our business and are important considerations of hotel owners in choosing to affiliate with our brands. Any failure to maintain or upgrade, and any other disruption to our reservation system may adversely affect our business.

The cessation, reduction or taxation of program benefits of our Hilton HHonors loyalty program could adversely affect the Hilton brands and guest loyalty.

We manage the Hilton HHonors guest loyalty and rewards program for the Hilton brands. Program members accumulate points based on eligible stays and hotel charges and redeem the points for a range of benefits including free rooms and other items of value. The program is an important aspect of our business and of the affiliation value for hotel owners under management and franchise agreements. System hotels (including, without limitation, third-party hotels under management and franchise arrangements) contribute a percentage of the guest s charges to the program for each stay of a program member. In addition to the accumulation of points for future hotels stays at our brands, Hilton HHonors arranges with third-party service providers such as airlines and rail companies to exchange monetary value represented by points for program awards. Currently, the program benefits are not taxed as income to members. If the program awards and benefits are materially altered, curtailed or taxed such that a material number of HHonors members choose to no longer participate in the program, this could adversely affect our business.

Because we derive a portion of our revenues from operations outside the United States, the risks of doing business internationally could lower our revenues, increase our costs, reduce our profits or disrupt our business.

We currently manage, franchise, own or lease hotels and resorts in 93 countries and territories around the world. Our operations outside the United States represented approximately 25 percent and 27 percent of our

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revenues for the years ended December 31, 2013 and 2012, respectively. We expect that revenues from our international operations will continue to account for an increasing portion of our total revenues. As a result, we are subject to the risks of doing business outside the United States, including:

- rapid changes in governmental, economic and political policy, political or civil unrest, acts of terrorism or the threat of international boycotts or U.S. anti-boycott legislation;
- increases in anti-American sentiment and the identification of the licensed brands as an American brand;
- recessionary trends or economic instability in international markets;
- changes in foreign currency exchange rates or currency restructurings and hyperinflation or deflation in the countries in which we operate;
- the effect of disruptions caused by severe weather, natural disasters, outbreak of disease or other events that make travel to a particular region less attractive or more difficult;
- the presence and acceptance of varying levels of business corruption in international markets and the effect of various anti-corruption and other laws;
- the imposition of restrictions on currency conversion or the transfer of funds or limitations on our ability to repatriate non-U.S. earnings in a tax-efficient manner;
- the ability to comply with or effect of complying with complex and changing laws, regulations and policies of foreign governments that may affect investments or operations, including foreign ownership restrictions, import and export controls, tariffs, embargoes, increases in taxes paid and other changes in applicable tax laws;
- uncertainties as to local laws and enforcement of contract and intellectual property rights;
- forced nationalization of our properties by local, state or national governments; and
- the difficulties involved in managing an organization doing business in many different countries.

These factors may adversely affect the revenues from and the market value of our properties located in international markets. While these factors and the effect of these factors are difficult to predict, any one or more of them could lower our revenues, increase our costs, reduce our profits or disrupt our business operations.

Failure to comply with laws and regulations applicable to our international operations may increase costs, reduce profits, limit growth or subject us to broader liability.

Our business operations in countries outside the U.S. are subject to a number of laws and regulations, including restrictions imposed by the Foreign Corrupt Practices Act (FCPA), as well as trade sanctions administered by the Office of Foreign Assets Control (OFAC). The FCPA is intended to prohibit bribery of foreign officials and requires companies whose securities are listed in the U.S. to keep books and records that accurately and fairly reflect those companies transactions and to devise and maintain an adequate system of internal accounting controls. OFAC administers and enforces economic and trade sanctions based on U.S. foreign policy and national security goals against targeted foreign states, organizations and individuals. We have policies in place designed to comply with applicable sanctions, rules and regulations. Given the nature of our business, it is possible that hotels we own or manage in the countries and territories in which we operate may provide services to persons subject to sanctions. Where we have identified potential violations in the past, we have taken appropriate remedial action including filing voluntary disclosures to OFAC. In addition, some of our operations may be subject to the laws and regulations of non-U.S. jurisdictions, including the U.K. s Bribery Act 2010, which contains significant prohibitions on bribery and other corrupt business activities, and other local anti-corruption laws in the countries in which we conduct operations.

If we fail to comply with these laws and regulations, we could be exposed to claims for damages, financial penalties, reputational harm, and incarceration of employees or restrictions on our operation or ownership of

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hotels and other properties, including the termination of management, franchising and ownership rights. In addition, in certain circumstances, the actions of parties affiliated with us (including our owners, joint venture partners, employees and agents) may expose us to liability under the FCPA, U.S. sanctions or other laws. These restrictions could increase costs of operations, reduce profits or cause us to forgo development opportunities that would otherwise support growth.

In August 2012, Congress enacted the Iran Threat Reduction and Syria Human Rights Act of 2012 (ITRSHRA), which expands the scope of U.S. sanctions against Iran and Syria. In particular, Section 219 of the ITRSHRA amended the Securities Exchange Act of 1934 (the Exchange Act) to require companies subject to SEC reporting obligations under Section 13 of the Exchange Act to disclose in their periodic reports specified dealings or transactions involving Iran or other individuals and entities targeted by certain OFAC sanctions engaged in by the reporting company or any of its affiliates during the period covered by the relevant periodic report. In some cases, ITRSHRA requires companies to disclose these types of transactions even if they would otherwise be permissible under U.S. law. These companies are required to separately file with the SEC a notice that such activities have been disclosed in the relevant periodic report, and the SEC is required to post this notice of disclosure on its website and send the report to the U.S. President and certain U.S. Congressional committees. The U.S. President thereafter is required to initiate an investigation and, within 180 days of initiating such an investigation with respect to certain disclosed activities, to determine whether sanctions should be imposed.

Under ITRSHRA, we are required to report if we or any of our affiliates knowingly engaged in certain specified activities during a period covered by one of our Annual Reports on Form 10-K or Quarterly Reports on Form 10-Q. We have engaged in, and may in the future engage in, activities that would require disclosure pursuant to Section 219 of ITRSHRA. In addition, because the SEC defines the term affiliate broadly, it includes any entity controlled by us as well as any person or entity that controls us or is under common control with us. Because we may be deemed to be a controlled affiliate of Blackstone, affiliates of Blackstone may also be considered our affiliates. Other affiliates of Blackstone have in the past and may in the future be required to make disclosures pursuant to ITRSHRA. Disclosure of such activities, even if such activities are permissible under applicable law, and any sanctions imposed on us or our affiliates as a result of these activities could harm our reputation and brands and have a negative impact on our results of operations.

The loss of senior executives or key field personnel, such as general managers, could significantly harm our business.

Our ability to maintain our competitive position depends somewhat on the efforts and abilities of our senior executives. Finding suitable replacements for senior executives could be difficult. Losing the services of one or more of these senior executives could adversely affect strategic relationships, including relationships with third-party property owners, joint venture partners and vendors, and limit our ability to execute our business strategies.

We also rely on the general managers at each of our managed, owned, leased and joint venture hotels to manage daily operations and oversee the efforts of employees. These general managers are trained professionals in the hospitality industry and have extensive experience in many markets worldwide. The failure to retain, train or successfully manage general managers for our managed, owned, leased and joint venture hotels could negatively affect our operations.

Collective bargaining activity could disrupt our operations, increase our labor costs or interfere with the ability of our management to focus on executing our business strategies.

A significant number of our employees (approximately 22 percent) and employees of our hotel owners are covered by collective bargaining agreements and similar agreements. If relationships with our employees or employees of our hotel owners or the unions that represent them become adverse, the properties we manage, franchise, own or lease could experience labor disruptions such as strikes, lockouts, boycotts and public demonstrations. A number of our collective bargaining agreements, representing approximately 24 percent of our organized employees, have expired and are in the process of being renegotiated, and we may be required to

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negotiate additional collective bargaining agreements in the future if more employees become unionized. Labor disputes, which may be more likely when collective bargaining agreements are being negotiated, could harm our relationship with our employees or employees of our hotel owners, result in increased regulatory inquiries and enforcement by governmental authorities and deter guests. Further, adverse publicity related to a labor dispute could harm our reputation and reduce customer demand for our services. Labor regulation and the negotiation of new or existing collective bargaining agreements could lead to higher wage and benefit costs, changes in work rules that raise operating expenses, legal costs and limitations on our ability or the ability of our third-party property owners to take cost saving measures during economic downturns. We do not have the ability to control the negotiations of collective bargaining agreements covering unionized labor employed by many third-party property owners. Increased unionization of our workforce, new labor legislation or changes in regulations could disrupt our operations, reduce our profitability, or interfere with the ability of our management to focus on executing our business strategies.

Labor shortages could restrict our ability to operate our properties or grow our business or result in increased labor costs that could adversely affect our results of operations.

Our success depends in large part on our ability to attract, retain, train, manage, and engage employees. Our managed, owned, leased and joint venture hotels and corporate offices are staffed by approximately 155,000 employees around the world. If we are unable to attract, retain, train, manage and engage skilled employees, our ability to manage and staff the managed, owned, leased and joint venture hotels could be impaired, which could reduce customer satisfaction. In addition, the inability of our franchisees to attract, retain, train, manage and engage skilled employees for the franchised hotels could adversely affect the reputation of our brands. Staffing shortages in various parts of the world also could hinder our ability to grow and expand our businesses. Because payroll costs are a major component of the operating expenses at our hotels and our franchised hotels, a shortage of skilled labor could also require higher wages that would increase labor costs, which could adversely affect our results of operations. Additionally, increases in minimum wage rates could increase costs and reduce profits for us and our franchisees.

Any failure to protect our trademarks and other intellectual property could reduce the value of the Hilton brands and harm our business.

The recognition and reputation of our brands are important to our success. We have over 4,700 trademark registrations in jurisdictions around the world for use in connection with our services. At any given time, we also have a number of pending applications to register trademarks and other intellectual property in the U.S. and other jurisdictions. However, those trademark or other intellectual property registrations may not be granted or that the steps we take to use, control or protect our trademarks or other intellectual property in the U.S. and other jurisdictions may not always be adequate to prevent third parties from copying or using the trademarks or other intellectual property without authorization. We may also fail to obtain and maintain trademark protection for all of our brands in all jurisdictions. For example, in certain jurisdictions, third parties have registered or otherwise have the right to use certain trademarks that are the same as or similar to our trademarks, which could prevent us from registering trademarks and opening hotels in that jurisdiction. Third parties may also challenge our rights to certain trademarks or oppose our trademark applications. Defending against any such proceedings may be costly, and if unsuccessful, could result in the loss of important intellectual property rights. Obtaining and maintaining trademark protection for multiple brands in multiple jurisdictions is also expensive, and we may therefore elect not to apply for or to maintain certain trademarks.

Our intellectual property is also vulnerable to unauthorized copying or use in some jurisdictions outside the U.S., where local law, or lax enforcement of law, may not provide adequate protection. If our trademarks or other intellectual property are improperly used, the value and reputation of the Hilton brands could be harmed. There are times where we may need to resort to litigation to enforce our intellectual property rights. Litigation of this type could be costly, force us to divert our resources, lead to counterclaims or other claims against us or otherwise harm our business or reputation. In addition, we license certain of our trademarks to third parties. For example, we grant our franchisees a right to use certain of our trademarks in connection with their operation of

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the applicable property. If a franchisee or other licensee fails to maintain the quality of the goods and services used in connection with the licensed trademarks, our rights to, and the value of, our trademarks could potentially be harmed. Failure to maintain, control and protect our trademarks and other intellectual property could likely adversely affect our ability to attract guests or third-party owners, and could adversely affect our results.

In addition, we license the right to use certain intellectual property from unaffiliated third parties. Such rights include the right to grant sublicenses to franchisees. If we are unable to use such intellectual property, our ability to generate revenue from such properties may be diminished.

Third-party claims that we infringe intellectual property rights of others could subject us to damages and other costs and expenses.

Third parties may make claims against us for infringing their patent, trademark, copyright or other intellectual property rights or for misappropriating their trade secrets. We have been and are currently party to a number of such claims and may receive additional claims in the future. Any such claims, even those without merit, could:

- be expensive and time consuming to defend, and result in significant damages;
- force us to stop using the intellectual property that is being challenged or to stop providing products or services that use the challenged intellectual property;
- force us to redesign or rebrand our products or services;
- require us to enter into royalty, licensing, co-existence or other agreements to obtain the right to use a third party s intellectual property;
- divert management s attention and resources; and
- limit the use or the scope of our intellectual property or other rights.

In addition, we may be required to indemnify third-party owners of the hotels that we manage for any losses they incur as a result of any infringement claims against them. All necessary royalty, licensing or other agreements may not be available to us on acceptable terms. Any adverse results associated with third-party intellectual property claims could negatively affect our business.

Exchange rate fluctuations and foreign exchange hedging arrangements could result in significant foreign currency gains and losses and affect our business results.

Conducting business in currencies other than the U.S. dollar subjects us to fluctuations in currency exchange rates that could have a negative effect on financial results. We earn revenues and incur expenses in foreign currencies as part of our operations outside of the U.S. As a result, fluctuations in currency exchange rates may significantly increase the amount of U.S. dollars required for foreign currency expenses or significantly decrease the U.S. dollars received from foreign currency revenues. We also have exposure to currency translation risk because, generally, the results of our business outside of the U.S. are reported in local currency and then translated to U.S. dollars for inclusion in our consolidated financial statements. As a result, changes between the foreign exchange rates and the U.S. dollar will affect the recorded amounts of our foreign assets, liabilities, revenues and expenses and could have a negative effect on financial results. Our exposure to foreign currency exchange rate fluctuations will grow if the relative contribution of our operations outside the U.S. increases.

To attempt to mitigate foreign currency exposure, we may enter into foreign exchange hedging agreements with financial institutions to reduce certain of our exposures to fluctuations in currency exchange rates. However, these hedging agreements may not eliminate foreign currency risk entirely and involve costs and risks of their own in the form of transaction costs, credit requirements and counterparty risk.

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If the insurance that we or our owners carry does not sufficiently cover damage or other potential losses or liabilities to third parties involving properties that we manage, franchise or own, our profits could be reduced.

We operate in certain areas where the risk of natural disaster or other catastrophic losses vary, and the occasional incidence of such an event could cause substantial damage to us, our owners or the surrounding area. We carry, and we require our owners to carry, insurance from solvent insurance carriers that we believe is adequate for foreseeable first- and third-party losses and with terms and conditions that are reasonable and customary. Nevertheless, market forces beyond our control could limit the scope of the insurance coverage that we and our owners can obtain or which may otherwise restrict our or our owners ability to buy insurance coverage at reasonable rates. In the event of a substantial loss, the insurance coverage that we and/or our owners carry may not be sufficient to pay the full value of our financial obligations, our liabilities or the replacement cost of any lost investment or property. Because certain types of losses are uncertain, they can be uninsurable or prohibitively expensive. In addition, there are other risks that may fall outside the general coverage terms and limits of our policies.

In some cases, these factors could result in certain losses being completely uninsured. As a result, we could lose some or all of the capital we have invested in a property, as well as the anticipated future revenues, profits, management fees or franchise fees from the property.

Terrorism insurance may not be available at commercially reasonable rates or at all.

Following the September 11, 2001 terrorist attacks in New York City and the Washington, D.C. area, Congress passed the Terrorism Risk Insurance Act of 2002, which established the Terrorism Insurance Program to provide insurance capacity for terrorist acts. On December 26, 2007, the Terrorism Insurance Program was extended by the Terrorism Risk Insurance Program Reauthorization Act of 2007 through December 31, 2014 (TRIPRA). We carry, and we require our owners and our franchisees to carry, insurance from solvent insurance carriers to respond to both first-party and third-party liability losses related to terrorism. We purchase our first-party property damage and business interruption insurance from a stand-alone market in place of and to supplement insurance from government run pools. If TRIPRA is not extended or renewed upon its expiration in 2014, premiums for terrorism insurance coverage will likely increase and/or the terms of such insurance may be materially amended to increase stated exclusions or to otherwise effectively decrease the scope of coverage available, perhaps to the point where it is effectively unavailable.

Terrorist attacks and military conflicts may adversely affect the hospitality industry.

The terrorist attacks on the World Trade Center and the Pentagon on September 11, 2001 underscore the possibility that large public facilities or economically important assets could become the target of terrorist attacks in the future. In particular, properties that are well-known or are located in concentrated business sectors in major cities may be subject to the risk of terrorist attacks.

The occurrence or the possibility of terrorist attacks or military conflicts could:

- cause damage to one or more of our properties that may not be fully covered by insurance to the value of the damages;

cause all or portions of affected properties to be shut down for prolonged periods, resulting in a loss of income;

generally reduce travel to affected areas for tourism and business or adversely affect the willingness of customers to stay in or avail themselves of the services of the affected properties;

expose us to a risk of monetary claims arising out of death, injury or damage to property caused by any such attacks; and

result in higher costs for security and insurance premiums or diminish the availability of insurance coverage for losses related to terrorist attacks, particularly for properties in target areas, all of which could adversely affect our results.

Certain of our buildings are also highly profitable properties to our business. In addition to the effects noted above, the occurrence of a terrorist attack with respect to one of these properties could directly and materially adversely affect our results of operations. Furthermore, the loss of any of our well-known buildings could indirectly affect the value of our brands, which would in turn adversely affect our business prospects.

Changes in U.S. federal, state and local or foreign tax law, interpretations of existing tax law, or adverse determinations by tax authorities, could increase our tax burden or otherwise adversely affect our financial condition or results of operations.

We are subject to taxation at the federal, state or provincial and local levels in the U.S. and various other countries and jurisdictions. Our future effective tax rate could be affected by changes in the composition of earnings in jurisdictions with differing tax rates, changes in statutory rates and other legislative changes, changes in the valuation of our deferred tax assets and liabilities, or changes in determinations regarding the jurisdictions in which we are subject to tax. From time to time, the U.S. federal, state and local and foreign governments make substantive changes to tax rules and their application, which could result in materially higher corporate taxes than would be incurred under existing tax law and could adversely affect our financial condition or results of operations.

We record tax expense based in part on our estimates of expected future tax rates, reserves for uncertain tax positions in multiple tax jurisdictions and valuation allowances related to certain net deferred tax assets, including net operating loss carryforwards.

We are subject to ongoing and periodic tax audits and disputes in U.S. federal and various state, local and foreign jurisdictions. In particular, our consolidated U.S. federal income tax returns for the fiscal years ended December 31, 2006 and October 24, 2007 are under audit by the Internal Revenue Service (IRS), and the IRS has proposed adjustments to increase our taxable income based on several assertions involving intercompany loans, our Hilton HHonors guest loyalty and reward program and our foreign-currency denominated loans issued by one of our subsidiaries. In total, the proposed adjustments sought by the IRS would result in U.S. federal tax owed of approximately $696 million, excluding interest and penalties and potential state income taxes. We disagree with the IRS s position on each of the assertions and intend to vigorously contest them. See Note 19: Income Taxes in our audited consolidated financial statements included elsewhere in this prospectus for additional information. An unfavorable outcome from any tax audit could result in higher tax costs, penalties and interest, thereby adversely affecting our financial condition or results of operations.

Changes to accounting rules or regulations may adversely affect our financial condition and results of operations.

New accounting rules or regulations and varying interpretations of existing accounting rules or regulations have occurred and may occur in the future. A change in accounting rules or regulations may even affect our reporting of transactions completed before the change is effective, and future changes to accounting rules or regulations or the questioning of current accounting practices may adversely affect our financial condition and results of operations. For example, in 2013, the Financial Accounting Standards Board (FASB), issued a revised exposure draft outlining proposed changes to current lease accounting in FASB Accounting Standards Codification Topic 840, *Leases*. The proposed accounting standards update, if ultimately adopted in its current form, could result in significant changes to current accounting, including the capitalization of leases on the balance sheet that currently are recorded off-balance sheet as operating leases. While this change would not affect the cash flow related to our leased hotels and other leased assets, it could adversely affect our balance sheet and could therefore affect our ability to raise financing from banks or other sources.

Changes to estimates or projections used to assess the fair value of our assets, or operating results that are lower than our current estimates at certain locations, may cause us to incur impairment charges that could adversely affect our results of operations.

Our total assets include goodwill, intangible assets with indefinite lives, other intangible assets with finite useful lives and substantial amounts of long-lived assets, principally property and equipment, including hotel properties. We evaluate our goodwill and intangible assets with indefinite lives for impairment on an annual basis or at other times during the year if events or circumstances indicate that it is more likely than not that the fair value is below the carrying value. We evaluate intangible assets with finite useful lives and long-lived assets for impairment when circumstances indicate that the carrying amount may not be recoverable. Our evaluation of impairment requires us to make certain estimates and assumptions including projections of future results. After performing our evaluation for impairment, including an analysis to determine the recoverability of long-lived assets, we will record an impairment loss when the carrying value of the underlying asset, asset group or reporting unit exceeds its fair value. If the estimates or assumptions used in our evaluation of impairment change, we may be required to record additional impairment losses on certain of these assets. If these impairment losses are significant, our results of operations would be adversely affected.

Governmental regulation may adversely affect the operation of our properties.

In many jurisdictions, the hotel industry is subject to extensive foreign or U.S. federal, state and local governmental regulations, including those relating to the service of alcoholic beverages, the preparation and sale of food and those relating to building and zoning requirements. We are also subject to licensing and regulation by foreign or U.S. state and local departments relating to health, sanitation, fire and safety standards, and to laws governing their relationships with employees, including minimum wage requirements, overtime, working conditions and citizenship requirements. We or our third-party owners may be required to expend funds to meet foreign or U.S. federal, state and local regulations in connection with the continued operation or remodeling of certain of our properties. The failure to meet the requirements of applicable regulations and licensing requirements, or publicity resulting from actual or alleged failures, could have an adverse effect on our results of operations.

Foreign or U.S. environmental laws and regulations may cause us to incur substantial costs or subject us to potential liabilities.

We are subject to certain compliance costs and potential liabilities under various foreign and U.S. federal, state and local environmental, health and safety laws and regulations. These laws and regulations govern actions including air emissions, the use, storage and disposal of hazardous and toxic substances, and wastewater disposal. Our failure to comply with such laws, including any required permits or licenses, could result in substantial fines or possible revocation of our authority to conduct some of our operations. We could also be liable under such laws for the costs of investigation, removal or remediation of hazardous or toxic substances at our currently or formerly owned, leased or operated real property (including managed and franchised properties) or at third-party locations in connection with our waste disposal operations, regardless of whether or not we knew of, or caused, the presence or release of such substances. From time to time, we may be required to remediate such substances or remove, abate or manage asbestos, mold, radon gas, lead or other hazardous conditions at our properties. The presence or release of such toxic or hazardous substances could result in third-party claims for personal injury, property or natural resource damages, business interruption or other losses. Such claims and the need to investigate, remediate, or otherwise address hazardous, toxic or unsafe conditions could adversely affect our operations, the value of any affected real property, or our ability to sell, lease or assign our rights in any such property, or could otherwise harm our business or reputation. Environmental, health and safety requirements have also become increasingly stringent, and our costs may increase as a result. For example, the U.S. Congress, the U.S. Environmental Protection Agency and some states are considering or have undertaken actions to regulate and reduce greenhouse gas emissions. New or revised laws and regulations or new interpretations of existing laws and regulations, such as those related to climate change, could affect the operation of our properties or result in significant additional expense and operating restrictions on us. The potential for changes in the frequency, duration and severity of extreme weather events that may be a result of climate change could lead to significant property damage at our hotels and other assets, affect our ability to obtain insurance coverage in areas that are most vulnerable to such events, such as the coastal resort areas where we operate, and have a negative effect on revenues.

The cost of compliance with the Americans with Disabilities Act and similar legislation outside of the U.S. may be substantial.

We are subject to the Americans with Disabilities Act (ADA) and similar legislation in certain jurisdictions outside of the U.S. Under the ADA all public accommodations are required to meet certain federal requirements related to access and use by disabled persons. These regulations apply to accommodations first occupied after January 26, 1993; public accommodations built before January 26, 1993 are required to remove architectural barriers to disabled access where such removal is readily achievable. The regulations also mandate certain operational requirements that hotel operators must observe. The failure of a property to comply with the ADA could result in injunctive relief, fines, an award of damages to private litigants or mandated capital expenditures to remedy such noncompliance. Any imposition of injunctive relief, fines, damage awards or capital expenditures could adversely affect the ability of an owner or franchisee to make payments under the applicable management or franchise agreement or negatively affect the reputation of our brands. In November 2010, we entered into a settlement with the U.S. Department of Justice related to compliance with the ADA. Under the terms of the settlement, until November 2014 we must: ensure compliance with ADA regulations at our owned and joint venture (in which we own more than a 50 percent interest) properties built after January 26, 1993; require owners of managed or franchised hotels built after January 26, 1993 that enter into a new management or franchise agreement, experience a change in ownership, or renew or extend a management or franchise agreement, to conduct a survey of its facilities and to certify that the hotel complies with the ADA; ensure that new hotels constructed in our system are compliant with ADA regulations; provide ADA training to our employees; improve the accessibility of our websites and reservations system for individuals with disabilities; appoint a national ADA compliance officer; and appoint an ADA contact on-site at each hotel. If we fail to comply with the requirements of the ADA and our related consent decree, we could be subject to fines, penalties, injunctive action, reputational harm and other business effects which could materially and negatively affect our performance and results of operations.

Casinos featured on certain of our properties are subject to gaming laws, and noncompliance could result in the revocation of the gaming licenses.

Several of our properties feature casinos, most of which are operated by third parties. Factors affecting the economic performance of a casino property include:

- location, including proximity to or easy access from major population centers;
- appearance;
- local, regional or national economic conditions, which may limit the amount of disposable income that potential patrons may have for gambling;
- the existence or construction of competing casinos;
- dependence on tourism; and

governmental regulation.

Jurisdictions in which our properties containing casinos are located, including Nevada, New Jersey, Puerto Rico and Egypt have laws and regulations governing the conduct of casino gaming. These jurisdictions generally require that the operator of a casino must be found suitable and be registered. Once issued, a registration remains in force until revoked. The law defines the grounds for registration, as well as revocation or suspension of such registration. The loss of a gaming license for any reason would have a material adverse effect on the value of a casino property and could reduce fee income associated with such operations and consequently negatively affect our business results.

We are subject to risks from litigation filed by or against us.

Legal or governmental proceedings brought by or on behalf of franchisees, third-party owners of managed properties, employees or customers may adversely affect our financial results. In recent years, a number of hospitality companies have been subject to lawsuits, including class action lawsuits, alleging violations of federal laws and regulations regarding workplace and employment matters, consumer protection claims and other commercial matters. A number of these lawsuits have resulted in the payment of substantial damages by the defendants. Similar lawsuits have been and may be instituted against us from time to time, and we may incur substantial damages and expenses resulting from lawsuits of this type, which could have a material adverse effect on our business. At any given time, we may be engaged in lawsuits involving third-party owners of our hotels. Similarly, we may from time to time institute legal proceedings on behalf of ourselves or others, the ultimate outcome of which could cause us to incur substantial damages and expenses, which could have a material adverse effect on our business.

Our Sponsor and its affiliates control us and their interests may conflict with ours or with holders of the notes in the future.

Our Sponsor and its affiliates beneficially owned approximately 55.3 percent of Holdings common stock as of November 10, 2014. Moreover, under Holdings bylaws and the stockholders agreement with our Sponsor and its affiliates, for so long as Holdings pre-IPO owners and their affiliates retain significant ownership of Holdings, Holdings has agreed to nominate to its board individuals designated by our Sponsor, whom we refer to as the Sponsor Directors. Even when our Sponsor and its affiliates cease to own shares of Holdings stock representing a majority of the total voting power, for so long as our Sponsor continues to own a significant percentage of Holdings stock our Sponsor will still be able to significantly influence the composition of Holdings board of directors and the approval of actions requiring stockholder approval. Accordingly, for such period of time, our Sponsor will have significant influence with respect to our management, business plans and policies, including the appointment and removal of our officers. The credit agreement that governs our Senior Secured Credit Facilities and the indenture that govern the exchange notes permit us to pay advisory and other fees, dividends and make other restricted payments to our Sponsor under certain circumstances, and our Sponsor or its affiliates may have an interest in our doing so. In addition, our Sponsor has no obligation to provide us with any additional debt or equity financing.

Our Sponsor and its affiliates engage in a broad spectrum of activities, including investments in real estate generally and in the hospitality industry in particular. In the ordinary course of their business activities, our Sponsor and its affiliates may engage in activities where their interests conflict with our interests or those of our stockholders. For example, our Sponsor owns interests in Extended Stay America, Inc. and La Quinta Holdings Inc., and certain other investments in the hotel industry that compete directly or indirectly with us. In addition, affiliates of our Sponsor directly and indirectly own hotels that we manage or franchise, and they may in the future enter into other transactions with us, including hotel or timeshare development projects, that could result in their having interests that could conflict with ours. Holdings amended and restated certificate of incorporation provides that none of our Sponsor, any of its affiliates or any director who is not employed by us (including any non-employee director who serves as one of our officers in both his or her director and officer capacities) or his or her affiliates will have any duty to refrain from engaging, directly or indirectly, in the same business activities or similar business activities or lines of business in which we operate. Our Sponsor also may pursue acquisition opportunities that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us. In addition, our Sponsor may have an interest in pursuing acquisitions, divestitures and other transactions that, in its judgment, could enhance its investment, even though such transactions might involve risks to you.

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USE OF PROCEEDS

We will not receive any proceeds from the issuance of the exchange notes in the exchange offer. The exchange offer is intended to satisfy our obligations under the registration rights agreement that we entered into in connection with the private offering of the outstanding notes. As consideration for issuing the exchange notes as contemplated in this prospectus, we will receive in exchange a like principal amount of outstanding notes, the terms of which are identical in all material respects to the exchange notes, except that the exchange notes will not contain terms with respect to transfer restrictions or additional interest upon a failure to fulfill certain of our obligations under the registration rights agreement. The outstanding notes that are surrendered in exchange for the exchange notes will be retired and cancelled and cannot be reissued. As a result, the issuance of the exchange notes will not result in any change in our capitalization.

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CAPITALIZATION

The following table sets forth our consolidated cash and capitalization as of September 30, 2014.

You should read this table in conjunction with Prospectus Summary Summary Historical Financial Data, Selected Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations and our historical consolidated financial statements and the related notes thereto included elsewhere in this prospectus.

The outstanding notes that are surrendered in exchange for the exchange notes will be retired and cancelled and cannot be reissued. As a result, the issuance of the exchange notes will not result in any change in our capitalization.

	As of September 30, 2014 (in millions)	
	Restricted Group	Consolidated
Cash and cash equivalents	$ 499	$ 543
Restricted cash and cash equivalents[1]	232	288
Total	$ 731	$ 831

	Restricted Group	Consolidated
Total long-term debt and obligations under capital leases:		
Long-term debt, including current maturities[2]	$ 262	$ 326
Senior Secured Credit Facilities[3]	5,300	5,300
5.625% Senior Notes due 2021	1,500	1,500
CMBS Loan		3,500
Waldorf Astoria Loan		525
Timeshare Facility[4][5]	150	150
Securitized Timeshare Debt[4][5]	511	511
Non-recourse debt and capital lease obligations of consolidated variable interest entities, including current maturities[2]	276	276
Total debt	$ 7,999	$ 12,088
Equity:		
Total stockholders equity		4,790
Noncontrolling interests		(40)
Total equity		4,750
Total capitalization		$ 16,838

(1)

The majority of our restricted cash and cash equivalents balance relates to cash collateral on our self-insurance programs and escrowed cash from our timeshare operations.

(2) Includes $103 million and $12 million of long-term debt and non-recourse debt and capital lease obligations of consolidated variable interest entities, respectively, associated with entities that hold two hotels in which we own interests of 50 percent or less that are not restricted subsidiaries.

(3) For a description of our Senior Secured Credit Facilities, see Description of Certain Other Indebtedness Senior Secured Credit Facilities.

(4) For a description of the Timeshare Facility and the Securitized Timeshare Debt, see Timeshare Facility and Securitized Timeshare Debt under Description of Certain Other Indebtedness.

(5) Certain of our restricted subsidiaries are prohibited from guaranteeing the notes under our Timeshare Facility and the agreements governing our Securitized Timeshare Debt, and therefore do not guarantee the notes or our Senior Secured Credit Facilities.

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SELECTED FINANCIAL DATA

We derived the selected statement of operations data for the years ended December 31, 2013, 2012 and 2011 and the selected balance sheet data as of December 31, 2013 and 2012 from our audited consolidated financial statements included elsewhere in this prospectus. We derived the selected statement of operations data for the year ended December 31, 2010 and the selected balance sheet data as of December 31, 2011 from our audited consolidated financial statements that are not included in this prospectus. We derived the selected balance sheet data as of December 31, 2010 from our unaudited consolidated financial statements that are not included in this prospectus. We derived the selected statement of operations data for the year ended December 31, 2009 and the selected balance sheet data as of December 31, 2009 from Hilton Worldwide, Inc. s audited consolidated financial statements, which are not included in this prospectus. We derived the selected statement of operations data for the nine months ended September 30, 2014 and 2013 and the selected balance sheet data as of September 30, 2014 from our unaudited condensed consolidated financial statements included elsewhere in this prospectus.

We have prepared our unaudited consolidated financial statements on the same basis as our audited consolidated financial statements and, in our opinion, have included all adjustments, which include only normal recurring adjustments, necessary to present fairly in all material respects our financial position and results of operations. The results for any interim period are not necessarily indicative of the results that may be expected for the full year. Additionally, our historical results are not necessarily indicative of the results expected for any future period.

You should read the selected consolidated financial data below together with the consolidated financial statements including the related notes thereto appearing elsewhere in this prospectus, as well as Management s Discussion and Analysis of Financial Condition and Results of Operations and Description of Certain Indebtedness, and the other financial information included elsewhere in this prospectus.

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The historical financial information included in this prospectus includes results of PropCo for the periods presented. None of the PropCo entities will provide any credit or collateral support for any indebtedness of the Issuer, including the notes.

	Nine Months Ended September 30,		Year Ended December 31,				
	2014	2013	2013	2012	2011	2010	2009
	(in millions, except per share data)						
Selected Statement of Operations Data:							
Revenues							
Owned and leased hotels	$ 3,141	$ 2,982	$ 4,046	$ 3,979	$ 3,898	$ 3,667	$ 3,540
Management and franchise fees and other	1,030	868	1,175	1,088	1,014	901	807
Timeshare	850	809	1,109	1,085	944	863	832
	5,021	4,659	6,330	6,152	5,856	5,431	5,179
Other revenues from managed and franchised properties	2,653	2,433	3,405	3,124	2,927	2,637	2,397
Total revenues	7,674	7,092	9,735	9,276	8,783	8,068	7,576
Expenses							
Owned and leased hotels	2,420	2,327	3,147	3,230	3,213	3,009	2,904
Timeshare	564	545	730	758	668	634	644
Depreciation and amortization	470	455	603	550	564	574	587
Impairment losses				54	20	24	475
General, administrative and other	349	319	748	460	416	637	423
	3,803	3,646	5,228	5,052	4,881	4,878	5,033
Other expenses from managed and franchised properties	2,653	2,433	3,405	3,124	2,927	2,637	2,394
Total expenses	6,456	6,079	8,633	8,176	7,808	7,515	7,427
Operating income	1,218	1,013	1,102	1,100	975	553	149
Net income (loss) attributable to Hilton stockholders	515	389	415	352	253	128	(532)
Basic and diluted earnings (losses) per share	$ 0.52	$ 0.42	$ 0.45	$ 0.38	$ 0.27	$ 0.14	$ (0.58)

	September 30,	December 31,				
	2014	2013	2012	2011	2010	2009
	(in millions)					
Selected Balance Sheet Data:						
Cash and cash equivalents	$ 543	$ 594	$ 755	$ 781	$ 796	$ 738
Restricted cash and cash equivalents	288	266	550	658	619	394
Total assets	26,324	26,562	27,066	27,312	27,750	29,140

Long-term debt[1]	11,127	11,755	15,575	16,311	16,995	21,125
Non-recourse timeshare debt[1][2]	661	672				
Non-recourse debt and capital lease obligations of consolidated variable interest entities[1]	276	296	420	481	541	574
Total equity (deficit)	4,750	4,276	2,155	1,702	1,544	(1,470)

(1) Includes current maturities.

(2) Includes Timeshare Facility and Securitized Timeshare Debt.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with Summary Summary Historical Financial Data, Selected Financial Data and our consolidated financial statements and related notes that appear elsewhere in this prospectus. In addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this prospectus, particularly in Risk Factors.

Overview

Our Business

Hilton is one of the largest and fastest growing hospitality companies in the world, with 4,265 hotels, resorts and timeshare properties comprising 705,196 rooms in 93 countries and territories. Our premier brand portfolio includes our lifestyle brand, Canopy by Hilton announced on October 15, 2014, our luxury hotel brands, Waldorf Astoria Hotels & Resorts and Conrad Hotels & Resorts, our full-service hotel brands, Hilton Hotels & Resorts, DoubleTree by Hilton, Embassy Suites Hotels and Curio A Collection by Hilton, our focused-service hotel brands, Hilton Garden Inn, Hampton Hotels, Homewood Suites by Hilton and Home2 Suites by Hilton, and our timeshare brand, Hilton Grand Vacations. We have approximately 43 million members in our award-winning customer loyalty program, Hilton HHonors.

Segments and Regions

Management analyzes our operations and business by both operating segments and geographic regions. Our operations consist of three reportable segments that are based on similar products or services: management and franchise; ownership; and timeshare. The management and franchise segment provides services, which include hotel management and licensing of our brands to franchisees, as well as property management at timeshare properties. This segment generates its revenue from management and franchise fees charged to hotel owners, including our owned and leased hotels, and to homeowners associations at timeshare properties. As a manager of hotels and timeshare resorts, we typically are responsible for supervising or operating the property in exchange for management fees. As a franchisor of hotels, we charge franchise fees in exchange for the use of one of our brand names and related commercial services, such as our reservation system, marketing and information technology services. The ownership segment derives earnings from providing hotel room rentals, food and beverage sales and other services at our owned and leased hotels. The timeshare segment consists of multi-unit vacation ownership properties. This segment generates revenue by marketing and selling timeshare interests owned by Hilton and third parties, providing consumer financing for the timeshare interests and resort operations.

Geographically, management conducts business through three distinct geographic regions: the Americas; Europe, Middle East and Africa (EMEA); and Asia Pacific. The Americas region includes North America, South America and Central America, including all Caribbean nations. Although the U.S. is included in the Americas, it is often analyzed separately and apart from the Americas geographic region and, as such, it is presented separately within the analysis herein. The EMEA region includes Europe, which represents the western-most peninsula of Eurasia stretching from Ireland in the west to Russia in the east, and the Middle East and Africa (MEA), which represents the Middle East region and all African nations, including the Indian Ocean island nations. Europe and MEA are often analyzed separately by management. The Asia Pacific region includes the eastern and southeastern nations of Asia, as well as

India, Australia, New Zealand and the Pacific island nations.

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System Growth and Pipeline

As of September 30, 2014, approximately 76 percent of our system-wide hotel rooms were located in the U.S. We expect that the percentage of our hotel rooms outside the U.S. will continue to increase in future years as hotels in our pipeline open. To support our growth strategy, we continue to expand our development pipeline. As of September 30, 2014, we had a total of 1,269 hotels in our development pipeline, representing approximately 215,000 rooms under construction or approved for development throughout 74 countries and territories. Of the approximately 215,000 rooms in the pipeline, 119,000 rooms, or more than half of the pipeline, were located outside the U.S. As of September 30, 2014, approximately 109,000 rooms, representing over half of our development pipeline, were under construction. All of the rooms in the pipeline and under construction are within our management and franchise segment. We do not consider any individual development project relating to properties under our management and franchise segment to be material to us.

Our management and franchise contracts are designed to expand our business with limited or no capital investment. The capital required to build and maintain hotels that we manage or franchise is typically provided by the owner of the respective hotel with minimal or no capital required by us as the manager or franchisor. Additionally, prior to approving the addition of new hotels to our management and franchise development pipeline, we evaluate the economic viability of the hotel based on the geographic location, the credit quality of the third-party owner and other factors. As a result, by increasing the number of management and franchise agreements with third-party owners, we expect to achieve a higher overall return on invested capital.

Recent Events

Secondary Offerings

In November 2014, certain selling stockholders affiliated with Blackstone closed a secondary offering of 103,500,000 shares of our common stock (including 13,500,000 shares of common stock that were subject to the underwriters option to purchase additional shares) at a price to the public of $25.00 per share. The shares offered and sold in the offering were registered under the Securities Act pursuant to our Registration Statement on Form S-1, which was declared effective by the SEC on November 3, 2014. We did not offer any shares of common stock or receive any proceeds from the sale of shares in this offering. In addition, none of our officers or directors sold any shares of common stock beneficially owned by them in this offering.

In June 2014, certain selling stockholders affiliated with Blackstone closed a secondary offering of 103,500,000 shares of our common stock (including 13,500,000 shares of common stock that were subject to the underwriters option to purchase additional shares) at a price to the public of $22.50 per share. The shares offered and sold in the offering were registered under the Securities Act pursuant to our Registration Statement on Form S-1, which was declared effective by the SEC on June 24, 2014. We did not offer any shares of common stock or receive any proceeds from the sale of shares in this offering. In addition, none of our officers or directors sold any shares of common stock beneficially owned by them in this offering.

New Brands

On October 15, 2014, we launched our newest brand: Canopy by Hilton. This brand represents a new hotel concept that redefines the lifestyle category, offering simple, guest-directed service, thoughtful local choices and comfortable spaces for a positive stay, as well as delivering the many benefits of our system, including the Hilton HHonors guest loyalty program. Letters of intent have been signed for 11 properties and we expect to open the first Canopy hotel in 2015.

On June 2, 2014 we introduced our newest brand: Curio A Collection by Hilton. Created for travelers who seek local discovery and experiences, Curio will consist of a carefully selected collection of hotels that will retain their unique identity but are expected to deliver the many benefits of our system, including Hilton HHonors. As of September 30, 2014, we opened two properties comprising 1,811 rooms, including the SLS Las Vegas Hotel & Casino, and four properties comprising 1,560 rooms were in the pipeline.

Sale of Waldorf Astoria New York

On October 6, 2014, we announced that we have agreed to sell the Waldorf Astoria New York to an affiliate of Anbang Insurance Group Co. Ltd. (the Buyer) for a purchase price of $1.95 billion, which is payable in cash at closing and is subject to customary pro rations and adjustments. At closing, we will enter into a management agreement with a 100-year term with the Buyer, pursuant to which we will continue to operate the hotel under our Waldorf Astoria Hotels & Resorts brand. The Buyer has provided a $100 million cash deposit, which is being held in escrow as earnest money and the completion of the transaction is subject to customary closing conditions. Subject to specified terms and conditions, the closing is scheduled for December 31, 2014, but the parties have the right to adjourn closing to March 31, 2015 or later. We can provide no assurance that the closing will occur on either date or at all. At closing, we expect that our existing mortgage loan of approximately $525 million secured by the Waldorf Astoria New York will be repaid in full.

Initial Public Offering

On December 17, 2013, Holdings completed its IPO in which it sold 64,102,564 shares of common stock and a selling stockholder sold 71,184,153 shares of common stock at an initial public offering price of $20.00 per share. The shares offered and sold in the offering were registered under the Securities Act pursuant to our Registration Statement on Form S-1, which was declared effective by the SEC on December 11, 2013. The common stock is listed on the NYSE under the symbol HLT and began trading publicly on December 12, 2013. The offering generated net proceeds of approximately $1,243 million to us after underwriting discounts, expenses and transaction costs. We used the offering proceeds along with available cash to repay approximately $1,250 million of term loan borrowings outstanding under our Senior Secured Credit Facilities.

Debt Refinancing

On October 25, 2013, we repaid in full all $13.4 billion in borrowings outstanding on such date under our senior mortgage loans and secured mezzanine loans with proceeds from: (1) our October 4, 2013 offering of the outstanding notes, which were released from escrow on October 25, 2013, (2) borrowings under our new Senior Secured Credit Facilities, which consists of the $7.6 billion Term Loans and the $1.0 billion Revolving Credit Facility, (3) the $3.5 billion CMBS Loan and (4) the $525 million Waldorf Astoria Loan, together with additional borrowings under the Timeshare Facility and cash on hand.

In addition, on October 25, 2013, we issued a notice of redemption to holders of all of the outstanding $96 million aggregate principal amount of their 8 percent quarterly interest bonds due 2031 on November 25, 2013. The bonds were redeemed in full at a redemption price equal to 100 percent of the principal amount thereof and interest accrued and unpaid thereon, to, but not including November 25, 2013. We refer to the transactions discussed above as the Debt Refinancing.

Hilton HHonors Points Sales

In October 2013, we sold Hilton HHonors points to American Express Travel Related Services Company, Inc. (Amex) and Citibank, N.A. (Citi) for $400 million and $250 million, respectively, in cash. We used the net proceeds of the Hilton HHonors points sales to reduce outstanding indebtedness in connection with the Debt Refinancing.

For more information on these transactions, see Liquidity and Capital Resources as well as Note 13: Debt and Note 14: Deferred Revenues in our audited consolidated financial statements included elsewhere in this prospectus for additional information.

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Principal Components and Factors Affecting our Results of Operations

Revenues

Principal Components

We primarily derive our revenues from the following sources:

Owned and leased hotels. Represents revenues derived from hotel operations, including room rentals, food and beverage sales and other ancillary services. These revenues are primarily derived from two categories of customers: transient and group. Transient guests are individual travelers who are traveling for business or leisure. Our group guests are traveling for group events that reserve rooms for meetings, conferences or social functions sponsored by associations, corporate, social, military, educational, religious or other organizations. Group business usually includes a block of room accommodations, as well as other ancillary services, such as catering and banquet services. A majority of our food and beverage sales and other ancillary services are provided to customers who are also occupying rooms at our hotel properties. As a result, occupancy affects all components of our owned and leased hotel revenues.

Management and franchise fees and other. Represents revenues derived from management fees earned from hotels and timeshare properties managed by us, franchise fees received in connection with the franchising of our brands and other revenue generated by the incidental support of hotel operations for owned, leased, managed and franchised properties and other rental income.

Terms of our management agreements vary, but our fees generally consist of a base fee, which is typically a percentage of each hotel s gross revenue, and in some cases an incentive fee, which is based on gross operating profits, cash flow or a combination thereof. Management fees from timeshare properties are generally a fixed amount as stated in the management agreement. Outside of the U.S., our fees are often more dependent on hotel profitability measures, either through a single management fee structure where the entire fee is based on a profitability measure, or because our two-tier fee structure is more heavily weighted toward the incentive fee than the base fee. Additionally, we receive one-time upfront fees upon execution of certain management contracts. In general, the hotel owner pays all operating and other expenses and reimburses our out-of-pocket expenses. The initial terms of our management agreements for full-service hotels typically are 20 years. Extensions are negotiated and vary, but typically are more prevalent in full-service hotels. Typically these agreements contain one or two extension options that are either for 5 or 10 years and can be exercised at our or the other party s option or by mutual agreement. Some of our management agreements provide early termination rights to hotel owners upon certain events, including the failure to meet certain financial or performance criteria. Performance test measures typically are based upon the hotel s performance individually or in comparison to specified hotels.

Under our franchise agreements, franchisees pay us franchise fees which consist of initial application and initiation fees for new hotels entering the system and monthly royalty fees, generally calculated as a percentage of room revenues. Royalty fees for our full-service brands may also include a percentage of gross food and beverage revenues and other revenues, where applicable. In addition to the franchise application and royalty fees, franchisees also generally pay a monthly program fee based on a percentage of the total gross room revenue that covers the cost of advertising and marketing programs; internet, technology and reservation system expenses; and quality assurance program costs. Our franchise agreements typically have initial terms of approximately 20 years for new construction and approximately 10 to 20 years for properties that are converted from other brands. At the expiration of the initial term, we may relicense the hotel to the franchisee at our option, the hotel owner s option or by mutual agreement, for an additional term ranging from 10 to 15 years. We have the right to terminate a franchise agreement upon specified events of default, including nonpayment of fees or noncompliance with brand standards. If a franchise agreement is terminated by us because of a franchisee s default, the franchisee is contractually required to pay us liquidated damages.

Timeshare. Represents revenues derived from the sale and financing of timeshare units and revenues from enrollments and other fees, rentals of timeshare units, food and beverage sales and other ancillary services at our timeshare properties and fees, which we refer to as resort operations. Additionally, in recent years, we began a transformation of our timeshare business to a capital light model in which third-party timeshare owners and developers provide capital for development while we act as the sales and marketing agent and property manager. Through these transactions, we receive a sales and marketing commission and branding fees on sales of timeshare intervals, recurring fees to operate the homeowners associations and revenues from resort operations.

Other revenues from managed and franchised properties. These revenues represent the payroll and its related costs for properties that we manage where the property employees are legally our responsibility, as well as certain other operating costs of the managed and franchised properties operations, marketing expenses and other expenses associated with our brands and shared services that are contractually either reimbursed to us by the property owners or paid from fees collected in advance from these properties. We have no legal responsibility for the employees at our franchised properties. The corresponding expenses are presented as other expenses from managed and franchised properties in our consolidated statements of operations resulting in no effect on operating income or net income.

Factors Affecting our Revenues

The following factors affect the revenues we derive from our operations:

Consumer demand and global economic conditions. Consumer demand for our products and services is closely linked to the performance of the general economy and is sensitive to business and personal discretionary spending levels. Declines in consumer demand due to adverse general economic conditions, risks affecting or reducing travel patterns, lower consumer confidence and adverse political conditions can lower the revenues and profitability of our owned and leased operations and the amount of management and franchise fee revenues we are able to generate from our managed and franchised properties. Further, competition for hotel guests and the supply of hotel services affect our ability to increase rates charged to customers at our hotels. Also, declines in hotel profitability during an economic downturn directly affect the incentive portion of our management fees, which is based on hotel profit measures. Our timeshare segment also is linked to cycles in the general economy and consumer discretionary spending. As a result, changes in consumer demand and general business cycles can subject and have subjected our revenues to significant volatility.

Our results of operations have steadily improved as the global economy continues to recover, resulting in an increase in system-wide RevPAR of 8.8 percent from the year ended December 31, 2011 to the year ended December 31, 2013.

Agreements with third-party owners and franchisees and relationships with developers. We depend on our long-term management and franchise agreements with third-party owners and franchisees for a significant portion of our management and franchise fee revenues. The success and sustainability of our management and franchise business depends on our ability to perform under our management and franchise agreements and maintain good relationships with third-party owners and franchisees. Our relationships with these third parties also generate new relationships with developers and opportunities for property development that can support our growth. Growth and maintenance of our hotel system and earning fees relating to hotels in the pipeline are dependent on the ability of developers and owners to access capital for the development, maintenance and renovation of properties. We believe that we have good relationships with our third-party owners, franchisees and developers and are committed to the continued growth and development of these relationships. These relationships exist with a diverse group of owners, franchisees and developers and are not significantly concentrated with any particular third party. Additionally, in recent years we have entered into sales and marketing agreements to sell timeshare units on behalf of third-party developers. Our supply of third-party developed timeshare intervals was approximately 106,000, or 81 percent of our total supply, as of September 30, 2014. We

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expect sales and marketing agreements with third-party developers and resort operations to comprise a growing percentage of our timeshare revenue and revenues derived from the sale and financing of timeshare units developed by us to comprise a smaller percentage of our timeshare revenue in future periods, consistent with our strategy to focus our business on the management aspects and deploy less of our capital to asset construction.

Expenses

Principal Components

We primarily incur the following expenses:

Owned and leased hotels. Owned and leased hotel expenses reflect the operating expenses of our consolidated owned and leased hotels, including room expense, food and beverage costs, other support costs and property expenses. Room expense includes compensation costs for housekeeping, laundry and front desk staff and supply costs for guest room amenities and laundry. Food and beverage costs include costs for wait and kitchen staff and food and beverage products. Other support expenses consist of costs associated with property-level management, utilities, sales and marketing, operating hotel spas, telephones, parking and other guest recreation, entertainment and services. Property expenses include property taxes, repairs and maintenance, rent and insurance.

Timeshare. Timeshare expenses include the cost of inventory sold during the period, sales and marketing expenses, resort operations expenses and other overhead expenses associated with our timeshare business.

Depreciation and amortization. These are non-cash expenses that primarily consist of depreciation of fixed assets such as buildings, furniture, fixtures and equipment at our consolidated owned and leased hotels, as well as certain corporate assets. Amortization expense primarily consists of amortization of our management and franchise intangibles, which are amortized over their estimated useful lives. Additionally, we amortize capitalized software over the estimated useful life of the software.

General, administrative and other expenses. General, administrative and other expenses consist primarily of compensation expense for our corporate staff and personnel supporting our business segments (including divisional offices that support our management and franchise segment), professional fees (including consulting, audit and legal fees), travel and entertainment expenses, bad debt expenses, contractual performance obligations and office administrative and related expenses. Expenses incurred by our supply management business, laundry facilities and other ancillary businesses are also included in general, administrative and other expenses.

Impairment losses. We hold significant amounts of goodwill, amortizing and non-amortizing intangible assets, long-lived assets and investments. We evaluate these assets for impairment as further discussed in Critical Accounting Policies and Estimates. These evaluations have, in the past, resulted in impairment losses for certain of these assets based on the specific facts and circumstances surrounding the assets and our estimates of fair value. Based on economic conditions or other factors at a property-specific or company-wide level, we may be required to take additional impairment losses to reflect further declines in our asset and/or investment values.

Other expenses from managed and franchised properties. These expenses represent the payroll and its related costs for properties that we manage where the property employees are legally our responsibility, as well as certain other operating costs of the managed and franchised properties operations, marketing expenses and other expenses associated with our brands and shared services that are contractually either reimbursed to us by the property owners or paid from fees collected in advance from these properties. We have no legal responsibility for the employees at our franchised properties. The corresponding revenues are presented as other revenues from managed and franchised properties in our consolidated statements of operations resulting in no effect on operating income or net income.

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Factors Affecting our Costs and Expenses

The following are principal factors that affect the costs and expenses we incur in the course of our operations:

Fixed expenses. Many of the expenses associated with managing, franchising and owning hotels and timeshare resorts are relatively fixed. These expenses include personnel costs, rent, property taxes, insurance and utilities, as well as sales and marketing expenses for our timeshare segment. If we are unable to decrease these costs significantly or rapidly when demand for our hotels and other properties decreases, the resulting decline in our revenues can have an adverse effect on our net cash flow, margins and profits. This effect can be especially pronounced during periods of economic contraction or slow economic growth. Economic downturns generally affect the results of our owned and leased hotel segment more significantly than the results of our management and franchising segments due to the high fixed costs associated with operating an owned or leased hotel. The effectiveness of any cost-cutting efforts is limited by the fixed costs inherent in our business. As a result, we may not be able to offset revenue reductions through cost cutting. Employees at some of our owned and leased hotels are parties to collective bargaining agreements that may also limit our ability to make timely staffing or labor changes in response to declining revenues. In addition, any efforts to reduce costs, or to defer or cancel capital improvements, could adversely affect the economic value of our hotels and brands. We have taken steps to reduce our fixed costs to levels we feel are appropriate to maximize profitability and respond to market conditions without jeopardizing the overall customer experience or the value of our hotels or brands. Also, a significant portion of our costs to support our timeshare business relates to direct sales and marketing of these units. In periods of decreased demand for timeshare units, we may be unable to reduce our sales and marketing expenses quickly enough to prevent a deterioration of our profit margins on our timeshare business.

Changes in depreciation and amortization expense. Changes in depreciation expense may be driven by renovations of existing hotels, acquisition or development of new hotels, the disposition of existing hotels through sale or closure, or changes in estimates of the useful lives of our assets. As we place new assets into service we will be required to record additional depreciation expense on those assets. Additionally, we capitalize costs associated with certain software development projects, and as those projects are completed and placed into service, amortization expense will increase.

Other Items

Effect of foreign currency exchange rate fluctuations

Significant portions of our operations are conducted in functional currencies other than our reporting currency, which is the U.S. dollar (USD), and we have assets and liabilities denominated in a variety of foreign currencies. As a result, we are required to translate those results, assets and liabilities from the functional currency into USD at market based exchange rates for each reporting period. When comparing our results of operations between periods, there may be material portions of the changes in our revenues or expenses that are derived from fluctuations in exchange rates experienced between those periods.

Seasonality

The lodging industry is seasonal in nature. However, the periods during which our hotels experience higher or lower levels of demand vary from property to property and depend upon location, type of property and competitive mix within the specific location. Based on historical results, we generally expect our revenue to be lower during the first calendar quarter of each year than during each of the three subsequent quarters, with the fourth quarter producing the strongest revenues of the year.

Key Business and Financial Metrics Used by Management

Comparable Hotels

We define our comparable hotels as those that: (i) were active and operating in our system for at least one full calendar year as of the end of the current period, and open January 1st of the previous year; (ii) have not undergone a change in brand or ownership during the current or comparable periods reported; and (iii) have not sustained substantial property damage, business interruption, undergone large-scale capital projects or for which comparable results are not available. Of the 4,221 hotels in our system as of September 30, 2014, 3,548 were classified as comparable hotels. Our 673 non-comparable hotels included 63 properties, or approximately one percent of the total hotels in our system, that were removed from the comparable group during the last twelve months because they sustained substantial property damage, business interruption, undergone large-scale capital projects or comparable results were not available. Of the 4,073, 3,926 and 3,806 hotels in our system as of December 31, 2013, 2012 and 2011, respectively, 3,548, 3,484, and 3,401 have been classified as comparable hotels for the years ended December 31, 2013, 2012 and 2011, respectively.

Occupancy

Occupancy represents the total number of room nights sold divided by the total number of room nights available at a hotel or group of hotels. Occupancy measures the utilization of our hotels available capacity. Management uses occupancy to gauge demand at a specific hotel or group of hotels in a given period. Occupancy levels also help us determine achievable ADR levels as demand for hotel rooms increases or decreases.

Average Daily Rate

ADR represents hotel room revenue divided by total number of room nights sold in a given period. ADR measures average room price attained by a hotel and ADR trends provide useful information concerning the pricing environment and the nature of the customer base of a hotel or group of hotels. ADR is a commonly used performance measure in the industry, and we use ADR to assess pricing levels that we are able to generate by type of customer, as changes in rates have a different effect on overall revenues and incremental profitability than changes in occupancy, as described above.

Revenue per Available Room

We calculate RevPAR by dividing hotel room revenue by room nights available to guests for a given period. We consider RevPAR to be a meaningful indicator of our performance as it provides a metric correlated to two primary and key drivers of operations at our hotels: occupancy and ADR. RevPAR is also a useful indicator in measuring performance over comparable periods for comparable hotels.

References to RevPAR, ADR and occupancy are presented on a comparable basis and references to RevPAR and ADR are presented on a currency neutral basis (all periods use the same exchange rates), unless otherwise noted.

EBITDA and Adjusted EBITDA

EBITDA, presented herein, is a financial measure that is not recognized under U.S. GAAP that reflects net income attributable to Hilton stockholders, excluding interest expense, a provision for income taxes and depreciation and amortization. We consider EBITDA to be a useful measure of operating performance, due to the significance of our long-lived assets and level of indebtedness.

Adjusted EBITDA, presented herein, is calculated as EBITDA, as previously defined, further adjusted to exclude certain items, including, but not limited to, gains, losses and expenses in connection with: (i) asset dispositions for both consolidated and unconsolidated investments; (ii) foreign currency transactions; (iii) debt restructurings/retirements; (iv) non-cash impairment losses; (v) FF&E replacement reserves required under certain lease agreements; (vi) reorganization costs; (vii) share-based and certain other compensation expenses prior to and in connection with our IPO; (viii) severance, relocation and other expenses; and (ix) other items.

EBITDA and Adjusted EBITDA are not recognized terms under U.S. GAAP and should not be considered as alternatives to net income (loss) or other measures of financial performance or liquidity derived in accordance with U.S. GAAP. In addition, our definitions of EBITDA and Adjusted EBITDA may not be comparable to similarly titled measures of other companies.

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We believe that EBITDA and Adjusted EBITDA provide useful information to investors about us and our financial condition and results of operations for the following reasons: (i) EBITDA and Adjusted EBITDA are among the measures used by our management team to evaluate our operating performance and make day-to-day operating decisions; and (ii) EBITDA and Adjusted EBITDA are frequently used by securities analysts, investors and other interested parties as a common performance measure to compare results or estimate valuations across companies in our industry.

EBITDA and Adjusted EBITDA have limitations as analytical tools and should not be considered either in isolation or as a substitute for net income (loss), cash flow or other methods of analyzing our results as reported under U.S. GAAP. Some of these limitations are:

- EBITDA and Adjusted EBITDA do not reflect changes in, or cash requirements for, our working capital needs;
- EBITDA and Adjusted EBITDA do not reflect our interest expense, or the cash requirements necessary to service interest or principal payments, on our indebtedness;
- EBITDA and Adjusted EBITDA do not reflect our tax expense or the cash requirements to pay our taxes;
- EBITDA and Adjusted EBITDA do not reflect historical cash expenditures or future requirements for capital expenditures or contractual commitments;
- EBITDA and Adjusted EBITDA do not reflect the effect on earnings or changes resulting from matters that we consider not to be indicative of our future operations;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA and Adjusted EBITDA do not reflect any cash requirements for such replacements; and
- other companies in our industry may calculate EBITDA and Adjusted EBITDA differently, limiting their usefulness as comparative measures.

Because of these limitations, EBITDA and Adjusted EBITDA should not be considered as discretionary cash available to us to reinvest in the growth of our business or as measures of cash that will be available to us to meet our obligations.

Results of Operations

Nine Months Ended September 30, 2014 Compared with Nine Months Ended September 30, 2013

The hotel operating statistics by segment for our system-wide comparable hotels were as follows:

	Nine Months Ended September 30, 2014		Variance 2014 vs. 2013
Owned and leased hotels			
Occupancy		78.9%	1.8% pts.
ADR	$	198.58	3.2%
RevPAR	$	156.75	5.6%
Managed and franchised hotels			
Occupancy		75.5%	2.4% pts.
ADR	$	135.65	4.1%
RevPAR	$	102.47	7.5%
System-wide			
Occupancy		75.8%	2.4% pts.
ADR	$	141.77	3.9%
RevPAR	$	107.48	7.3%

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The hotel operating statistics by region for our system-wide comparable hotels were as follows:

	Nine Months Ended September 30, 2014		Variance 2014 vs. 2013
Americas			
Occupancy		76.7%	2.4% pts.
ADR	$	137.30	4.3%
RevPAR	$	105.31	7.7%
Europe			
Occupancy		75.3%	2.3% pts.
ADR	$	171.90	2.4%
RevPAR	$	129.52	5.7%
MEA			
Occupancy		62.9%	2.2% pts.
ADR	$	164.09	%
RevPAR	$	103.14	3.6%
Asia Pacific			
Occupancy		68.2%	2.0% pts.
ADR	$	160.28	2.4%
RevPAR	$	109.35	5.5%

During the nine months ended September 30, 2014, we experienced RevPAR increases in all segments and regions of our business primarily as a result of increased occupancy and increased rates in market segments where demand outpaced supply.

Revenues

	Nine Months Ended September 30, 2014	2013	Percent Change 2014 vs. 2013
	(in millions)		
Owned and leased hotels	$ 3,141	$ 2,982	5.3
Management and franchise fees and other	1,030	868	18.7
Timeshare	850	809	5.1
	$ 5,021	$ 4,659	7.8

Revenues as presented in this section excludes other revenues from managed and franchised properties of $2,653 million and $2,433 million during the nine months ended September 30, 2014 and 2013, respectively.

Owned and leased hotels

During the nine months ended September 30, 2014, the overall improved performance at our owned and leased hotels primarily was a result of an increase in RevPAR of 5.6 percent at our comparable owned and leased hotels.

As of September 30, 2014, we had 40 consolidated owned and leased hotels located in the U.S., comprising 25,276 rooms. Revenues at our U.S. owned and leased hotels totaled $1,636 million and $1,520 million for the nine months ended September 30, 2014 and 2013, respectively. The increase was primarily the result of an increase in RevPAR at our U.S. comparable owned and leased hotels of 7.1 percent, which was due to increases in ADR of 5.0 percent and occupancy of 1.6 percentage points. The increase in RevPAR at our U.S. comparable owned and leased hotels was attributable to both transient guests and group business. In addition, food and beverage revenues increased 6.8 percent for the nine months ended September 30, 2014, primarily due to increased spending by group customers.

As of September 30, 2014, we had 88 consolidated owned and leased hotels located outside of the U.S., comprising 25,656 rooms. Revenues from our international (non-U.S.) owned and leased hotels totaled $1,505 million and $1,462 million for the nine months ended September 30, 2014 and 2013, respectively. The revenue increase included favorable movements in foreign currency rates of $15 million for the nine months ended September 30, 2014. On a currency neutral basis, revenues from our international owned and leased hotels increased $28 million, primarily due to an increase in RevPAR at our international comparable owned and leased hotels of 3.7 percent during the nine months ended September 30, 2014, compared to the same period in 2013, which was due to increased occupancy of 2.0 percentage points.

Management and franchise fees and other

Management and franchise fee revenue for the nine months ended September 30, 2014 and 2013 totaled $966 million and $827 million, respectively. The increase in our management and franchise fee business reflected increases in RevPAR of 7.0 percent and 7.7 percent at our comparable managed and franchised properties, respectively. The increases in RevPAR for managed and franchised hotels were the result of both increased occupancy and ADR.

The addition of new hotels to our managed and franchised system also contributed to the growth in revenue. From September 30, 2013 to September 30, 2014 we added 36 managed properties on a net basis, contributing an additional 10,900 rooms to our system, as well as 158 franchised properties on a net basis, providing an additional 23,983 rooms to our system. As new hotels are established in our system, we expect the fees received from such hotels to increase as they are part of our system for full periods.

Other revenues for the nine months ended September 30, 2014 and 2013 were $64 million and $41 million, respectively. The increase was primarily a result of an increase in revenues earned by our purchasing operations.

Timeshare

Timeshare revenue increased $41 million for the nine months ended September 30, 2014 compared to the same period in 2013. The increase was primarily due to an increase in resort operations of approximately $26 million, resulting from increased transient rentals, and commissions recognized from the sale of third-party developed intervals of approximately $12 million.

Operating Expenses

	Nine Months Ended September 30,		Percent Change
	2014	2013	2014 vs. 2013
	(in millions)		
Owned and leased hotels	$ 2,420	$ 2,327	4.0
Timeshare	564	545	3.5

Fluctuations in operating expenses at our owned and leased hotels can be attributed to various factors, including changes in occupancy levels, labor costs, utilities, taxes and insurance costs. The change in the number of occupied room nights directly affects certain variable expenses, which include payroll, supplies and other operating expenses.

U.S. owned and leased hotel expenses totaled $1,098 million and $1,046 million for the nine months ended September 30, 2014 and 2013, respectively. The increase was primarily due to increases in payroll costs and other variable costs resulting from increased revenues.

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International owned and leased hotel expenses totaled $1,322 million and $1,281 million for the nine months ended September 30, 2014 and 2013, respectively. The increase included unfavorable movements in foreign currency rates of $18 million, for the nine months ended September 30, 2014. On a currency neutral basis, international owned and leased hotel expenses increased $23 million for the nine months ended September 30, 2014. The increase in currency neutral expenses was primarily due to a benefit of $11 million recognized as a reduction in rent expense during the nine months ended September 30, 2013 relating to a termination payment received for one of our properties with a ground lease. The increase was also due to the opening of a new leased property in 2014 which had operating expenses of $8 million for the nine months ended September 30, 2014.

Timeshare expense increased $19 million for the nine months ended September 30, 2014, compared to the same period in 2013, primarily due to an increase in sales and marketing expenses, resulting from the increase in sales volume from our third-party developed properties.

	Nine Months Ended September 30,		Percent Change
	2014	2013	2014 vs. 2013
	(in millions)		
Depreciation and amortization	$ 470	$ 455	3.3

The increase in depreciation and amortization expense during the nine months ended September 30, 2014 was primarily due to increased amortization expense from capitalized software placed in service during and after the same period in 2013. The increase in depreciation and amortization expense was partially offset by a decrease in depreciation expense due to $10 million in accelerated depreciation recognized during the nine months ended September 30, 2013 resulting from a lease termination at one of our properties.

	Nine Months Ended September 30,		Percent Change
	2014	2013	2014 vs. 2013
	(in millions)		
General, administrative and other	$ 349	$ 319	9.4

General and administrative expenses consist of our corporate operations, compensation and related expenses, including share-based compensation, and other operating costs.

General and administrative expenses were $294 million and $282 million for the nine months ended September 30, 2014 and 2013, respectively. The increase was primarily due to an increase of $20 million of compensation expense related to the Promote plan. Additionally, we incurred $6 million of costs in connection with the sale of shares of our common stock by selling stockholders in connection with a secondary equity offering in June 2014. These increases were partially offset by the $18 million in employee severance costs incurred in 2013 that did not occur in 2014.

Other expenses for the nine months ended September 30, 2014 and 2013 were $55 million and $37 million, respectively. The increase was primarily due to our purchasing operations, which is in line with the increase in other revenues.

Non-operating Income and Expenses

	Nine Months Ended September 30,		Percent Change
	2014	2013	2014 vs. 2013
	(in millions)		
Interest expense	$ 467	$ 401	16.5

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Interest expense increased $66 million for the nine months ended September 30, 2014, compared to the same period in 2013, primarily due to the amortization of debt issuance costs and interest rate swaps on debt entered into in October 2013, as well as the interest on our Securitized Timeshare Debt entered into in the second half of 2013.

	Nine Months Ended September 30,		Percent Change
	2014	2013	2014 vs. 2013
	(in millions)		
Equity in earnings from unconsolidated affiliates	$ 16	$ 11	45.5

The increase in equity in earnings from unconsolidated affiliates was primarily due to improved performance of our unconsolidated affiliates.

	Nine Months Ended September 30,		Percent Change
	2014	2013	2014 vs. 2013
	(in millions)		
Gain (loss) on foreign currency transactions	$ 41	$ (43)	NM[1]

(1) Fluctuation in terms of percentage change is not meaningful.

The net gain (loss) on foreign currency transactions primarily relates to changes in foreign currency rates relating to short-term cross-currency intercompany loans.

	Nine Months Ended September 30,		Percent Change
	2014	2013	2014 vs. 2013
	(in millions)		
Other gain, net	$ 38	$ 5	NM[1]

(1) Fluctuation in terms of percentage change is not meaningful.

The other gain, net for the nine months ended September 30, 2014 was primarily related to a pre-tax gain of $23 million resulting from an equity investments exchange; see Note 3: Acquisitions in our unaudited condensed consolidated financial statements. Other gain, net for the nine months ended September 30, 2014 also included pre-tax gains of $13 million resulting from the sale of two hotels and a vacant parcel of land.

The other gain, net for the nine months ended September 30, 2013 was primarily related to a capital lease restructuring by one of our consolidated VIEs during the first quarter of 2013. The revised terms reduced the future minimum lease payments, resulting in a reduction of the capital lease obligation and a residual amount, which was recorded in other gain, net.

	Nine Months Ended September 30,		Percent Change
	2014	2013	2014 vs. 2013
	(in millions)		
Income tax expense	$ 331	$ 192	72.4

The increase in income tax expense was primarily the result of a net decrease in unrecognized tax benefits that occurred during the nine months ended September 30, 2013 that resulted in a lower effective tax rate. Additionally there was an increase in U.S. federal taxes as a result of higher taxable income.

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Segment Results

We evaluate our business segment operating performance using segment Adjusted EBITDA, as described in Note 16: Business Segments in our unaudited condensed consolidated financial statements. Refer to those financial statements for a reconciliation of Adjusted EBITDA to net income attributable to Hilton stockholders. For a discussion of how management uses EBITDA and Adjusted EBITDA to manage our business and material limitations on its usefulness, refer to Key Business and Financial Metrics Used by Management.

The following table sets forth revenues and Adjusted EBITDA by segment, reconciled to consolidated amounts:

	Nine Months Ended September 30,		Percent Change
	2014	2013	2014 vs. 2013
	(in millions)		
Revenues			
Ownership	$ 3,165	$ 3,003	5.4
Management and franchise	1,085	938	15.7
Timeshare	850	809	5.1
Segment revenues	5,100	4,750	7.4
Other revenues from managed and franchised properties	2,653	2,433	9.0
Other revenues	70	48	45.8
Intersegment fees elimination	(149)	(139)	7.2
Total revenues	$ 7,674	$ 7,092	8.2
Adjusted EBITDA			
Ownership	$ 730	$ 672	8.6
Management and franchise	1,085	938	15.7
Timeshare	232	205	13.2
Corporate and other	(207)	(208)	(0.5)
Adjusted EBITDA	$ 1,840	$ 1,607	14.5

Ownership

Ownership segment revenues increased $162 million for the nine months ended September 30, 2014, compared to the same period in 2013, primarily due to an improvement in RevPAR of 5.6 percent at our comparable owned and leased hotels. Our ownership segment s Adjusted EBITDA increased $58 million, primarily as a result of an increase in ownership segment revenues, offset by an increase in owned and leased operating expenses of $93 million. Refer to Revenues Owned and leased hotels and Operating Expenses Owned and leased hotels for further discussion on the increases in revenues and operating expenses at our owned and leased hotels.

Management and franchise

Management and franchise segment revenues increased $147 million for the nine months ended September 30, 2014, compared to the same period in 2013, primarily as a result of an increase in RevPAR at our comparable managed and franchised properties of 7.5 percent, as well as the net addition of hotels to our managed and franchised system. Refer to Revenues Management and franchise and other for further discussion on the increase in revenues from our managed and franchised properties. Our management and franchise segment s Adjusted EBITDA increased as a result of the increase in management and franchise segment revenues.

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Timeshare

Our timeshare segment s Adjusted EBITDA increased $27 million for the nine months ended September 30, 2014, compared to the same period in 2013, as a result of the increase in timeshare revenue of $41 million, offset by the increase in timeshare operating expenses of $19 million. Refer to Revenues Timeshare and Operating Expenses Timeshare for a discussion of the changes in revenues and operating expenses from our timeshare segment.

Year Ended December 31, 2013 Compared with Year Ended December 31, 2012

During the year ended December 31, 2013, we experienced occupancy increases in all segments of our business, and we were able to increase rates in market segments where demand has outpaced supply. The hotel operating statistics for our system-wide comparable hotels were as follows:

	Year Ended December 31, 2013	Variance 2013 vs. 2012
Owned and leased hotels		
Occupancy	75.9%	0.9% pts
ADR	$ 191.15	3.4%
RevPAR	$ 145.00	4.6%
Managed and franchised hotels		
Occupancy	71.9%	1.4% pts
ADR	$ 130.68	3.3%
RevPAR	$ 94.02	5.3%
System-wide		
Occupancy	72.3%	1.3% pts
ADR	$ 136.49	3.3%
RevPAR	$ 98.65	5.2%

The system-wide increase in RevPAR was led by our Asia Pacific region, which experienced an increase of 7.0 percent due primarily to increased occupancy of 4.5 percentage points. In the Americas region, which includes the U.S., RevPAR increased 5.2 percent due to increased occupancy of 1.2 percentage points and increased ADR of 3.4 percent. Our hotels in the MEA region experienced a RevPAR increase of 6.4 percent, due to increased ADR of 13.1 percent, offset by decreased occupancy of 3.7 percentage points. Our European hotels experienced a RevPAR increase of 3.9 percent, primarily due to increased occupancy of 2.2 percentage points.

Revenues

	Year Ended December 31, 2013	Year Ended December 31, 2012	Percent Change 2013 vs. 2012
	(in millions)		
Owned and leased hotels	$ 4,046	$ 3,979	1.7
Management and franchise fees and other	1,175	1,088	8.0
Timeshare	1,109	1,085	2.2

	$ 6,330	$ 6,152	2.9

Revenues as presented in this section excludes other revenues from managed and franchised properties of $3,405 million and $3,124 million during the years ended December 31, 2013 and 2012, respectively.

Owned and leased hotels

During the year ended December 31, 2013, the overall improved performance at our owned and leased hotels primarily was a result of improvement in RevPAR of 4.6 percent at our comparable owned and leased hotels.

As of December 31, 2013, we had 35 consolidated owned and leased hotels located in the U.S., comprising 24,050 rooms. Revenues at our U.S. owned and leased hotels for the years ended December 31, 2013 and 2012 totaled $2,058 million and $1,922 million, respectively. The increase of $136 million, or 7.1 percent, was primarily driven by an increase in RevPAR at our U.S. comparable owned and leased hotels of 6.8 percent, which was due to increases in occupancy and ADR of 1.6 percentage points and 4.5 percent, respectively.

As of December 31, 2013, we had 89 consolidated owned and leased hotels located outside of the U.S., comprising 25,781 rooms. Revenues from our international (non-U.S.) owned and leased hotels for the years ended December 31, 2013 and 2012 totaled $1,988 million and $2,057 million, respectively. The decrease of $69 million, or 3.4 percent, was primarily due to an unfavorable movement in foreign currency rates of $63 million; on a currency neutral basis, revenue decreased $6 million. The decrease in currency neutral revenue was a result of a $44 million decrease in revenue from hotels that we sold or where leases expired during the periods, offset by an increase in revenues from our international comparable owned and leased hotels, which had a RevPAR increase of 8.0 percent. The RevPAR increase was a result of a 4.2 percentage point increase in occupancy and a 2.0 percent increase in ADR.

Management and franchise fees and other

Management and franchise fee revenue for the years ended December 31, 2013 and 2012 totaled $1,115 million and $1,032 million, respectively. The increase of $83 million, or 8.0 percent, reflects increases in RevPAR of 6.0 percent and 5.0 percent at our comparable managed and franchised properties, respectively. The increases in RevPAR for managed and franchised hotels were driven by both increases in occupancy and ADR.

The addition of new hotels to our managed and franchised system also contributed to the growth in revenue. During 2013, we added 45 managed properties on a net basis, contributing an additional 10,196 rooms to our system, as well as 108 franchised properties on a net basis, providing an additional 16,084 rooms to our system. As new hotels are established in our system, we expect the fees received from such hotels to increase as they are part of our system for full periods.

Other revenues for the years ended December 31, 2013 and 2012 were $60 million and $56 million, respectively. The increase was primarily driven by an increase in revenues received from our supply management business.

Timeshare

Timeshare revenue increased $24 million due to an increase of approximately $63 million in sales commissions generated from projects developed by third parties as a result of three properties comprising 1,049 units commencing sales during or after the year ended December 31, 2012. Additionally, there was an increase of approximately $9 million in revenue from our resort operations, primarily due to increases in club fees and room rentals, as well as an increase of approximately $9 million in financing and other revenues, primarily due to increases in portfolio interest income. These increases were offset by a decrease of approximately $57 million in revenue from the sale of timeshare units developed by us due to lower sales volume of our owned timeshare inventory, which we expect to continue as we further develop our capital light timeshare business with a focus on selling timeshare intervals on behalf of third-party developers.

Operating Expenses

	Year Ended December 31,

	2013	2012	Percent Change 2013 vs. 2012
	(in millions)		
Owned and leased hotels	$ 3,147	$ 3,230	(2.6)
Timeshare	730	758	(3.7)

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Owned and leased hotels

Fluctuations in operating expenses at our owned and leased hotels can be related to various factors, including changes in occupancy levels, labor costs, utilities, taxes and insurance costs. The change in the number of occupied room nights directly affects certain variable expenses, which include payroll, supplies and other operating expenses.

U.S. owned and leased hotel expenses totaled $1,410 million and $1,370 million for the years ended December 31, 2013 and 2012, respectively. The increase of $40 million, or 2.9 percent, was due to increased occupancy levels, which resulted in an increase in variable operating expenses, including labor and utility costs.

International owned and leased hotel expenses totaled $1,737 million and $1,860 million for the years ended December 31, 2013 and 2012, respectively. The decrease of $123 million, or 6.6 percent, was due in part to foreign currency movements, which contributed $49 million of the decrease, as international owned and leased hotel expenses, on a currency neutral basis, decreased $74 million. The decrease in currency neutral expenses was primarily due to the expiration of operating leases and sales of certain properties in 2012, as well as cost mitigation strategies and operational efficiencies employed at all of our owned and leased properties.

Timeshare

Timeshare expense decreased $28 million primarily due to lower sales volume at our developed properties resulting in lower cost of sales, offset by an increase in sales and marketing expenses, most significantly related to the shift towards our capital light timeshare business.

	Year Ended December 31,		Percent Change
	2013	2012	2013 vs. 2012
	(in millions)		
Depreciation and amortization	$ 603	$ 550	9.6

Depreciation expense increased $28 million primarily due to $254 million in capital expenditures during the year ended December 31, 2013, resulting in additional depreciation expense on certain owned and leased assets in 2013. Amortization expense increased $25 million for the year ended December 31, 2013 primarily due to capitalized software costs that were placed into service during the fourth quarter of 2012.

	Year Ended December 31,		Percent Change
	2013	2012	2013 vs. 2012
	(in millions)		
Impairment losses	$	$ 54	NM[(1)]

(1) Fluctuation in terms of percentage change is not meaningful.

During the year ended December 31, 2012, certain markets and properties faced operating and competitive challenges. Such challenges caused a decline in expected future results of certain owned and leased properties and in the market value of certain corporate buildings, which caused us to evaluate the carrying values of these affected properties for impairment. As a result of our evaluation, we recognized impairment losses of $42 million related to our owned and leased hotels, $11 million of impairment losses related to certain corporate office facilities and $1 million of impairment losses related to one cost method investment.

	Year Ended December 31, 2013	Year Ended December 31, 2012	Percent Change 2013 vs. 2012
	(in millions)		
General, administrative and other	$ 748	$ 460	62.6

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General and administrative expenses consist of our corporate operations, compensation and related expenses, including share-based compensation, and other operating costs.

General and administrative expenses were $697 million and $398 million for the years ended December 31, 2013 and 2012, respectively. The increase of $299 million was primarily due to share-based compensation expense of approximately $306 million related to the conversion of our executive compensation plan concurrent with our IPO during the fourth quarter of 2013. Other expenses for the years ended December 31, 2013 and 2012 were $51 million and $62 million, respectively. The decrease of $11 million was primarily due to a reduction in payments required under performance guarantees on certain managed properties between periods.

Non-operating Income and Expenses

	Year Ended December 31, 2013	Year Ended December 31, 2012	Percent Change 2013 vs. 2012
	(in millions)		
Interest expense	$ 620	$ 569	9.0

Interest expense increased $51 million for the year ended December 31, 2013 primarily due to the release of $23 million of debt issuance costs and original issue discount related to the portion of the Term Loans that was voluntarily prepaid during the year ended December 31, 2013, as well as an increase in the average interest rate on our outstanding borrowings. These increases were offset by decreases in interest expense as a result of voluntary prepayments of $1.45 billion made in 2013 prior to our Debt Refinancing.

	Year Ended December 31, 2013	Year Ended December 31, 2012	Percent Change 2013 vs. 2012
	(in millions)		
Equity in earnings (losses) from unconsolidated affiliates	$ 16	$ (11)	NM(1)

(1) Fluctuation in terms of percentage change is not meaningful.

The $27 million increase in equity in earnings from unconsolidated affiliates was primarily a result of $19 million of impairment losses on our equity method investments recognized during the year ended December 31, 2012. Additionally, many of our equity method investments experienced improved operating performance, resulting in an increase in the equity in earnings from these unconsolidated affiliates.

	Year Ended December 31, 2013	Year Ended December 31, 2012	Percent Change 2013 vs. 2012
	(in millions)		
Gain (loss) on foreign currency transactions	$ (45)	$ 23	NM(1)

(1) Fluctuation in terms of percentage change is not meaningful.

The net gain (loss) on foreign currency transactions primarily relates to changes in foreign currency rates relating to short-term cross-currency intercompany loans.

	Year Ended December 31,		Percent Change
	2013	2012	2013 vs. 2012
	(in millions)		
Gain on debt extinguishment	$ 229	$	NM(1)

(1) Fluctuation in terms of percentage change is not meaningful.

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The gain on debt extinguishment was the result of the Debt Refinancing which occurred in 2013. See Note 13: Debt in our audited consolidated financial statements included elsewhere in this prospectus for further discussion.

	Year Ended December 31, 2013	Year Ended December 31, 2012	Percent Change 2013 vs. 2012
	(in millions)		
Other gain, net	$ 7	$ 15	(53.3)

The other gain, net for the year ended December 31, 2013 was primarily related to a capital lease restructuring by one of our consolidated variable interest entities (VIEs) during the period. The revised terms reduced the future minimum lease payments, resulting in a reduction of the capital lease obligation and a residual amount, which was recorded in other gain, net.

The other gain, net for the year ended December 31, 2012 was primarily related to the pre-tax gain of $5 million resulting from the sale of our interest in an investment in affiliate accounted for under the equity method, as well as a $6 million gain due to the resolution of certain contingencies relating to historical asset sales.

	Year Ended December 31, 2013	Year Ended December 31, 2012	Percent Change 2013 vs. 2012
	(in millions)		
Income tax expense	$ 238	$ 214	11.2

The $24 million increase in income tax expense was primarily the result of an increase in U.S. federal and foreign taxes as a result of higher taxable income, partially offset by the benefit of releasing $121 million of valuation allowances against certain foreign and state deferred tax assets during the year ended December 31, 2013. Refer to Note 19: Income Taxes in our audited consolidated financial statements included elsewhere in this prospectus for a reconciliation of our tax provision at the U.S. statutory rate to our provision for income taxes.

Segment Results

We evaluate our business segment operating performance using segment Adjusted EBITDA, as described in Note 24: Business Segments in our audited consolidated financial statements included elsewhere in this prospectus. Refer to those financial statements for a reconciliation of Adjusted EBITDA to net income attributable to Hilton stockholders. For a discussion of our definition of EBITDA and Adjusted EBITDA, how management uses it to manage our business and material limitations on its usefulness, refer to Key Business and Financial Metrics Used by Management .

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The following table sets forth revenues and Adjusted EBITDA by segment, reconciled to consolidated amounts:

	Year Ended December 31, 2013	Year Ended December 31, 2012	Percent Change 2013 vs. 2012
	(in millions)		
Revenues:			
Ownership[(1)(4)]	$ 4,075	$ 4,006	1.7
Management and franchise[(2)]	1,271	1,180	7.7
Timeshare	1,109	1,085	2.2
Segment revenues	6,455	6,271	2.9
Other revenues from managed and franchised properties	3,405	3,124	9.0
Other revenues[(3)]	69	66	4.5
Intersegment fees elimination[(1)(2)(3)(4)]	(194)	(185)	4.9
Total revenues	$ 9,735	$ 9,276	4.9
Adjusted EBITDA:			
Ownership[(1)(2)(3)(4)(5)]	$ 926	$ 793	16.8
Management and franchise[(2)]	1,271	1,180	7.7
Timeshare[(1)(2)]	297	252	17.9
Corporate and other[(3)(4)]	(284)	(269)	5.6
Adjusted EBITDA	$ 2,210	$ 1,956	13.0

(1) Includes charges to timeshare operations for rental fees and fees for other amenities, which are eliminated in our consolidated financial statements. These charges totaled $26 million and $24 million for the years ended December 31, 2013 and 2012, respectively. While the net effect is zero, our measures of segment revenues and Adjusted EBITDA include these fees as a benefit to the ownership segment and a cost to timeshare Adjusted EBITDA.

(2) Includes management, royalty and intellectual property fees of $100 million and $96 million for the years ended December 31, 2013 and 2012, respectively. These fees are charged to consolidated owned and leased properties and are eliminated in our consolidated financial statements. Also includes a licensing fee of $56 million and $52 million for the years ended December 31, 2013 and 2012, respectively, which is charged to our timeshare segment by our management and franchise segment and is eliminated in our consolidated financial statements. While the net effect is zero, our measures of segment revenues and Adjusted EBITDA include these fees as a benefit to the management and franchise segment and a cost to ownership Adjusted EBITDA and timeshare Adjusted EBITDA.

(3) Includes charges to consolidated owned and leased properties for services provided by our wholly owned laundry business of $9 million and $10 million for the years ended December 31, 2013 and 2012, respectively. These charges are eliminated in our consolidated financial statements.

(4) Includes various other intercompany charges of $3 million for the years ended December 31, 2013 and 2012.

(5) Includes unconsolidated affiliate Adjusted EBITDA.

Ownership

Ownership segment revenues increased $69 million primarily due to an improvement in RevPAR of 4.6 percent at our comparable owned and leased hotels. Refer to Revenues Owned and leased hotels for further discussion on the increase in revenues from our owned and leased hotels. Our ownership segment s Adjusted EBITDA increased $133 million primarily as a result of the increase in ownership segment revenues and the decrease in operating expenses at our owned and leased hotels of $83 million. Refer to Operating Expenses Owned and leased hotels for further discussion on the decrease in operating expenses.

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Management and franchise

Management and franchise segment revenues increased $91 million primarily as a result of increases in RevPAR of 6.0 percent and 5.0 percent at our comparable managed and franchised properties, respectively, and the net addition of hotels to our managed and franchised system. Refer to Revenues Management and franchise and other for further discussion on the increase in revenues from our managed and franchised properties. Our management and franchise segment s Adjusted EBITDA increased as a result of the increase in management and franchise segment revenues.

Timeshare

Refer to Revenues Timeshare for a discussion of the increase in revenues from our timeshare segment. Our timeshare segment s Adjusted EBITDA increased $45 million primarily as a result of the $24 million increase in timeshare revenue and the $28 million decrease in timeshare operating expense. Refer to Operating Expenses Timeshare for a discussion of the decrease in operating expenses from our timeshare segment.

Year Ended December 31, 2012 Compared with Year Ended December 31, 2011

During the year ended December 31, 2012, we experienced occupancy increases in all segments of our business and were able to increase rates in market segments where demand outpaced supply. The hotel operating statistics for our system-wide comparable hotels were as follows:

	Year Ended December 31, 2012	Variance 2012 vs. 2011
Owned and leased hotels		
Occupancy	74.5%	2.3% pts
ADR	$ 183.29	1.0%
RevPAR	$ 136.55	4.2%
Managed and franchised hotels		
Occupancy	70.8%	1.9% pts
ADR	$ 126.17	3.0%
RevPAR	$ 89.34	5.8%
System-wide		
Occupancy	71.1%	1.9% pts
ADR	$ 131.35	2.9%
RevPAR	$ 93.38	5.7%

The system-wide increase in occupancy was led by our Asia Pacific region, which had an increase of 4.8 percentage points, and was lagged by our European hotels, which had a growth in occupancy of 1.3 percentage points. Our European hotels experienced a 2.5 percent increase in RevPAR, partially attributable to the 2012 Summer Olympics held in London. While political unrest in portions of the Middle East continued throughout 2012, the MEA region experienced a 2.8 percent increase in RevPAR.

As of December 31, 2012, we had 10 hotels in Japan, five of which were included in our ownership segment. Additionally, Hilton Grand Vacations (HGV) had eight sales centers and offices in Japan. None of our hotels or offices in Japan were damaged in the March 2011 earthquake and tsunami. Our Japanese operations stabilized during the third quarter of 2011 and, from that time on, our Japanese hotels have experienced continued improvement in

RevPAR, which increased 14.9 percent and supported the increase in RevPAR of 8.7 percent in our Asia Pacific region between periods. The Asia Pacific region experienced the largest increase in RevPAR of all our regions from 2011.

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Revenues

	Year Ended December 31,		Percent Change 2012 vs.
	2012	2011	2011
	(in millions)		
Owned and leased hotels	$ 3,979	$ 3,898	2.1
Management and franchise fees and other	1,088	1,014	7.3
Timeshare	1,085	944	14.9
	$ 6,152	$ 5,856	5.1

Revenues as presented in this section, excludes other revenues from managed and franchised properties of $3,124 million and $2,927 million during the years ended December 31, 2012 and 2011, respectively.

Owned and leased hotels

During the year ended December 31, 2012, the improved performance of our owned and leased hotels primarily was a result of improvement in RevPAR of 4.2 percent at our comparable owned and leased hotels.

As of December 31, 2012, we had 35 consolidated owned and leased hotels located in the U.S., comprising 24,054 rooms. Revenue at our U.S. owned and leased hotels for the years ended December 31, 2012 and 2011 totaled $1,922 million and $1,822 million, respectively. The increase of $100 million, or 5.5 percent, was primarily driven by an increase in RevPAR of 5.1 percent, which was due to increases in ADR and occupancy at our U.S. comparable owned and leased hotels of 1.5 percent and 2.7 percentage points, respectively. These increases were primarily driven by business from transient guests as room revenue from transient guests at our U.S. comparable owned and leased hotels increased 10.4 percent, due to increases in transient ADR of 2.9 percent and transient occupancy of 7.3 percent. The increased transient room revenue was in part offset by decreases in room revenue from group travel at our U.S. comparable owned and leased hotels of 3.0 percent during the year ended December 31, 2012, compared to the year ended December 31, 2011. The decrease in group room revenue at our U.S. comparable owned and leased hotels was primarily due to one large group at one hotel driving significant group room revenue in 2011 that did not recur in 2012. Excluding this one hotel from the prior year results, our group room revenue at our U.S. comparable owned and leased hotels increased 2.0 percent.

As of December 31, 2012, we had 94 consolidated owned and leased hotels located outside of the U.S., comprising 26,565 rooms. Revenue from our international owned and leased hotels totaled $2,057 million and $2,076 million for the years ended December 31, 2012 and December 31, 2011, respectively. The revenue decrease of $19 million, or 0.9 percent, was primarily due to an unfavorable movement in foreign currency rates of $76 million. On a currency neutral basis, international owned and leased hotel revenue increased $57 million, or 2.9 percent. The increase was primarily driven by an increase in RevPAR of 3.4 percent, which was due to an increase in occupancy at our comparable international owned and leased hotels of 1.9 percentage points, while ADR remained relatively consistent period over period. The increase was also due to recovery in Japan as operations stabilized in the third quarter of 2011 after the natural disasters negatively affected revenues for the first half of 2011. This recovery resulted in an increase in RevPAR at our comparable Japanese owned and leased hotels of 18.2 percent, which was driven by an increase in occupancy and ADR of 10.5 percentage points and 2.1 percent, respectively.

Management and franchise fees and other

Management and franchise fee revenue for the years ended December 31, 2012 and 2011 totaled $1,032 million and $965 million, respectively. The increase of $67 million, or 6.9 percent, in our management and franchise business reflects increases in RevPAR of 4.9 percent and 6.2 percent at our comparable managed and franchised properties, respectively. The increases in RevPAR for both comparable periods for managed and franchised hotels were primarily driven by increased occupancy and rates charged to guests.

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The addition of new hotels to our managed and franchised system also contributed to the growth in revenue. We added 13 managed properties on a net basis, contributing an additional 4,265 rooms to our system, as well as 107 franchised properties on a net basis, providing an additional 14,007 rooms to our system. As new hotels are established in our system, we expect the fees received from such hotels to increase as they are part of our system for full periods.

Other revenues were $56 million and $49 million, respectively, for the years ended December 31, 2012 and 2011.

Timeshare

Timeshare revenue for the year ended December 31, 2012 was $1,085 million, an increase of $141 million, or 14.9 percent, from $944 million during the year ended December 31, 2011. This increase was primarily due to a $66 million increase in revenue from the sale of timeshare units developed by us, as well as an increase of $46 million in sales commissions and fees earned on projects developed by third parties. Additionally, our revenue from resorts operations and financing and other revenues both increased $9 million.

Operating Expenses

	Year Ended December 31,		Percent Change 2012 vs.
	2012	2011	2011
	(in millions)		
Owned and leased hotels	$ 3,230	$ 3,213	0.5
Timeshare	758	668	13.5

U.S. owned and leased hotel expense totaled $1,370 million and $1,345 million, respectively, for the years ended December 31, 2012 and 2011. The increase of $25 million, or 1.9 percent, was partially due to increased occupancy of 2.7 percentage points at our comparable U.S. owned and leased hotels, which resulted in an increase in labor and utility costs. The increase was also due to increases to sales and marketing expenses, insurance expenses and property taxes at our U.S. owned and leased hotels.

International owned and leased hotel expense decreased $8 million, or 0.4 percent, to $1,860 million from $1,868 million, respectively, for the year ended December 31, 2012 compared to the year ended December 31, 2011. However, there were foreign currency movements of $66 million between the years ended December 31, 2012 and 2011, which decreased owned and leased hotel expenses. International owned and leased hotel expenses, on a currency neutral basis, increased $58 million. The increase in currency neutral expense was primarily due to increased occupancy of 1.9 percentage points at our comparable international owned and leased hotels, which resulted in an increase in variable operating expenses and energy costs. The increase was also due to increases in rent expenses, certain of which have a variable component based on hotel revenues or profitability, as well as repair and maintenance expenses, insurance expenses and property taxes at our international owned and leased hotels.

Timeshare expense increased $90 million for the year ended December 31, 2012, compared to the year ended December 31, 2011, primarily due to increased sales, marketing, general and administrative costs associated with the increase in timeshare revenue during the same period.

	Year Ended December 31,		Percent Change 2012 vs.
	2012	2011	2011
	(in millions)		
Depreciation and amortization	$ 550	$ 564	(2.5)

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Depreciation and amortization expense decreased $14 million for the year ended December 31, 2012, compared to the year ended December 31, 2011. Depreciation expense, including amortization of assets recorded under capital leases, decreased $33 million primarily due to capital lease amendments which resulted in extending asset useful lives in the second half of 2011, as well as 2011 impairments, which resulted in lower depreciable asset bases for 2012. These instances led to lower depreciation expense on the same assets for the year ended December 31, 2012 compared to the year ended December 31, 2011. Amortization expense increased $19 million primarily due to capitalized software that was placed in service during the year ended December 31, 2012.

	Year Ended December 31,		Percent Change 2012 vs.
	2012	2011	2011
	(in millions)		
Impairment losses	$ 54	$ 20	NM[1]

[1] Fluctuation in terms of percentage change is not meaningful.

During the year ended December 31, 2012, certain specific markets and properties, particularly in Europe, continued to face operating and competitive challenges. Such challenges caused a decline in market value of certain corporate buildings in the current year and in expected future results for certain owned and leased properties, which caused us to evaluate the carrying values of these affected properties for impairment. During 2012, we recognized impairment losses of $42 million related to our owned and leased hotels, $11 million of impairment losses related to certain corporate office facilities, and $1 million of impairment losses related to one cost method investment. During 2011, we recognized impairment losses of $17 million related to our owned and leased hotels and $3 million on timeshare properties.

	Year Ended December 31,		Percent Change 2012 vs.
	2012	2011	2011
	(in millions)		
General, administrative and other	$ 460	$ 416	10.6

General and administrative expenses consist of our corporate operations, compensation and related expenses, including share-based compensation, and other operating costs.

General and administrative expenses for the years ended December 31, 2012 and 2011 totaled $398 million and $377 million, respectively. In 2011, we recorded a one-time $20 million insurance recovery related to a prior year legal settlement. Excluding this recovery, general and administrative expenses increased $1 million for the year ended December 31, 2012, compared to the year ended December 31, 2011. The increase includes a $31 million increase in share-based compensation expense due to the acceleration of certain payments under our share-based compensation plan. These increases were offset by decreases in employee retirement costs from the acceleration of a $13 million prior service credit relating to the freeze of our employee benefit plan that covers workers in the United Kingdom agreed to in March 2012, reorganization costs of $16 million that were recorded in 2011 and other operating costs.

Other expenses were $62 million and $39 million, respectively, for the years ended December 31, 2012 and 2011. This increase of $23 million was due to an increase of $16 million in various operating expenses incurred for the incidental support of hotel operations and an increase of $3 million for guarantee payments.

Non-operating Income and Expenses

	Year Ended December 31,		**Percent Change 2012 vs.**
	2012	**2011**	**2011**
	(in millions)		
Interest expense	$ 569	$ 643	(11.5)

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Interest expense decreased $74 million for the year ended December 31, 2012, compared to the year ended December 31, 2011. The decrease in interest expense was attributable to debt payments during the fourth quarter 2011, which resulted in lower 2012 debt principal balances to which interest rates were applied.

The weighted average effective interest rate on our outstanding debt was approximately 3.4 percent and 3.7 percent for the years ended December 31, 2012 and 2011, respectively.

	Year Ended December 31,		Percent Change 2012 vs.
	2012	2011	2011
	(in millions)		
Equity in losses from unconsolidated affiliates	$ 11	$ 145	(92.4)

The $134 million decrease in the loss from prior year was primarily due to other-than-temporary impairments on our equity investments of $19 million for the year ended December 31, 2012, as compared to other-than-temporary impairments of $141 million for the year ended December 31, 2011 resulting from declines in certain joint ventures current and expected future operating results.

	Year Ended December 31,		Percent Change 2012 vs.
	2012	2011	2011
	(in millions)		
Gain (loss) on foreign currency transactions	$ 23	$ (21)	NM[(1)]

(1) Fluctuation in terms of percentage change is not meaningful.

The net gain (loss) on foreign currency transactions primarily relates to changes in foreign currency rates relating to short-term cross-currency intercompany loans.

	Year Ended December 31,		Percent Change 2012 vs.
	2012	2011	2011
	(in millions)		
Other gain, net	$ 15	$ 19	(21.1)

The other gain, net for the year ended December 31, 2012 was primarily related to a pre-tax gain of $5 million resulting from the sale of our interest in an investment in affiliate accounted for under the equity method, as well as a $6 million gain due to the resolution of certain contingencies relating to historical asset sales.

The other gain, net for the year ended December 31, 2011 was primarily due to a gain of $16 million on the sale of our former headquarters building in Beverly Hills, California, as well a gain of $13 million related to the restructuring of a capital lease. These gains were offset by a loss of $10 million related to the sale of our interest in a hotel development joint venture.

	Year Ended December 31,		Percent Change 2012 vs.
	2012	2011	2011
	(in millions)		
Income tax benefit (expense)	$ (214)	$ 59	NM[1]

(1) Fluctuation in terms of percentage change is not meaningful.

Our income tax expense for the year ended December 31, 2012 was primarily a result of $201 million related to our U.S. federal income tax provision. For the year ended December 31, 2011, our income tax expense, which was primarily related to $69 million and $50 million in U.S. federal and foreign income tax provision,

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respectively, was offset by a release of $182 million in valuation allowance against our deferred tax assets related to U.S. federal foreign tax credits resulting in an overall tax benefit. Based on our consideration of all positive and negative evidence available, we believe that it is more likely than not we will be able to realize our U.S. federal foreign tax credits.

Segment Results

The following table sets forth revenues and Adjusted EBITDA by segment, reconciled to consolidated amounts:

	Year Ended December 31,		Percent Change 2012 vs. 2011
	2012	2011	
	(in millions)		
Revenues:			
Ownership[(1)(4)]	$ 4,006	$ 3,926	2.0
Management and franchise[(2)]	1,180	1,095	7.8
Timeshare	1,085	944	14.9
Segment revenues	6,271	5,965	5.1
Other revenues from managed and franchised properties	3,124	2,927	6.7
Other revenues[(3)]	66	58	13.8
Intersegment fees elimination[(1)(2)(3)(4)]	(185)	(167)	10.8
Total revenues	$ 9,276	$ 8,783	5.6
Adjusted EBITDA			
Ownership[(1)(2)(3)(4)(5)]	$ 793	$ 725	9.4
Management and franchise[(2)]	1,180	1,095	7.8
Timeshare[(1)(2)]	252	207	21.7
Corporate and other[(3)(4)]	(269)	(274)	(1.8)
Adjusted EBITDA	$ 1,956	$ 1,753	11.6

(1) Includes charges to timeshare operations for rental fees and fees for other amenities, which are eliminated in our consolidated financial statements. These charges totaled $24 million and $27 million for the years ended December 31, 2012 and 2011, respectively. While the net effect is zero, our measures of segment revenues and Adjusted EBITDA include these fees as a benefit to the ownership segment and a cost to timeshare Adjusted EBITDA.

(2) Includes management, royalty and intellectual property fees of $96 million and $88 million for the years ended December 31, 2012 and 2011, respectively. These fees are charged to consolidated owned and leased properties and are eliminated in our consolidated financial statements. Also includes a licensing fee of $52 million and $43 million for the years ended December 31, 2012 and 2011, respectively, which is charged to our timeshare segment by our management and franchise segment and is eliminated in our consolidated financial statements.

While the net effect is zero, our measures of segment revenues and Adjusted EBITDA include these fees as a benefit to the management and franchise segment and a cost to ownership Adjusted EBITDA and timeshare Adjusted EBITDA.

(3) Includes charges to consolidated owned and leased properties for services provided by our wholly owned laundry business of $10 million and $9 million for the years ended December 31, 2012 and 2011, respectively. These charges are eliminated in our consolidated financial statements.

(4) Includes various other intercompany charges of $3 million for the year ended December 31, 2012.

(5) Includes unconsolidated affiliate Adjusted EBITDA.

Ownership

Ownership segment revenues increased primarily due to an improvement in RevPAR of 4.2 percent at our comparable owned and leased hotels. Refer to Revenues Owned and leased hotels for further discussion on the increase in revenues from our owned and leased hotels. Our ownership segment s Adjusted EBITDA increased primarily as a result of the increase in ownership segment revenues of $80 million offset by an increase in operating expenses of $17 million at our owned and leased hotels. Refer to Operating Expenses Owned and leased hotels for further discussion on the increase in operating expenses at our owned and leased hotels.

Management and franchise

Management and franchise segment revenues increased primarily as a result of increases in RevPAR of 4.9 percent and 6.2 percent at our comparable managed and franchised properties, respectively, and the net addition of hotels to our managed and franchised system. Refer to Revenues Management and franchise fees and other for further discussion on the increase in revenues from our comparable managed and franchised properties. Our management and franchise segment s Adjusted EBITDA increased as a result of the increase in management and franchise segment revenues.

Timeshare

Refer to Revenues Timeshare for a discussion of the increase in revenues from our timeshare segment. Our timeshare segment s Adjusted EBITDA increased as a result of the $141 million increase in timeshare revenue, offset by a $90 million increase in timeshare operating expenses. Refer to Operating Expenses Timeshare for a discussion of the increase in operating expenses from our timeshare segment.

Supplemental Financial Data for Unrestricted U.S. Real Estate Subsidiaries

As of September 30, 2014, we owned a majority or controlling financial interest in 52 hotels, representing 28,156 rooms. See Business Properties for more information on each of our owned hotels. Of these owned hotels, 29 hotels, representing an aggregate of 21,261 rooms as of September 30, 2014, are owned by subsidiaries that we collectively refer to as our Unrestricted U.S. Real Estate Subsidiaries. The properties held by our Unrestricted U.S. Real Estate Subsidiaries secure our $3.5 billion CMBS Loan and $589 million in mortgage loans and are not included in the collateral securing our Senior Secured Credit Facilities. In addition, the Unrestricted U.S. Real Estate Subsidiaries are not subject to any of the restrictive covenants in the indenture that governs the notes. For further discussion, see Liquidity and Capital Resources and Note 13: Debt in our audited consolidated financial statements included elsewhere in this prospectus for additional information.

We have included this supplemental financial data to comply with certain financial information requirements regarding our Unrestricted U.S. Real Estate Subsidiaries set forth in the indenture that governs the notes. For the year ended December 31, 2013, the Unrestricted U.S. Real Estate Subsidiaries represented 19.3 percent of our total revenues, 44.8 percent of net income attributable to Hilton stockholders and 25.3 percent of our Adjusted EBITDA, and as of December 31, 2013, represented 32.6 percent of our total assets and 29.1 percent of our total liabilities. For the nine months ended September 30, 2014, the Unrestricted U.S. Real Estate Subsidiaries represented 19.3 percent of our total revenues, 21.4 percent of net income attributable to Hilton stockholders and 24.1 percent of our Adjusted EBITDA, and as of September 30, 2014, represented 33.3 percent of our total assets and 30.7 percent of our total liabilities.

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The following table presents supplemental unaudited financial data, as required by the indenture that governs the notes, for our Unrestricted U.S. Real Estate Subsidiaries:

	Nine Months Ended September 30, 2014	2013	Year Ended December 31, 2013	2012	2011
			(in millions)		
Revenues	$ 1,481	$ 1,386	$ 1,880	$ 1,754	$ 1,666
Net income attributable to Hilton stockholders	110	140	186	159	126
Capital expenditures for property and equipment	104	89	134	264	251
Adjusted EBITDA(1)	443	403	560	464	409
Assets(2)	8,762	8,549	8,649	8,562	8,460
Liabilities(2)	6,616	2,454	6,496	2,453	2,445
Cash provided by (used in):					
Operating activities	248	295	364	343	371
Investing activities	(104)	(117)	(162)	(264)	(263)
Financing activities	(142)	(173)	(186)	(64)	(120)

(1) The following table provides a reconciliation of our Unrestricted U.S. Real Estate Subsidiaries EBITDA and Adjusted EBITDA to net income attributable to Hilton stockholders, which we believe is the most closely comparable U.S. GAAP financial measure:

	Nine Months Ended September 30, 2014	2013	Year Ended December 31, 2013	2012	2011
			(in millions)		
Adjusted EBITDA	$ 443	$ 403	$ 560	$ 464	$ 409
Impairment losses included in equity in earnings (losses) from unconsolidated affiliates					(7)
Other gain, net(1)	23				
Other adjustment items	(1)	(11)	(13)	(7)	
EBITDA	465	392	547	457	402
Interest expense(2)	(126)		(31)		
Income tax expense	(78)	(100)	(132)	(114)	(90)
Depreciation and amortization	(151)	(152)	(198)	(184)	(185)
Depreciation and amortization included in equity in earnings (losses) from unconsolidated affiliates					(1)
Net income attributable to Hilton stockholders	$ 110	$ 140	$ 186	$ 159	$ 126

(1) Other gain, net on the Unrestricted U.S. Real Estate Subsidiaries reflects a $23 million pre-tax gain recognized as a result of an equity investments exchange which occurred during the nine months ended September 30, 2014. See Note 3: Acquisitions in our unaudited condensed consolidated financial statements included elsewhere in this prospectus for further discussion of this transaction.

(2) Interest expense on the Unrestricted U.S. Real Estate Subsidiaries reflects $4,025 million of long-term debt securing these properties that was entered into in October 2013 and a $64 million mortgage loan assumed in July 2014. Prior to October 2013, the Unrestricted U.S. Real Estate Subsidiaries did not have outstanding long-term debt for the periods presented.

(2) As of period end.

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Liquidity and Capital Resources

Overview

As of September 30, 2014, we had total cash and cash equivalents of $831 million, including $288 million of restricted cash and cash equivalents. The majority of our restricted cash and cash equivalents balances related to cash collateral on our self-insurance programs and escrowed cash from our timeshare operations.

Our known short-term liquidity requirements primarily consist of funds necessary to pay for operating expenses and other expenditures, including corporate expenses, payroll and related benefits, legal costs, operating costs associated with the management of hotels, interest and scheduled principal payments on our outstanding indebtedness, contract acquisition costs and capital expenditures for renovations and maintenance at our owned hotels. In addition, we will be required to make payment in full of our $525 million mortgage loan upon closing of the sale of the Waldorf Astoria New York hotel, which is currently scheduled for December 31, 2014. Our long-term liquidity requirements primarily consist of funds necessary to pay for scheduled debt maturities, capital improvements at our owned and leased hotels, purchase commitments, costs associated with potential acquisitions and corporate capital expenditures.

During the nine months ended September 30, 2014, we made voluntary prepayments of $700 million on our Term Loans. In September 2014, we reduced our total borrowing capacity, as permitted by the loan agreement, under the Timeshare Facility from $450 million to $300 million.

We finance our business activities primarily with existing cash and cash generated from our operations. We believe that this cash will be adequate to meet anticipated requirements for operating expenses and other expenditures, including corporate expenses, payroll and related benefits, legal costs and purchase commitments for the foreseeable future. The objectives of our cash management policy are to maintain the availability of liquidity and minimize operational costs. Further, we have an investment policy that is focused on the preservation of capital and maximizing the return on new and existing investments across all three of our business segments.

Recent Events Affecting Our Liquidity and Capital Resources

Initial Public Offering

On December 17, 2013, we completed our IPO, which generated net proceeds of approximately $1,243 million to us after underwriting discounts, expenses and transaction costs, which we used, in conjunction with available cash, to repay approximately $1,250 million of the Term Loans.

Debt Refinancing

Upon completion of the Debt Refinancing, we repaid in full all $13.4 billion in borrowings under our legacy senior mortgage loans and secured mezzanine loans and redeemed the full $96 million in aggregate principal amount outstanding of our bonds due 2031 using the proceeds from our offering of the outstanding notes, borrowings under our new Senior Secured Credit Facilities, which consists of the $7.6 billion Term Loans and the $1.0 billion Revolving Credit Facility, the $3.5 billion CMBS Loan and a $525 million Waldorf Astoria Loan, together with additional borrowings of $300 million under our Timeshare Facility and cash on hand. For further information on the Debt Refinancing, see Note 13: Debt in our audited consolidated financial statements included elsewhere in this prospectus for additional information.

Hilton HHonors Points Sales

In October 2013, we sold Hilton HHonors points to Amex and Citi for $400 million and $250 million, respectively, in cash. Amex and Citi and their respective designees may use the points in connection with Hilton HHonors co-branded credit cards and for promotions, rewards and incentive programs or certain other activities as they may establish or engage in from time to time. We used the net proceeds of the Hilton HHonors points sales to reduce outstanding indebtedness in connection with the Debt Refinancing.

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Sources and Uses Of Our Cash and Cash Equivalents

The following table summarizes our net cash flows and key metrics related to our liquidity:

	As of and for the nine months ended September 30, 2014	2013	Percent Change 2014 vs. 2013
	(in millions)		
Net cash provided by operating activities	$ 899	$ 1,024	(12.2)
Net cash used in investing activities	(200)	(252)	(20.6)
Net cash used in financing activities	(743)	(789)	(5.8)
Working capital surplus[(2)]	274	407	(32.7)

	As of and for the year ended December 31, 2013	2012	2011	Percent Change 2013 vs. 2012	2012 vs. 2011
		(in millions)			
Net cash provided by operating activities	$ 2,101	$ 1,110	$ 1,167	89.3	(4.9)
Net cash used in investing activities	(382)	(558)	(463)	(31.5)	20.5
Net cash used in financing activities	(1,863)	(576)	(714)	NM[(1)]	(19.3)
Working capital surplus[(2)]	241	478	826	(49.6)	(42.1)

(1) Fluctuation in terms of percentage change is not meaningful.

(2) Total current assets less total current liabilities.

Our ratio of current assets to current liabilities was 1.13, 1.11 and 1.20 as of September 30, 2014, December 31, 2013 and 2012, respectively.

Operating Activities

Cash flow from operating activities is primarily generated from management and franchise fee revenue, operating income from our owned and leased hotels and resorts and sales of timeshare units.

The $125 million decrease in net cash provided by operating activities was primarily due to an increase in cash paid for taxes of $200 million during the nine months ended September 30, 2014, compared to the same period in 2013 due to larger estimated payments for 2014 as a result of an increase in our estimated taxable income for 2014, partially offset by a decrease of $42 million in cash paid for interest during the nine months ended September 30, 2014 compared to the same period in 2013.

Net cash provided by operating activities was $2,101 million for the year ended December 31, 2013, compared to $1,110 million for the year ended December 31, 2012. The $991 million increase was primarily due to $650 million received from the Hilton HHonors points sales, which increased our deferred revenues, and improved operating income, excluding non-cash share based compensation expense of $262 million. Net cash provided by operating activities also increased during the year ended December 31, 2013 as a result of the releases of $42 million in collateral against outstanding letters of credit and $20 million of restricted cash from our timeshare operations. Additionally, during the year ended December 31, 2012, our cash provided by operating activities was reduced by $76 million for collateral required to support potential future contributions to certain of our employee benefit plans. For further discussion, see Note 20: Employee Benefit Plans in our audited consolidated financial statements included elsewhere in this prospectus.

The net $57 million decrease in cash provided by operating activities during the year ended December 31, 2012, compared to the year ended December 31, 2011, was primarily due to changes in various working capital components and an increase in the change in restricted cash and cash equivalents of $65 million, which were partially offset by an increase in operating income of $125 million.

Investing Activities

The $52 million decrease in net cash used in investing activities was primarily attributable to $30 million in cash used for acquisitions during the nine months ended September 30, 2013, as compared to no cash used for acquisitions during the nine months ended September 30, 2014. Additionally, we received proceeds of $40 million from asset dispositions during the nine months ended September 30, 2014, as compared to no proceeds received during the nine months ended September 30, 2013. Further, we received $15 million in additional payments on other financing receivables and $16 million in additional distributions from unconsolidated affiliates during the nine months ended September 30, 2014, compared to the same period in 2013. These were offset by an increase in contract acquisition costs of $42 million during the nine months ended September 30, 2014, compared to the same period in 2013.

Net cash used in investing activities during the year ended December 31, 2013 was $382 million, compared to $558 million during the year ended December 31, 2012. The $176 million decrease in net cash used in investing activities was primarily attributable to a decrease in capital expenditures for property and equipment of $179 million, as a result of the completion of renovations at certain of our owned and leased properties in 2012, and a decrease in software capitalization costs of $25 million, as a result of corporate software projects that were completed in 2012. Additionally, there was an increase in distributions from unconsolidated affiliates of $25 million, primarily related to the sales of our interests in two joint venture entities. The decrease in net cash used in investing activities was partially offset by an increase in acquisitions of $30 million, primarily due to the acquisition of a parcel of land that we previously held under a long-term ground lease for $28 million.

The $95 million increase in net cash used in investing activities during the year ended December 31, 2012, compared to the year ended December 31, 2011, was primarily attributable to an increase in capital expenditures for property and equipment of $44 million, a decrease in proceeds from asset dispositions of $65 million and a decrease in distributions from unconsolidated affiliates of $15 million. The majority of the increase in capital expenditures related to improvements at existing hotel properties. The decrease in proceeds from asset dispositions was a result of proceeds of $65 million from the sale of our former corporate headquarters office building in 2011, while the decrease in distributions from unconsolidated affiliates resulted from the sale of our interest in a joint venture entity of $8 million in 2012, compared to proceeds from the sale of our interest in a hotel development joint venture of $23 million in 2011.

We capitalized labor costs relating to our investing activities, including capital expenditures and software development, of $5 million and $9 million for the nine months ended September 30, 2014 and 2013, respectively, and $15 million, $14 million and $14 million, for the years ended December 31, 2013, 2012 and 2011, respectively.

Financing Activities

The $46 million decrease in net cash used in financing activities was primarily attributable to the decrease in debt repayments of $527 million during the nine months ended September 30, 2014, compared to the same period in 2013, offset by a decrease in borrowings of $352 million during the nine months ended September 30, 2014, compared to the same period in 2013. Additionally, there was a decrease in the change in restricted cash and cash equivalents of $133 million due primarily to the release of $147 million in restricted cash equivalents during 2013 used to make debt repayments. Further, there was a capital contribution of $13 million related to the sale of certain land and easement rights, as well as the rights to the name, plans, designs, contracts and other documents in connection with a timeshare project to a related party during the nine months ended September 30, 2014.

Net cash used in financing activities during the year ended December 31, 2013 was $1,863 million, compared to $576 million during the year ended December 31, 2012. The $1,287 million increase in cash used in financing activities was primarily attributable to a $2,357 million increase in net repayments of debt, primarily related to an increase in unscheduled, voluntary debt repayments on our Secured Debt, the repayment of the Secured Debt in connection with the Debt Refinancing and unscheduled, voluntary repayments of $350 million on our Term Loans subsequent to the Debt Refinancing. The increase in net debt repayments was offset by $1,243 million in proceeds from our IPO, which was used to repay amounts outstanding on our Term Loans. Additionally, we paid $180 million of debt issuance costs related to the Debt Refinancing.

Net cash used in financing activities during the year ended December 31, 2012 decreased $138 million compared to the year ended December 31, 2011, due to a change in restricted cash and cash equivalents that increased cash available for financing activities by $212 million, as well as an increase in borrowings of $56 million, primarily related to our consolidated VIEs. The change in restricted cash and cash equivalents was primarily due to a decrease of $174 million in our prefunded cash reserves, which was a result of using the reserves for capital expenditures. The increases in cash provided by financing activities were partially offset by an increase in our debt repayments of $128 million, which primarily related to an increase in non-recourse debt repayments related to our consolidated VIEs of $90 million.

Capital Expenditures

Our capital expenditures for property and equipment of $184 million and $167 million during the nine months ended September 30, 2014 and 2013, respectively, and $254 million, $433 million and $389 million made during the years ended December 31, 2013, 2012 and 2011 primarily consisted of expenditures related to the renovation of existing owned and leased properties and our corporate facilities. Our software capitalization costs of $45 million and $50 million during the nine months ended September 30, 2014 and 2013, respectively, and $78 million, $103 million and $93 million during the years ended December 31, 2013, 2012 and 2011 related to various systems initiatives for the benefit of our hotel owners and our overall corporate operations. As of September 30, 2014 and December 31, 2013, we had outstanding commitments under construction contracts of approximately $120 million and $121 million, respectively, for capital expenditures at certain owned and leased properties, including our consolidated VIEs. Our contracts contain clauses that allow us to cancel all or some portion of the work. If cancellation of a contract occurred, our commitment would be any costs incurred up to the cancellation date, in addition to any costs associated with the discharge of the contract.

Senior Secured Credit Facilities

Our Revolving Credit Facility provides for $1.0 billion in borrowings, including the ability to draw up to $150 million in the form of letters of credit. As of September 30, 2014, we had $47 million of letters of credit outstanding under our Revolving Credit Facility, and a borrowing capacity of $953 million. For further information on the Senior Secured Credit Facilities, refer to Description of Certain Other Indebtedness and Note 13: Debt in our audited consolidated financial statements included elsewhere in this prospectus.

Debt

As of September 30, 2014, our total indebtedness, excluding $219 million of our share of debt of our investments in affiliates, was approximately $12.1 billion, including $937 million of non-recourse debt. For further information on our total indebtedness and debt repayments, refer to Note 8: Debt in our unaudited condensed consolidated financial statements included elsewhere in this prospectus.

The obligations of the Senior Secured Credit Facilities are unconditionally and irrevocably guaranteed by us and all of our direct or indirect wholly owned material domestic subsidiaries, excluding our subsidiaries that are prohibited from providing guarantees as a result of the agreements governing our Timeshare Facility and/or our Securitized Timeshare Debt and our subsidiaries that secure our CMBS Loan and our Waldorf Astoria Loan. Additionally, none of our foreign subsidiaries or our non-wholly owned domestic subsidiaries guarantee the Senior Secured Credit Facilities.

If we are unable to generate sufficient cash flow from operations in the future to service our debt, we may be required to reduce capital expenditures, issue additional equity securities or draw on our Revolving Credit

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Facility. Our ability to make scheduled principal payments and to pay interest on our debt depends on the future performance of our operations, which is subject to general conditions in or affecting the hotel and timeshare industries that are beyond our control.

Letters of Credit

We had a total of $47 million and $51 million in letters of credit outstanding as of September 30, 2014 and December 31, 2013, respectively, the majority of which were outstanding under our Revolving Credit Facility and related to our guarantees on debt and other obligations of third parties and self-insurance programs. The maturities of the letters of credit were within one year as of September 30, 2014.

Contractual Obligations

The following table summarizes our significant contractual obligations as of December 31, 2013:

	Payments Due by Period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
			(in millions)		
Long-term debt[1][2]	$ 14,685	$ 479	$ 1,087	$ 4,993	$ 8,126
Non-recourse debt[2]	714	39	524	54	97
Capital lease obligations					
Recourse	148	8	22	12	106
Non-recourse	402	26	52	52	272
Operating leases	3,286	264	494	453	2,075
Purchase commitments	137	74	60		3
Total contractual obligations	$ 19,372	$ 890	$ 2,239	$ 5,564	$ 10,679

(1) The initial maturity date of the $875 million variable-rate component of the CMBS Loan is November 1, 2015. We have assumed all extensions, which are solely at our option, were exercised.

(2) Includes principal, as well as estimated interest payments. For our variable-rate debt we have assumed a constant 30-day LIBOR rate of 0.17 percent as of December 31, 2013.

The total amount of unrecognized tax benefits as of December 31, 2013 was $435 million. These amounts are excluded from the table above because they are uncertain and subject to the findings of the taxing authorities in the jurisdictions in which we are subject to tax. It is possible that the amount of the liability for unrecognized tax benefits could change during the next year. Refer to Note 19: Income Taxes in our audited consolidated financial statements included elsewhere in this prospectus for further discussion of our liability for unrecognized tax benefits.

In addition to the purchase commitments in the table above, in the normal course of business we enter into purchase commitments for which we are reimbursed by the owners of our managed and franchised hotels. These obligations have minimal or no effect on our net income and cash flow.

Off-Balance Sheet Arrangements

See Note 17: Commitments and Contingencies in our unaudited condensed consolidated financial statements included elsewhere in this prospectus for discussion of our off-balance sheet arrangements.

Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements in accordance with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the

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consolidated financial statements, the reported amounts of revenues and expenses during the reporting periods and the related disclosures in the consolidated financial statements and accompanying footnotes. We believe that of our significant accounting policies, which are described in Note 2: Basis of Presentation and Summary of Significant Accounting Policies in our audited consolidated financial statements included elsewhere in this prospectus, the following accounting policies are critical because they involve a higher degree of judgment, and the estimates required to be made were based on assumptions that are inherently uncertain. As a result, these accounting policies could materially affect our financial position, results of operations and related disclosures. On an ongoing basis, we evaluate these estimates and judgments based on historical experiences and various other factors that are believed to reflect the current circumstances. While we believe our estimates, assumptions and judgments are reasonable, they are based on information presently available. Actual results may differ significantly from these estimates due to changes in judgments, assumptions and conditions as a result of unforeseen events or otherwise, which could have a material effect on our financial position or results of operations.

Management has discussed the development and selection of these critical accounting policies and estimates with the audit committee of the board of directors.

Property and Equipment and Intangible Assets with Finite Lives

We evaluate the carrying value of our property and equipment and intangible assets with finite lives by comparing the expected undiscounted future cash flows to the net book value of the assets if we determine there are indicators of potential impairment. If it is determined that the expected undiscounted future cash flows are less than the net book value of the assets, the excess of the net book value over the estimated fair value is recorded in our consolidated statements of operations as impairment losses.

As part of the process described above, we exercise judgment to:

- determine if there are indicators of impairment present. Factors we consider when making this determination include assessing the overall effect of trends in the hospitality industry and the general economy, historical experience, capital costs and other asset-specific information;

- determine the projected undiscounted future cash flows when indicators of impairment are present. Judgment is required when developing projections of future revenues and expenses based on estimated growth rates over the expected useful life of the asset group. These estimated growth rates are based on historical operating results, as well as various internal projections and external sources; and

- determine the asset fair value when required. In determining the fair value, we often use internally-developed discounted cash flow models. Assumptions used in the discounted cash flow models include estimating cash flows, which may require us to adjust for specific market conditions, as well as capitalization rates, which are based on location, property or asset type, market-specific dynamics and overall economic performance. The discount rate takes into account our weighted average cost of capital according to our capital structure and other market specific considerations.

We had $9,124 million of property and equipment, net and $2,041 million of intangible assets with finite lives as of September 30, 2014. Changes in estimates and assumptions used in our impairment testing of property and equipment and intangible assets with finite lives could result in future impairment losses, which could be material.

In conjunction with our regular assessment of impairment, we did not identify any property and equipment with indicators of impairment for which a 10 percent reduction in our estimate of undiscounted future cash flows would result in impairment losses. We did not identify any intangible assets with finite lives for which a 10 percent reduction in our estimates of undiscounted future cash flows, projected operating results or other significant assumptions would result in impairment losses.

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Investments in Affiliates

We evaluate our investments in affiliates for impairment when there are indicators that the fair value of our investment may be less than our carrying value. We record an impairment loss when we determine there has been an other-than-temporary decline in the investment s fair value. If an identified event or change in circumstances requires an evaluation to determine if the value of an investment may have an other-than-temporary decline, we assess the fair value of the investment based on the accepted valuation methods, which include discounted cash flows, estimates of sales proceeds and external appraisals. If an investment s fair value is below its carrying value and the decline is considered to be other-than-temporary, we will recognize an impairment loss in equity in earnings (losses) from unconsolidated affiliates for equity method investments or impairment losses for cost method investments in our consolidated statements of operations.

Our investments in affiliates consist primarily of our interests in entities that own and/or operate hotels. As such, the factors we consider when determining if there are indicators of potential impairment are similar to property and equipment discussed above. If there are indicators of potential impairment, we estimate the fair value of our equity method and cost method investments by internally developed discounted cash flow models. The principal factors used in our discounted cash flow models that require judgment are the same as the items discussed in property and equipment above.

We had $174 million of investments in affiliates as of September 30, 2014. Changes in the estimates and assumptions used in our investments in affiliates impairment testing can result in additional impairment expense, which can materially change our consolidated financial statements.

In conjunction with our regular assessment of impairment, we did not identify any investments in affiliates with indicators of impairment for which a 10 percent change in our estimates of future cash flows or other significant assumptions would result in material impairment losses.

Goodwill

We review the carrying value of our goodwill by comparing the carrying value of our reporting units to their fair value. Our reporting units are the same as our operating segments as described in Note 24: Business Segments in our audited consolidated financial statements included elsewhere in this prospectus. We perform this evaluation annually or at an interim date if indicators of impairment exist. In any given year we may elect to perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If we cannot determine qualitatively that the fair value is in excess of the carrying value, or we decide to bypass the qualitative assessment, we proceed to the two-step quantitative process. In the first step, we evaluate the fair value of our reporting units quantitatively. When determining fair value, we utilize discounted future cash flow models, as well as market conditions relative to the operations of our reporting units. Under the discounted cash flow approach, we utilize various assumptions that require judgment, including projections of revenues and expenses based on estimated long-term growth rates, and discount rates based on weighted average cost of capital. Our estimates of long-term growth and costs are based on historical data, as well as various internal projections and external sources. The weighted average cost of capital is estimated based on each reporting units cost of debt and equity and a selected capital structure. The selected capital structure for each reporting unit is based on consideration of capital structures of comparable publicly traded companies operating in the business of that reporting unit. If the carrying amount of a reporting unit exceeds its estimated fair value, then the second step must be performed. In the second step, we estimate the implied fair value of goodwill, which is determined by taking the fair value of the reporting unit and allocating it to all of its assets and liabilities, including any unrecognized intangible assets, as if the reporting unit had been acquired in a business combination.

We had $6,185 million of goodwill as of September 30, 2014. Changes in the estimates and assumptions used in our goodwill impairment testing could result in future impairment losses, which could be material. A

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change in our estimates and assumptions used in our most recent annual impairment valuation that would reduce the fair value of each reporting units by 10 percent would not result in an impairment of any of our reporting units.

Brands

We evaluate our brand intangible assets for impairment on an annual basis or at other times during the year if events or circumstances indicate that it is more likely than not that the fair value of the brand is below the carrying value. When determining fair value, we utilize discounted future cash flow models for hotels that we manage or franchise. Under the discounted cash flow approach, we utilize various assumptions that require judgment, including projections of revenues and expenses based on estimated long-term growth rates and discount rates based on weighted average cost of capital. Our estimates of long-term growth and costs are based on historical data, as well as various internal estimates. If a brand s estimated current fair value is less than its respective carrying value, the excess of the carrying value over the estimated fair value is recorded in our consolidated statements of operations within impairment losses.

We had $4,987 million of brand intangible assets as of September 30, 2014. Changes in the estimates and assumptions used in our brands impairment testing, most notably revenue growth rates and discount rates, could result in future impairment losses, which could be material. A change in our estimates and assumptions used in our most recent annual impairment valuation that would reduce the fair value of each of our brands by 10 percent would not result in an impairment of any of the brand intangible assets.

Hilton HHonors

Hilton HHonors defers revenue received from participating hotels and program partners in an amount equal to the estimated cost per point of the future redemption obligation. We engage outside actuaries to assist in determining the fair value of the future award redemption obligation using statistical formulas that project future point redemptions based on factors that require judgment, including an estimate of breakage (points that will never be redeemed), an estimate of the points that will eventually be redeemed and the cost of the points to be redeemed. The cost of the points to be redeemed includes further estimates of available room nights, occupancy rates, room rates and any devaluation or appreciation of points based on changes in reward prices or changes in points earned per stay.

We had $1,043 million of guest loyalty liability as of September 30, 2014. Changes in the estimates used in developing our breakage rate could result in a material change to our guest loyalty liability. A 10 percent decrease to the breakage estimate used in determining future award redemption obligations would increase our guest loyalty liability by approximately $32 million.

Allowance for Loan Losses

The allowance for loan losses is related to the receivables generated by our financing of timeshare interval sales, which are secured by the underlying timeshare properties. We determine our timeshare financing receivables to be past due based on the contractual terms of the individual mortgage loans. We use a technique referred to as static pool analysis as the basis for determining our general reserve requirements on our timeshare financing receivables. The adequacy of the related allowance is determined by management through analysis of several factors requiring judgment, such as current economic conditions and industry trends, as well as the specific risk characteristics of the portfolio, including assumed default rates.

We had $93 million of allowance for loan losses as of September 30, 2014. Changes in the estimates used in developing our default rates could result in a material change to our allowance. A 10 percent increase to our default rates used in the allowance calculation would increase our allowance for loan losses by approximately $38 million.

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Income Taxes

We recognize deferred tax assets and liabilities based on the differences between the financial statement carrying amounts and the tax basis of assets and liabilities using currently enacted tax rates. We regularly review our deferred tax assets to assess their potential realization and establish a valuation allowance for portions of such assets that we believe will not be ultimately realized. In performing this review, we make estimates and assumptions regarding projected future taxable income, the expected timing of reversals of existing temporary differences and the implementation of tax planning strategies. A change in these assumptions may increase or decrease our valuation allowance resulting in an increase or decrease in our effective tax rate, which could materially affect our consolidated financial statements.

We use a prescribed more-likely-than-not recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return if there is uncertainty in income taxes recognized in the financial statements. Assumptions and estimates are used to determine the more-likely-than-not designation. Changes to these assumptions and estimates can lead to an additional income tax expense (benefit), which can materially change our consolidated financial statements.

Legal Contingencies

We are subject to various legal proceedings and claims, the outcomes of which are subject to significant uncertainty. An estimated loss from a loss contingency should be accrued by a charge to income if it is probable and the amount of the loss can be reasonably estimated. Significant judgment is required when we evaluate, among other factors, the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of loss. Changes in these factors could materially affect our consolidated financial statements.

Consolidations

We use judgment when evaluating whether we have a controlling financial interest in our partnerships and other investments, including the assessment of the importance of rights and privileges of the partners based on voting rights, as well as financial interests that are not controllable through voting interests. If the entity is considered to be a VIE, we use judgment determining whether we are the primary beneficiary, and then consolidate those VIEs for which we have determined we are the primary beneficiary. If the entity in which we hold an interest does not meet the definition of a VIE, we evaluate whether we have a controlling financial interest through our voting interests in the entity. We consolidate entities when we own more than 50 percent of the voting shares of a company or have a controlling general partner interest of a partnership, assuming the absence of other factors determining control, including the ability of minority owners to participate in or block certain decisions. Changes to judgments used in evaluating our partnerships and other investments could materially affect our consolidated financial statements.

Share-based Compensation

During the nine months ended September 30, 2014, we granted restricted stock units, stock options and performance shares (based on (1) relative shareholder return and (2) Hilton s EBITDA compound annual growth rate (EBITDA CAGR)). The process of estimating the fair value of stock-based compensation awards and recognizing the associated expense over the requisite service period involves significant management estimates and assumptions. Refer to Note 13: Share-Based Compensation in our unaudited condensed consolidated financial statements included elsewhere in this prospectus for additional discussion. Any changes to these estimates will affect the amount of compensation expense we recognize with respect to future grants.

We currently have issued awards with service conditions, as well as certain awards that have market or performance conditions. For awards with only service conditions, we have elected to use the straight-line method of expense recognition.

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Vesting of shares with market conditions is based on our total shareholder return relative to the total shareholder returns of a specified group of peer companies at the end of a three-calendar-year performance period. The number of performance shares earned is determined based on our percentile ranking among these companies. Compensation expense is recognized on a straight-line basis over the performance period.

The performance-based awards vest based on satisfaction of certain performance targets. We use the best available estimate of the future achievement of the performance targets and currently expense the performance shares based on Hilton s EBITDA CAGR at 100 percent over the performance period. We will continue to assess the achievement of the performance targets and may adjust the amount of share-based compensation expense we recognize related to the performance-based awards.

Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk primarily from changes in interest rates and foreign currency exchange rates, which may affect future income, cash flows and the fair value of the Company, depending on changes to interest rates and/or foreign exchange rates. In certain situations, we may seek to reduce cash flow volatility associated with changes in interest rates and foreign currency exchange rates by entering into financial arrangements intended to provide a hedge against a portion of the risks associated with such volatility. We continue to have exposure to such risks to the extent they are not hedged. We enter into derivative financial arrangements to the extent they meet the objective described above, and we do not use derivatives for trading or speculative purposes.

Interest Rate Risk

We are exposed to interest rate risk on our variable-rate debt. Interest rates on our variable-rate debt discussed below are based on one-month and three-month LIBOR, so we are most vulnerable to changes in this rate.

Under the terms of the CMBS Loan and Waldorf Astoria Loan entered into in connection with the Debt Refinancing, we are required to hedge interest rate risk using derivative instruments. Under the CMBS Loan, we entered into an interest rate cap agreement in the notional amount of the variable-rate component, or $875 million, which caps one-month LIBOR at 6.0 percent for the initial term of the variable-rate component. Under the Waldorf Astoria Loan, we entered into an interest rate cap agreement in the notional amount of the loan, or $525 million, which caps one-month LIBOR at 4.0 percent for the first 24 months. Thereafter, we are required to renew the interest rate cap agreement annually. As of December 31, 2013, the fair value of these interest rate caps were immaterial to our consolidated balance sheet.

Additionally, on October 25, 2013, we entered into four interest rate swap agreements for a combined notional amount of $1.45 billion, with a term of five years, which swapped the floating three-month LIBOR on a portion of the Term Loans to a fixed rate of 1.87 percent. The carrying value and fair value of these four interest rate swaps was $10 million as of December 31, 2013.

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The following table sets forth the contractual maturities and the total fair values as of December 31, 2013 for our financial instruments that are materially affected by interest rate risk:

	Maturities by Period						Carrying	Fair
	2014	2015	2016	2017	2018	Thereafter	Value	Value
	(in millions, excluding average interest rates)							
Assets:								
Fixed-rate timeshare financing receivables	$ 135	$ 116	$ 120	$ 122	$ 119	$ 382	$ 994	$ 996
Average interest rate[1]							11.97%	
Liabilities:								
Fixed-rate long-term debt[2]	$ 1	$	$ 132	$ 53	$ 2,625	$ 1,500	$ 4,311	$ 4,575
Average interest rate[1]							4.96%	
Fixed-rate non-recourse debt[3]	$ 33	$ 26	$ 28	$ 28	$ 28	$ 79	$ 222	$ 220
Average interest rate[1]							2.28%	
Variable-rate long-term debt[4]	$	$	$	$	$ 1,400	$ 6,000	$ 7,400	$ 7,400
Average interest rate[1]							3.54%	
Variable-rate non-recourse debt[5]	$	$	$ 450	$	$	$	$ 450	$ 450
Average interest rate[1]							1.42%	

(1) Average interest rate as of December 31, 2013.

(2) Excludes capital lease obligations with a carrying value of $73 million as of December 31, 2013.

(3) Represents the Securitized Timeshare Debt.

(4) The initial maturity date of the $875 million variable-rate component of this borrowing is November 1, 2015. We have assumed all extensions, which are solely at our option, were exercised.

(5) Represents the Timeshare Facility.

Refer to Note 17: Fair Value Measurements in our audited consolidated financial statements included elsewhere in this prospectus for further discussion of the fair value measurements of our financial assets and liabilities.

Foreign Currency Exchange Rate Risk

We conduct business in various foreign currencies and are exposed to earnings and cash flow volatility associated with changes in foreign currency exchange rates. This exposure is primarily related to our international assets and liabilities, whose value could change materially in reference to our USD reporting currency. The most significant effect of changes to foreign currency values include certain intercompany loans not deemed to be permanently invested and to transactions for management and franchise fee revenues earned in foreign currencies.

Our most significant foreign currency exposure relates to fluctuations in the foreign exchange rate between USD and the British Pound Sterling and Euro. Historically, we used foreign exchange currency option agreements to hedge our exposure to changes in foreign exchange rates on certain of our foreign investments. As of September 30, 2014, we did not hold any derivative hedging instruments related to our foreign currency exposure.

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BUSINESS

Overview

Hilton Worldwide is one of the largest and fastest growing hospitality companies in the world, with 4,265 hotels, resorts and timeshare properties comprising 705,196 rooms in 93 countries and territories. In the nearly 100 years since our founding, we have defined the hospitality industry and established a portfolio of 12 world-class brands. Our flagship full-service Hilton Hotels & Resorts brand is the most recognized hotel brand in the world. Our premier brand portfolio also includes our luxury and lifestyle hotel brands, Waldorf Astoria Hotels & Resorts, Conrad Hotels & Resorts and Canopy by Hilton, our full-service hotel brands, Curio A Collection by Hilton, DoubleTree by Hilton and Embassy Suites Hotels, our focused-service hotel brands, Hilton Garden Inn, Hampton Hotels, Homewood Suites by Hilton and Home2 Suites by Hilton and our timeshare brand, Hilton Grand Vacations. We own or lease interests in 145 hotels, many of which are located in global gateway cities, including iconic properties such as the Waldorf Astoria New York, the Hilton Hawaiian Village and the London Hilton on Park Lane. More than 155,000 employees proudly serve in our properties and corporate offices around the world, and we have approximately 43 million members in our award-winning customer loyalty program, Hilton HHonors.

We operate our business through three segments: (1) management and franchise; (2) ownership; and (3) timeshare. These complementary business segments enable us to capitalize on our strong brands, global market presence and significant operational scale. Through our management and franchise segment, which consists of 4,120 properties with 645,866 rooms, we manage hotels, resorts and timeshare properties owned by third parties and we license our brands to franchisees. Our ownership segment consists of 145 hotels with 59,330 rooms that we own or lease. Through our timeshare segment, which consists of 44 properties comprising 6,794 units, we market and sell timeshare intervals, operate timeshare resorts and a timeshare membership club and provide consumer financing.

In addition to our current hotel portfolio, we are focused on the growth of our business through expanding our share of the global lodging industry through our development pipeline, which includes approximately 215,000 rooms scheduled to be opened in the future, all of which are in our management and franchise segment. As of September 30, 2014, approximately 109,000 rooms, representing over half of our development pipeline, were under construction. The expansion of our business is supported by strong lodging industry fundamentals in the current economic environment and long-term growth prospects based on increasing global travel and tourism.

Overall, we believe that our experience in the hotel industry and strong brands and commercial service offerings will continue to drive customer loyalty, including participation in our Hilton HHonors loyalty program, which has approximately 43 million members. Satisfied customers will continue to provide strong overall hotel performance for our hotel owners and us, and encourage further development of additional hotels under our brands and existing and new hotel owners, which further supports our growth and future financial performance. We believe that our existing portfolio and development pipeline, which will require minimal initial capital investment, put us in a strong position to further improve our business.

Our competitive strengths, together with execution of our strategies and strong fundamentals in the global lodging industry, have contributed to our strong top- and bottom-line operating performance in recent periods and continued industry-leading unit growth.

Our system-wide comparable RevPAR increased 5.2 percent on a currency neutral basis for the year ended December 31, 2013 compared to the year ended December 31, 2012 and increased 7.3 percent on a currency neutral basis for the nine months ended September 30, 2014 compared to the nine months ended September 30, 2013.

Adjusted EBITDA increased 13 percent for the year ended December 31, 2013 compared to the year ended December 31, 2012 and increased 14 percent for the nine months ended September 30, 2014 compared to the nine months ended September 30, 2013.

Net income attributable to Hilton stockholders and earnings per share each increased 18 percent for the year ended December 31, 2013 compared to the year ended December 31, 2012 and increased 32 percent and 24 percent, respectively, for the nine months ended September 30, 2014 compared to the nine months ended September 30, 2013.

Our capital light management and franchise segment experienced increases in Adjusted EBITDA of eight percent and 16 percent, respectively, for the year ended December 31, 2013 and the nine months ended September 30, 2014 compared to the prior periods; and our capital light timeshare segment experienced increases in Adjusted EBITDA of 18 percent and 13 percent, respectively, for the year ended December 31, 2013 and the nine months ended September 30, 2014 compared to the prior periods.

We have reduced our long-term debt by $2.3 billion through voluntary prepayments from December 12, 2013, the date of our IPO, through November 18, 2014.

We opened 34,000 new rooms during the year ended December 31, 2013, and increased the number of rooms in our system by over 25,000 rooms on a net basis, growing the number of rooms in our management and franchise segment in excess of four percent. During the nine months ended September 30, 2014, we opened nearly 30,000 rooms and achieved net unit growth of over 26,000 rooms.

We approved 72,000 new rooms for development during the year ended December 31, 2013 and another 55,000 new rooms during the nine months ended September 30, 2014.

Our industry-leading pipeline has grown at an average of 12 percent for each of the last three years, and as of September 30, 2014 included 1,269 hotels, consisting of approximately 215,000 rooms, of which more than half, or 119,000 rooms, were located outside of the United States. All of the rooms in our pipeline are within our capital light management and franchise segment.

As of September 30, 2014, we had approximately 109,000 rooms under construction, representing the largest number of rooms under construction in the industry based on STR data. We expect that our number one share of worldwide rooms under construction will allow us to continue to expand our share of worldwide rooms supply and build on our leading market position.

See Summary Summary Historical Financial Data for the definition of Adjusted EBITDA and a reconciliation of net income attributable to Hilton stockholders to Adjusted EBITDA.

Our Competitive Strengths

We believe the following competitive strengths provide the foundation for our position as a leading global hospitality company.

World-Class Hospitality Brands. Our globally recognized, world-class brands have defined the hospitality industry. Our flagship Hilton Hotels & Resorts brand often serves as an introduction to our wider range of brands, including those in the luxury segment, upper midscale segment and everything in between, that are designed to accommodate any customer s needs anywhere in the world. Our brands have achieved an average global RevPAR index premium of 15 percent for the twelve months ended September 30, 2014, based on STR data. This means that our brands achieve on average 15 percent more revenue per room than competitive properties in similar markets. The demonstrated strength of our brands makes us a preferred partner for hotel owners.

Leading Global Presence and Scale. We are one of the largest hospitality companies in the world with 4,265 properties and 705,196 rooms in 93 countries and territories. We have hotels in key gateway cities such as New York City, London, Dubai, Johannesburg, Tokyo, Shanghai and Sydney and 364 hotels located at or near airports around the world. Our global presence allows us to serve our loyal customers throughout the world and to introduce our award-winning brands to customers in new markets. These world-class brands facilitate system growth by providing hotel owners with a variety of options to address each market s specific needs. In addition, the diversity of our operations reduces our exposure to business cycles, individual market disruptions and other risks. Our robust commercial services platform allows us to take advantage of our scale to more effectively deliver products and services that drive customer preference and enhance commercial performance on a global basis.

Large and Growing Loyal Customer Base. Serving our customers is our first priority. By continually adapting to customer preferences and providing our customers with superior experiences, we have improved our overall customer satisfaction ratings since 2007. We earned 34 first place awards in the J.D. Power North America Guest Satisfaction rankings since 1999, more than any multi-brand lodging company. Our hotels accommodated more than 136 million customer visits during the twelve months ended September 30, 2014, with members of our Hilton HHonors loyalty program contributing 51 percent of the 179 million resulting room nights. Hilton HHonors unites all our brands, encourages customer loyalty and allows us to provide tailored promotions, messaging and customer experiences. Membership in our Hilton HHonors program continues to increase, and as of September 30, 2014, there were approximately 43 million Hilton HHonors members, an 11 percent increase from September 30, 2013.

Significant Embedded Growth. All of our segments are expected to grow through improvement in same-store performance driven by strong anticipated industry fundamentals. PKF-HR predicts that lodging industry RevPAR in the U.S., where 76 percent of our system rooms are located, will grow 8.2 percent in 2014 and 6.7 percent in 2015. Our management and franchise segment also is expected to grow through new room additions, as upon completion, our industry-leading development pipeline would result in a 31 percent increase in our room count with minimal capital investment from us. In addition, our franchise revenues should grow over time as franchise agreements renew at our published license rates, which are higher than our current effective rates. For the nine months ended September 30, 2014, our weighted average effective license rate across our brands was 4.6 percent of room revenue and our weighted average published license rate was 5.4 percent as of September 30, 2014. We also expect our incentive management fees, which are linked to hotel profitability measures, to increase as a result of the expected improvements in industry fundamentals and new unit growth. In our ownership segment, we believe we will benefit from strong growth in bottom-line earnings as industry fundamentals continue to improve as a result of this segment s operating leverage, and our large hotels with significant meeting space should benefit from recent improvements in group demand, which we expect will exhibit strong growth as the current stage of the lodging cycle advances. Finally, our timeshare business has over six years of projected interval supply at our current sales pace in the form of existing owned inventory and executed capital light projects, which should enable us to continue to grow our earnings from the segment with lower levels of capital investment from us.

Strong Cash Flow Generation. We generate significant cash flow from operating activities with an increasing percentage from our growing capital light management and franchise and timeshare segments. During the three-year period ended December 31, 2013, we generated an aggregate of $4.4 billion in cash flow from operating activities. Over this same period, we reduced our total indebtedness by $4.8 billion and during the nine months ended September 30, 2014, we further reduced our long-term debt by $700 million through voluntary prepayments. Additionally, in October 2014, we made a $100 million voluntary prepayment to further reduce our long-term debt. We believe that our focus on cash flow generation, the relatively low investment required to grow our management and franchise and timeshare segments, and our disciplined approach to capital allocation position us to maximize opportunities for profitability and growth while continuing to reduce our indebtedness over time.

Iconic Hotels with Significant Underlying Real Estate Value. Our diverse global portfolio of owned and leased hotels includes a number of renowned properties in key gateway cities such as New York City, London, San Francisco, Chicago, São Paolo, Sydney and Tokyo. The portfolio also includes iconic hotels with significant embedded asset value, including: the Waldorf Astoria New York, a landmark luxury hotel with 1,413 rooms encompassing an entire city block in the heart of midtown Manhattan near Grand Central Terminal; the Hilton Hawaiian Village, a full-service beach resort with 2,860 rooms that sits on approximately 22 oceanfront acres along Waikiki Beach on the island of Oahu;

and the London Hilton on Park Lane, a 453-room hotel overlooking Hyde Park in the exclusive Mayfair district of London. Our ten owned hotels with the highest Adjusted EBITDA contributed 56 percent of our ownership segment s Adjusted EBITDA during the year ended December 31, 2013, which highlights the quality of our key flagship properties. In addition, we believe the iconic nature of many of these properties creates significant value for our entire system of properties by reinforcing the world-class nature of our brands. We continually focus on increasing the value and enhancing the market position of our owned and leased hotels and, over time, we believe we can unlock significant incremental value through opportunistically exiting assets or executing on adaptive reuse plans for all or a portion of certain hotels as retail, residential or timeshare uses. An example of this is the recent sale of a previously non-income producing parcel of land at the Hilton Hawaiian Village that had previously been used as a loading dock, along with corresponding entitlements, to a third party in connection with a planned timeshare development project that will not require any capital investment by us. Further, we have plans at the Hilton New York to redevelop the hotel s retail platform to include over 10,000 square feet of street-level retail space, as well as to convert certain floors to timeshare units, which we expect will increase the value of the property. Additionally, in October 2014, we announced that we have entered into an agreement to sell the Waldorf Astoria New York for $1.95 billion and that we will enter into a management agreement with the buyer for a 100-year term.

Market-Leading and Innovative Timeshare Platform. Our timeshare business complements our other segments and provides an alternative hospitality product that serves an attractive customer base. Our timeshare customers are among our most loyal hotel customers, with estimated spend in our hotel system increasing approximately 40 percent after the purchase of their timeshare interests. Historically, we have concentrated our timeshare efforts in four key markets: Florida, Hawaii, New York City and Las Vegas, which has helped us to increase annual sales of timeshare intervals while yielding strong profit margins during a time when our competitors generally experienced declines in both sales and profit margins. As a result of this strong operating performance and the returns we were able to drive on our own timeshare developments, we began a transformation of our timeshare business to a capital light model in which third-party timeshare owners and developers provide capital for development while we act as sales and marketing agent and property manager. Through these transactions, we receive a sales and marketing commission and branding fees on sales of timeshare intervals, recurring fees to operate the homeowners associations and revenues from resort operations. We also earn recurring fees in connection with the points-based membership programs we operate that provide for exclusive exchange, leisure travel and reservation services, and through fees related to the servicing of consumer loans. We have increased the sales of intervals developed by third parties from zero in 2009 to 58 percent for the twelve months ended September 30, 2014, which has dramatically reduced the capital requirements of our timeshare segment while continuing to drive strong earnings and cash flows.

Performance-Driven Culture. We are an organization of people serving people, thus it is imperative that we attract and retain best-in-class talent to serve our various stakeholders. We have a performance-driven culture that begins with an intense alignment around our mission, vision, values and key strategic priorities. Our President and Chief Executive Officer, Christopher J. Nassetta, has nearly 30 years of experience in the hotel industry, previously serving as President and Chief Executive Officer of Host Hotels & Resorts, Inc., where he was named Institutional Investor s 2007 REIT CEO of the Year. He and the balance of our executive management team have been instrumental in transforming our organization and installing a culture that develops leaders at all levels of the organization that are focused on delivering exceptional service to our customers every day. We rely on our over 155,000 employees to execute our strategy and continue to enhance our products and services to ensure that we remain at the forefront of performance and innovation in the lodging industry.

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Our Business and Growth Strategy

The following are key elements of our strategy to become the preeminent global hospitality company the first choice of guests, employees and owners alike:

Expand our Global Footprint. We intend to build on our leading position in the U.S. and expand our global footprint. In February 2006, we reacquired Hilton International Co., which had operated as a separate company since 1964, and in so doing, reacquired the international Hilton branding rights. Reuniting Hilton s U.S. and international operations has provided us with the platform to grow our business and brands globally. As a result of the reacquisition and focus on global expansion, we currently rank number one in every major region of the world by rooms under construction, based on STR data. We aim to increase the relative contribution of our international operations by increasing the number of rooms in our system that are located outside of the U.S. As of September 30, 2014, 70 percent of our new rooms under construction are located outside of the U.S. We plan to continue to expand our global footprint by introducing the right brands with the right product positioning in targeted markets and allocating business development resources effectively to drive new unit growth in every region of the world.

Grow our Fee-Based Businesses. We intend to grow our higher margin, fee-based businesses. We expect to increase the contribution of our management and franchise segment, which already accounts for more than half of our aggregate segment Adjusted EBITDA, through new third-party hotel development and the conversion of existing hotels to our brands. Our industry-leading pipeline consisted of approximately 215,000 rooms as of September 30, 2014, all within our capital light management and franchise segment. Upon completion, this pipeline of new, third-party owned hotels would result in a 33 percent increase in our management and franchise segment s room count with minimal capital investment from us. In addition, we aim to increase the average effective franchise fees we receive over time by renewing and entering into new franchise agreements at our current published franchise fee rates.

Continue to Increase the Capital Efficiency of our Timeshare Business. Traditionally, timeshare operators have funded 100 percent of the investment necessary to acquire land and construct timeshare properties. In 2010, we began sourcing timeshare intervals through sales and marketing agreements with third-party developers. These agreements enable us to generate fees from the sales and marketing of the timeshare intervals and club memberships and from the management of the timeshare properties without requiring us to fund acquisition and construction costs. Our supply of third-party developed timeshare intervals has increased to 106,000, or 81 percent of our total supply, as of September 30, 2014 and the percentage of sales of timeshare intervals developed by third parties has increased to 58 percent for the twelve months ended September 30, 2014. We continue to expand our capital light timeshare business through fee-for-service arrangements with third-party timeshare developers, including the sales and marketing and other timeshare related services agreement we announced in June 2014 for the development of a 37-story, 418-unit timeshare tower adjacent to the Hilton Hawaiian Village. We also recently signed a sales and marketing agreement with a third party for our first timeshare project in Maui, which will consist of over 20,000 intervals and is expected to begin sales in 2016. We will continue to seek opportunities to grow our timeshare business through this capital light model.

Optimize the Performance of our Owned and Leased Hotels. In addition to utilizing our commercial services platform to enhance the revenue performance of our owned and leased assets, we have focused on maximizing the cost efficiency of the portfolio by implementing labor management practices and systems and reducing fixed costs to drive profitability. Through our disciplined approach to asset management, we have developed and executed on strategic plans for each of our hotels to enhance the market position of each property. We expect to continue to enhance the performance of our hotels by improving operating efficiencies, and believe there is an opportunity to drive further improvements in operating margins and Adjusted EBITDA. Further, at certain of our hotels, we are developing plans for the adaptive reuse of all or a portion of the property to residential, retail or timeshare uses similar to our plans for the Hilton New York. Finally, we believe we can create value over time by opportunistically exiting assets and restructuring or exiting leases.

Strengthen and Enhance our Brands and Commercial Services Platform. We intend to enhance our world-class brands through superior brand management by continuing to develop products and services that drive increased RevPAR premiums. We will continue to refine our luxury brands to deliver modern products and service standards that are relevant to today s luxury traveler. We will continue to position our full-service operating model and product standards to meet evolving customer needs and drive financial results that support incremental owner investment in our hotels. In our focused-service brands, we will continue to position for growth in the U.S., and tailor our products as appropriate to meet the needs of customers and developers outside the U.S. We will continue to innovate and enhance our commercial services platform to ensure we have the most formidable sales, pricing, marketing and distribution platform in the industry to drive premium commercial performance to our entire system of hotels. We also will continue to invest in our Hilton HHonors customer loyalty program to ensure it remains relevant to our customers and drives customer loyalty and value to our hotel owners.

Our Brand Portfolio

The goal of each of our brands is to deliver exceptional customer experiences and superior operating performance.

		September 30, 2014				
Brand[1]	**Segment**	**Countries/ Territories**	**Hotels**	**Rooms**	**Percentage of Total Rooms**	**Selected Competitors[2]**
	Luxury	12	26	10,653	1.5%	Ritz Carlton, Four Seasons, Peninsula, St. Regis, Mandarin Oriental
	Luxury	18	24	8,094	1.2%	Park Hyatt, Sofitel, Intercontinental, JW Marriott, Fairmont
	Upper Upscale	82	556	199,768	28.3%	Marriott, Sheraton, Hyatt, Radisson Blu, Renaissance, Westin, Sofitel, Swissotel, Mövenpick
	Upper Upscale	1	2	1,811	0.3%	Autograph Collection, Luxury Collection, Ascend Collection
	Upscale	34	396	98,340	13.9%	Sheraton, Marriott, Crowne Plaza, Wyndham, Radisson, Mövenpick, Hotel Nikko, Holiday Inn, Renaissance
	Upper Upscale	6	218	51,970	7.4%	Renaissance, Sheraton, Hyatt, Residence Inn by Marriott
	Upscale	22	605	84,215	11.9%	Courtyard by Marriott, Holiday Inn, Hyatt Place, Novotel, Aloft, Four Points by Sheraton
	Upper Midscale	16	1,991	197,492	28.0%	Fairfield Inn by Marriott, Holiday Inn Express, Comfort Inn, Quality Inn, La Quinta Inns, Wyngate by Wyndham

Upscale	3	354	39,487	5.6%	Residence Inn by Marriott, Hyatt House, Staybridge Suites, Candlewood Suites
Upper Midscale	3	41	4,356	0.6%	Candlewood Suites, AmericInn, Towne Place Suites
Timeshare	4	44	6,794	1.0%	Marriott Vacation Club, Starwood Vacation Ownership, Hyatt Residence, Wyndham Vacations Resorts

(1) The table above excludes 8 unbranded hotels with 2,216 rooms, representing approximately 0.3 percent of total rooms.

(2) The table excludes lesser known regional competitors.

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Waldorf Astoria Hotels & Resorts: What began as an iconic hotel in New York City is today a portfolio of 26 luxury hotels and resorts. In landmark destinations around the world, Waldorf Astoria Hotels & Resorts reflect their locations, each providing the inspirational environments and personalized attention that are the source of unforgettable moments. Properties typically include elegant spa and wellness facilities, high-end restaurants, golf courses (at resort properties), 24-hour room service, fitness and business centers, meeting, wedding and banquet facilities and special event and concierge services.

Conrad Hotels & Resorts: Conrad is a global luxury brand of properties offering guests personalized experiences with sophisticated, locally inspired surroundings and an intuitive service model based on customization and control, as demonstrated by the Conrad Concierge mobile application that enables guest control of on-property amenities and services. Properties typically include convenient and relaxing spa and wellness facilities, enticing restaurants, comprehensive room service, fitness and business centers, multi-purpose meeting facilities and special event and concierge services.

Canopy by Hilton: On October 15, 2014, we introduced our newest brand: Canopy by Hilton. This brand represents a new hotel concept that redefines the lifestyle category, offering simple, guest-directed service, thoughtful local choices and comfortable spaces for a positive stay, as well as delivering the many benefits of our system, including the Hilton HHonors guest loyalty program. As of September 30, 2014, letters of intent were signed for 11 properties.

Hilton Hotels & Resorts: Hilton is our global flagship brand and ranks number one for global brand awareness in the hospitality industry, with 556 hotels and resorts in 82 countries and territories across six continents. The brand primarily serves business and leisure upper upscale travelers and meeting groups. Hilton hotels are full-service hotels that typically include meeting, wedding and banquet facilities and special event services, restaurants and lounges, food and beverage services, swimming pools, gift shops, retail facilities and other services.

Curio A Collection by Hilton: Curio A Collection by Hilton is created for travelers who seek local discovery and experiences, Curio consists of a carefully selected collection of hotels that retain their unique identity but are expected to deliver the many benefits of our system, including our Hilton HHonors guest loyalty program.

DoubleTree by Hilton: DoubleTree by Hilton is an upscale, full-service hotel designed to provide true comfort to today s business and leisure travelers. DoubleTree is united by the brand s CARE (Creating a Rewarding Experience) culture and a warm chocolate chip cookie served at check-in. DoubleTree s diverse portfolio includes historic icons, small contemporary hotels, resorts and large urban hotels.

Embassy Suites Hotels: Embassy Suites are our upper upscale, all-suite hotels that feature two-room guest suites with a separate living room and dining/work area, a complimentary cooked-to-order breakfast and complimentary evening receptions every night. Embassy Suites bundled pricing ensures that guests receive value at a single price.

Hilton Garden Inn: Hilton Garden Inn is our award-winning, upscale hotel brand that strives to ensure today s busy travelers have what they need to be productive on the road. From the Serta Perfect Sleeper bed, to complimentary Internet access, to a comfortable lobby pavilion, Hilton Garden Inn is the brand guests can count on to support them on their journeys.

Hampton Hotels: Hampton Inn hotels are our moderately priced, upper midscale hotels with limited food and beverage facilities. The Hampton brand also includes Hampton Inn & Suites hotels, which offer both traditional hotel room accommodations and apartment style suites within one property. Across our over 1,900 Hampton locations around the world, guests receive free hot breakfast and free high-speed Internet access, all for a great price and all supported by the Hampton satisfaction guarantee.

Homewood Suites by Hilton: Homewood Suites by Hilton are our upscale, extended-stay hotels that feature residential style accommodations including business centers, swimming pools, convenience stores and limited meeting facilities. The brand provides the touches, familiarity and comforts of home so that extended-stay travelers can feel at home on the road.

Home2 Suites by Hilton: Home2 Suites by Hilton are upper midscale hotels that provide a modern and savvy option to budget conscious extended-stay travelers. Offering innovative suites with contemporary design and cutting-edge technology, we strive to ensure that our guests are comfortable and productive, whether they are staying a few days or a few months. The hotel offers a complimentary continental breakfast, integrated laundry and exercise facility, recycling and sustainability initiatives and a pet-friendly policy.

Hilton Grand Vacations: HGV is our timeshare brand. Ownership of a deeded real estate interest with club membership points provides members with a lifetime of vacation advantages and the comfort and convenience of residential-style resort accommodations in select, renowned vacation destinations. Each club property provides a distinctive setting, while signature elements remain consistent, such as high-quality guest service, spacious units and extensive on-property amenities.

Our Customer Loyalty Program

Hilton HHonors is our award-winning guest loyalty program that supports our portfolio of 12 brands and our entire system of hotels and timeshare properties. The program generates significant repeat business by rewarding guests with points for each stay at any of our more than 4,000 hotels worldwide, which are then redeemable for free hotel nights and other rewards. Members also can earn points with over 140 partners, including airlines, rail and car rental companies, credit card providers and others. The program provides targeted marketing, promotions and customized guest experiences to approximately 43 million members. Our Hilton HHonors members represented 51 percent of our system-wide occupancy and contributed hotel-level revenues of over $13 billion during the twelve months ended September 30, 2014. Affiliation with our loyalty programs encourages members to allocate more of their travel spending to our hotels. The percentage of travel spending we capture from loyalty members increases as they move up the tiers of our program. The program is funded by contributions from eligible revenues generated by Hilton HHonors members and collected by us from hotels in our system. These funds are applied to reimburse hotels and partners for Hilton HHonors points redemptions and to pay for program administrative expenses and marketing initiatives that support the program.

Our Businesses

We operate our business across three segments: (1) management and franchise; (2) ownership; and (3) timeshare. For more information regarding our segments, see Management s Discussion and Analysis of Financial Condition and Results of Operations and Note 24: Business Segments in our audited consolidated financial statements included elsewhere in this prospectus.

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As of September 30, 2014, our system included the following properties and rooms, by type, brand and region:

	Owned / Leased(1)		Managed		Franchised		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Waldorf Astoria Hotels & Resorts								
U.S.	2	1,602	11	5,324			13	6,926
Americas (excluding U.S.)			1	248	1	984	2	1,232
Europe	2	463	4	898			6	1,361
Middle East & Africa			3	703			3	703
Asia Pacific			2	431			2	431
Conrad Hotels & Resorts								
U.S.			4	1,335			4	1,335
Americas (excluding U.S.)					1	294	1	294
Europe	1	191	2	705	1	256	4	1,152
Middle East & Africa	1	614	2	641			3	1,255
Asia Pacific			11	3,422	1	636	12	4,058
Hilton Hotels & Resorts								
U.S.	23	21,110	42	24,959	175	52,826	240	98,895
Americas (excluding U.S.)	3	1,836	23	7,946	18	5,490	44	15,272
Europe	72	18,803	58	16,991	21	5,557	151	41,351
Middle East & Africa	6	2,276	44	13,991	1	410	51	16,677
Asia Pacific	8	3,952	54	20,640	8	2,981	70	27,573
Curio A Collection by Hilton								
U.S.					2	1,811	2	1,811
DoubleTree by Hilton								
U.S.	11	4,268	28	8,245	248	60,507	287	73,020
Americas (excluding U.S.)			3	637	12	2,301	15	2,938
Europe			12	3,676	40	6,950	52	10,626
Middle East & Africa			7	1,464	4	488	11	1,952
Asia Pacific			29	8,839	2	965	31	9,804
Embassy Suites Hotels								
U.S.	10	2,523	42	11,118	158	36,406	210	50,047
Americas (excluding U.S.)			3	653	5	1,270	8	1,923
Hilton Garden Inn								
U.S.	2	290	5	635	530	72,512	537	73,437
Americas (excluding U.S.)			6	808	24	3,683	30	4,491
Europe			19	3,474	13	1,885	32	5,359
Middle East & Africa			1	180			1	180
Asia Pacific			5	748			5	748
Hampton Hotels								
U.S.	1	130	50	6,238	1,846	178,690	1,897	185,058
Americas (excluding U.S.)			7	837	57	7,021	64	7,858
Europe			6	974	23	3,530	29	4,504
Asia Pacific					1	72	1	72
Homewood Suites by Hilton								

U.S.			32	3,652	305	33,912	337	37,564
Americas (excluding U.S.)			2	224	15	1,699	17	1,923
Home2 Suites by Hilton								
U.S.					39	4,132	39	4,132
Americas (excluding U.S.)			1	97	1	127	2	224
Other	3	1,272	5	944			8	2,216
Lodging	145	59,330	524	151,677	3,552	487,395	4,221	698,402
Hilton Grand Vacations			44	6,794			44	6,794
Total	145	59,330	568	158,471	3,552	487,395	4,265	705,196

(1) Includes hotels owned or leased by entities in which we own a noncontrolling interest.

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Management and Franchise

Through our management and franchise segment we manage hotels and timeshare properties and license our brands to franchisees. This segment generates its revenue primarily from fees charged to hotel owners and to homeowners associations at timeshare properties. We grow our management and franchise business by attracting owners to become a part of our system and participate in our brands and commercial services to support their hotel properties. These contracts require little or no capital investment to initiate on our part, and provide significant return on investment for us as fees are earned.

Hotel and Timeshare Management

Our core management services consist of operating hotels under management agreements for the benefit of third parties, who either own or lease the hotels and the associated personal property. Terms of our management agreements vary, but our fees generally consist of a base management fee based on a percentage of each hotel s gross revenue, and we also may earn an incentive fee based on gross operating profits, cash flow or a combination thereof. In general, the owner pays all operating and other expenses and reimburses our out-of-pocket expenses. In turn, our managerial discretion typically is subject to approval by the owner in certain major areas, including the approval of annual operating and capital expenditure budgets. Additionally, the owners generally pay a monthly program fee based on a percentage of the total gross room revenue that covers the costs of advertising and marketing programs; internet, technology and reservation systems expenses; and quality assurance program costs. As of September 30, 2014, we managed 524 hotels with 151,677 rooms, excluding our owned and leased hotels.

The initial terms of our management agreements for full-service hotels typically are 20 years. In certain cases where we have entered into a franchise agreement as well as a management agreement, we classify these hotels as managed hotels in our portfolio. Extension options for our management agreements are negotiated and vary, but typically are more prevalent in full-service hotels. Typically these agreements contain one or two extension options that are either for 5 or 10 years and can be exercised at our or the other party s option or by mutual agreement.

Some of our management agreements provide early termination rights to hotel owners upon certain events, including the failure to meet certain financial or performance criteria. Performance test measures typically are based upon the hotel s performance individually and/or in comparison to specified competitive hotels. We often have a cure right by paying an amount equal to the performance shortfall over a specified period, although in some cases our cure rights are limited.

In addition to the third-party owned hotels we manage, we provide management services for 44 timeshare properties owned by homeowners associations and 145 owned, leased and joint venture hotels, from which we recognize management fee revenues.

Franchising

We franchise our brand names, trade and service marks and operating systems to hotel owners under franchise agreements. We do not directly participate in the day-to-day management or operation of franchised hotels and do not employ the individuals working at those locations. We conduct periodic inspections to ensure that brand standards are maintained and consult with franchisees concerning certain aspects of hotel operations. We approve the location for new construction of franchised hotels, as well as certain aspects of development. In some cases, we provide franchisees with product improvement plans that must be completed in accordance with brand standards to remain in our hotel system. As of September 30, 2014, there were 3,552 franchised hotels with 487,395 rooms.

Each franchisee pays us a franchise application fee. Franchisees also pay a royalty fee, generally based on a percentage of the hotel s total gross room revenue (and a percentage of food and beverage revenue in some brands), as well as a monthly program fee based on a percentage of the total gross room revenue that covers the costs of advertising and marketing programs; internet, technology and reservation systems expenses; and quality assurance program costs. Franchisees also are responsible for various other fees and charges, including payments for participation in our Hilton HHonors reward program, training, consultation and procurement of certain goods and services.

Our franchise agreements typically have initial terms of approximately 20 years for new construction and approximately 10 to 20 years for properties that are converted from other brands. At the expiration of the initial term, we may relicense the hotel to the franchisee, at our or the hotel owner s option or by mutual agreement, for an additional term ranging from 10 to 15 years. We have the right to terminate a franchise agreement upon specified events of default, including nonpayment of fees or noncompliance with brand standards. If a franchise agreement is terminated by us because of a franchisee s default, the franchisee is contractually required to pay us liquidated damages.

Ownership

We are among the largest hotel owners in the world based upon the number of rooms at our owned, leased and joint venture hotels. Our diverse global portfolio of owned and leased properties includes a number of leading hotels in major gateway cities such as New York City, London, San Francisco, Chicago, São Paolo, Sydney and Tokyo. The portfolio includes iconic hotels with significant underlying real estate value, including The Waldorf Astoria New York, the Hilton Hawaiian Village and the London Hilton on Park Lane. Real estate investment was a critical component of the growth of our business in our early years. Our real estate holdings grew over time through new construction, purchases or leases of hotels, investments in joint ventures and the acquisition of other hotel companies. In recent years, we have expanded our hotel system less through real estate investment and more by increasing the number of management and franchise agreements we have with third-party hotel owners.

We have focused on maximizing the cost efficiency and profitability of the portfolio by, among other things, implementing new labor management practices and systems and reducing fixed costs. Through our disciplined approach to asset management, we have developed and executed on strategic plans for each of our hotels to enhance the market position of each property, and at many of our hotels we have renovated guest rooms and public spaces and added or enhanced meeting and retail space to improve profitability. At certain of our hotels, we are evaluating options for the adaptive reuse of all or a portion of the property to residential, retail or timeshare in order to deploy our real estate to its highest and best use.

Timeshare

Our timeshare segment generates revenue from three primary sources:

> *Timeshare Sales* We market and sell timeshare interests owned by Hilton and third parties. We also source timeshare intervals through sales and marketing agreements with third-party developers. This allows us to sell timeshare units on behalf of third-party developers in exchange for sales, marketing and branding fees on interval sales, and to earn fees from resort operations and the servicing of consumer loans while deploying little up-front capital related to the construction of the property.

Resort Operations We manage the HGV Club, receiving enrollment fees, annual dues and transaction fees from member exchanges for other vacation products. We generate rental revenue from unit rentals of unsold inventory and inventory made available due to ownership exchanges under our HGV Club program. We also earn revenue from retail and spa outlets at our timeshare properties.

Financing We provide consumer financing, which includes interest income generated from the origination of consumer loans to customers to finance their purchase of timeshare intervals and revenue from servicing the loans.

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HGV s primary product is a fee-simple timeshare interest deeded in perpetuity. This ownership interest is an interest in real estate equivalent to annual usage rights, generally for one week, at the timeshare resort where the timeshare interval was purchased. Each purchaser is automatically enrolled in the HGV Club, giving the purchaser an annual allotment of Club Points that allow the purchaser to exchange his or her annual usage rights for a number of options, including: a priority reservation period to stay at his or her home resort where his or her timeshare interval is deeded, stays at any resort in the HGV system, reservations for experiential travel such as cruises, conversion to Hilton HHonors points for stays at our hotels and other options, including stays at more than 5,000 resorts included in the RCI timeshare vacation exchange network. In addition, we operate the Hilton Club, which operates for owners of timeshare intervals at the Hilton New York, but whose members also enjoy exchange benefits with the HGV Club. As of September 30, 2014, HGV managed a global system of 44 resorts and the HGV Club and the Hilton Club had more than 225,000 members in total.

Hotel Properties

Owned or Controlled Hotels

As of September 30, 2014, we owned a majority or controlling financial interest in the following 52 hotels, representing 28,156 rooms.

Property	Location	Rooms	Ownership
Waldorf Astoria Hotels & Resorts			
The Waldorf Astoria New York(1)(2)	New York, NY, USA	1,413	100%
Hilton Hotels & Resorts			
Hilton Hawaiian Village Beach Resort & Spa(1)	Honolulu, HI, USA	2,860	100%
Hilton New York(1)	New York, NY, USA	1,985	100%
Hilton San Francisco Union Square(1)	San Francisco, CA, USA	1,915	100%
Hilton New Orleans Riverside(1)	New Orleans, LA, USA	1,622	100%
Hilton Chicago(1)	Chicago, IL, USA	1,544	100%
Hilton Waikoloa Village(1)	Waikoloa, HI, USA	1,241	100%
Caribe Hilton(1)	San Juan, Puerto Rico	915	100%
Hilton Chicago O Hare Airport	Chicago, IL, USA	860	100%
Hilton Orlando Lake Buena Vista(1)	Orlando, FL, USA	814	100%
Hilton Boston Logan Airport(1)	Boston, MA, USA	599	100%
Hilton Sydney	Sydney, Australia	579	100%
Pointe Hilton Squaw Peak Resort(1)	Phoenix, AZ, USA	563	100%
Hilton Miami Airport(1)	Miami, FL, USA	508	100%
Hilton Atlanta Airport(1)	Atlanta, GA, USA	507	100%
Hilton São Paulo Morumbi	São Paulo, Brazil	503	100%
Hilton McLean Tysons Corner(1)	McLean, VA, USA	458	100%
Hilton Seattle Airport & Conference Center(1)	Seattle, WA, USA	396	100%
Hilton Oakland Airport	Oakland, CA, USA	359	100%
Hilton Paris Orly Airport	Paris, France	340	100%
Hilton Durban	Durban, South Africa	324	100%
Hilton New Orleans Airport(1)	Kenner, LA, USA	317	100%
Hilton Short Hills(1)	Short Hills, NJ, USA	304	100%
Hilton Amsterdam Airport Schiphol	Schiphol, Netherlands	277	100%

Hilton Blackpool	Blackpool, United Kingdom	274	100%
Hilton Rotterdam	Rotterdam, Netherlands	254	100%
Hilton Suites Chicago/Oak Brook(1)	Oakbrook Terrace, IL, USA	211	100%
Hilton Belfast	Belfast, United Kingdom	198	100%
Hilton London Islington	London, United Kingdom	190	100%
Hilton Edinburgh Grosvenor	Edinburgh, United Kingdom	184	100%
Hilton Coylumbridge	Coylumbridge, United Kingdom	175	100%

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Property	Location	Rooms	Ownership
Hilton Bath City	Bath, United Kingdom	173	100%
Hilton Nuremberg	Nuremberg, Germany	152	100%
Hilton Milton Keynes	Milton Keynes, United Kingdom	138	100%
Hilton Templepatrick Hotel & Country Club	Templepatrick, United Kingdom	129	100%
Hilton Sheffield	Sheffield, United Kingdom	128	100%
DoubleTree by Hilton			
DoubleTree Hotel Crystal City National Airport[1]	Arlington, VA, USA	631	100%
DoubleTree Hotel San Jose[1]	San Jose, CA, USA	505	100%
DoubleTree Hotel Ontario Airport	Ontario, CA, USA	482	67%
DoubleTree Spokane City Center	Spokane, WA, USA	375	10%
Fess Parker s DoubleTree Resort Santa Barbara	Santa Barbara, CA, USA	360	50%
Embassy Suites Hotels			
Embassy Suites Washington D.C.[1]	Washington, D.C., USA	318	100%
Embassy Suites Parsippany[1]	Parsippany, NJ, USA	274	100%
Embassy Suites Kansas City Plaza[1]	Kansas City, MO, USA	266	100%
Embassy Suites Austin Downtown/Town Lake	Austin, TX, USA	259	100%
Embassy Suites Atlanta Perimeter Center[1]	Atlanta, GA, USA	241	100%
Embassy Suites San Rafael Marin County[1]	San Rafael, CA, USA	235	100%
Embassy Suites Kansas City Overland Park[1]	Overland Park, KS, USA	199	100%
Embassy Suites Phoenix Airport at 24th Street	Phoenix, AZ, USA	182	100%
Hilton Garden Inn			
Hilton Garden Inn LAX/El Segundo[1]	El Segundo, CA, USA	162	100%
Hilton Garden Inn Chicago/Oak Brook[1]	Oakbrook Terrace, IL, USA	128	100%
Hampton Hotels			
Hampton Inn & Suites Memphis Shady Grove[1]	Memphis, TN, USA	130	100%

(1) Property that is included in PropCo group of entities that are unrestricted subsidiaries.

(2) In October 2014, we entered into an agreement to sell this property and closing is scheduled for December 31, 2014, but the parties have the right to adjourn closing to March 31, 2015 or later.

Joint Venture Hotels

As of September 30, 2014, we had a minority or noncontrolling financial interest in and operated the following 17 properties, representing 8,398 rooms. We have a right of first refusal to purchase additional equity interests in certain of these joint ventures. We manage each of the partially owned hotels for the entity owning the hotel.

Property	Location	Rooms	Ownership
Waldorf Astoria Hotels & Resorts			
The Waldorf Astoria Chicago	Chicago, IL, USA	189	15%
Conrad Hotels & Resorts			
Conrad Cairo	Cairo, Egypt	614	10%
Conrad Dublin	Dublin, Ireland	191	25%
Hilton Hotels & Resorts			

Hilton Orlando Orange County Convention Center	Orlando, FL, USA	1,417	20%
Hilton San Diego Bayfront	San Diego, CA, USA	1,190	25%
Hilton Tokyo Bay	Urayasu-shi, Japan	817	24%
Hilton Berlin	Berlin, Germany	601	40%
Capital Hilton	Washington, D.C., USA	547	25%
Hilton Nagoya	Nagoya, Japan	448	24%
Hilton La Jolla Torrey Pines	La Jolla, CA, USA	394	25%
Hilton Mauritius Resort & Spa	Flic-en-Flac, Mauritius	193	20%
Hilton Imperial Dubrovnik	Dubrovnik, Croatia	147	18%
DoubleTree by Hilton			
DoubleTree Las Vegas Airport	Las Vegas, NV, USA	190	50%
DoubleTree Hotel Missoula/Edgewater	Missoula, MT, USA	171	50%

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Property	Location	Rooms	Ownership
Embassy Suites Hotels			
Embassy Suites Alexandria Old Town	Alexandria, VA, USA	288	50%
Embassy Suites Secaucus Meadowlands	Secaucus, NJ, USA	261	50%
Other			
Myrtle Beach Kingston Plantation (condo management company)	Myrtle Beach, SC, USA	740	50%

Leased Hotels

As of September 30, 2014, we leased the following 76 hotels, representing 22,776 rooms.

Property	Location	Rooms
Waldorf Astoria Hotels & Resorts		
Waldorf Astoria Rome Cavalieri	Rome, Italy	370
Waldorf Astoria Amsterdam	Amsterdam, Netherlands	93
Hilton Hotels & Resorts		
Hilton Tokyo(1)	(Shinjuku-ku) Tokyo, Japan	811
Hilton Ramses	Cairo, Egypt	771
Hilton London Kensington	London, United Kingdom	601
Hilton Vienna	Vienna, Austria	579
Hilton Tel Aviv	Tel Aviv, Israel	562
Hilton Osaka(1)	Osaka, Japan	522
Hilton Istanbul	Istanbul, Turkey	499
Hilton Salt Lake City	Salt Lake City, UT, USA	499
Hilton Munich Park	Munich, Germany	484
Hilton Munich City	Munich, Germany	480
London Hilton on Park Lane	London, United Kingdom	453
Hilton Diagonal Mar Barcelona	Barcelona, Spain	433
Hilton Mainz	Mainz, Germany	431
Hilton Trinidad & Conference Centre	Port of Spain, Trinidad	418
Hilton London Heathrow Airport	London, United Kingdom	398
Hilton Izmir	Izmir, Turkey	380
Hilton London Docklands Riverside	London, United Kingdom	378
Hilton Addis Ababa	Addis Ababa, Ethiopia	372
Hilton Vienna Danube	Vienna, Austria	367
Hilton Frankfurt	Frankfurt, Germany	342
Hilton Brighton Metropole	Brighton, United Kingdom	340
Hilton Sandton	Sandton, South Africa	329
Hilton Brisbane	Brisbane, Australia	319
Hilton Glasgow	Glasgow, United Kingdom	319
Hilton Milan	Milan, Italy	319
Hilton Ankara	Ankara, Turkey	310
Hilton Adana	Adana, Turkey	308
Hilton Waldorf	London, United Kingdom	298
Hilton Cologne	Cologne, Germany	296
Hilton Slussen	Stockholm, Sweden	289

Hilton Nairobi[1]	Nairobi, Kenya	287
Hilton Madrid Airport	Madrid, Spain	284
Hilton Parmelia Perth	Parmelia Perth, Australia	284
Hilton London Canary Wharf	London, United Kingdom	282
Hilton Amsterdam	Amsterdam, Netherlands	271

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Property	Location	Rooms
Hilton Newcastle Gateshead	Newcastle Upon Tyne, United Kingdom	254
Hilton Vienna Plaza	Vienna, Austria	254
Hilton Bonn	Bonn, Germany	252
Hilton London Tower Bridge	London, United Kingdom	245
Hilton London Stansted Airport	Stansted, United Kingdom	239
Hilton Manchester Airport	Manchester, United Kingdom	230
Hilton Basel	Basel, Switzerland	220
Hilton Bracknell	Bracknell, United Kingdom	215
Hilton Antwerp	Antwerp, Belgium	210
Hilton Reading	Reading, United Kingdom	210
Hilton Leeds City	Leeds, United Kingdom	208
Hilton Watford	Watford, United Kingdom	200
Hilton Mersin	Mersin, Turkey	186
Hilton Warwick/Stratford-upon-Avon	Warwick, United Kingdom	181
Hilton Leicester	Leicester, United Kingdom	179
Hilton Innsbruck	Innsbruck, Austria	176
Hilton Nottingham	Nottingham, United Kingdom	176
Hilton Odawara Resort & Spa	Odawara City, Japan	172
Hilton St. Anne s Manor, Bracknell	Wokingham, United Kingdom	170
Hilton Croydon	Croydon, United Kingdom	168
Hilton London Green Park	London, United Kingdom	163
Hilton Cobham	Cobham, United Kingdom	158
Hilton Paris La Defense	Paris, France	153
Hilton East Midlands	Derby, United Kingdom	152
Hilton Maidstone	Maidstone, United Kingdom	146
Hilton Avisford Park, Arundel	Arundel, United Kingdom	140
Hilton Northampton	Northampton, United Kingdom	139
Hilton London Hyde Park	London, United Kingdom	132
Hilton York	York, United Kingdom	131
Hilton Mainz City	Mainz, Germany	127
Hilton ParkSA Istanbul	Istanbul, Turkey	117
Hilton Puckrup Hall, Tewkesbury	Tewkesbury, United Kingdom	112
Hilton Glasgow Grosvenor	Glasgow, United Kingdom	97
DoubleTree by Hilton		
DoubleTree Hotel Seattle Airport	Seattle, WA, USA	850
DoubleTree Hotel San Diego Mission Valley	San Diego, CA, USA	300
DoubleTree Hotel Sonoma Wine Country	Rohnert Park, CA, USA	245
DoubleTree Hotel Durango	Durango, CO, USA	159
Other		
Scandic Hotel Sergel Plaza	Stockholm, Sweden	403
The Trafalgar London	London, United Kingdom	129

(1) We own a majority or controlling financial interest, but less than a 100 percent interest, in entities that lease these properties.

Corporate Headquarters and Regional Offices

Our corporate headquarters are located at 7930 Jones Branch Drive, McLean, Virginia 22102. These offices consist of approximately 169,024 square feet of leased space. The lease for this property initially expires on December 31, 2019, with options to renew and increase the rentable square feet. We also have corporate offices in Watford, England (Europe), Dubai (Middle East & Africa) and Singapore (Asia Pacific). Additionally, to

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support our operations, we have our Hilton HHonors and other commercial services office in Addison, Texas, the Hilton Grand Vacations headquarters in Orlando, Florida and timeshare sales offices in Honolulu, Hawaii, Las Vegas, Nevada, New York City, New York, Orlando, Florida, Tumon Bay, Guam and Tokyo, Japan.

Other non-operating real estate holdings include a centralized operations center and a centralized data center, both located in Memphis, Tennessee; and a Hilton Reservations and Customer Care office in Carrollton, Texas.

We believe that our existing office properties are in good condition and are sufficient and suitable for the conduct of our business. In the event we need to expand our operations, we believe that suitable space will be available on commercially reasonable terms.

Competition

We encounter active and robust competition as a hotel, residential, resort and timeshare manager, franchisor and developer. Competition in the hotel and lodging industry generally is based on the attractiveness of the facility, location, level of service, quality of accommodations, amenities, food and beverage options and outlets, public spaces and other guest services, consistency of service, room rate, brand reputation and the ability to earn and redeem loyalty program points through a global system. Our properties and brands compete with other hotels, resorts, motels and inns in their respective geographic markets or customer segments, including facilities owned by local interests, individuals, national and international chains, institutions, investment and pension funds and real estate investment trusts (REITs). We believe that our position as a multi-branded owner, operator, manager and franchisor of hotels makes us one of the largest and most geographically diverse lodging companies in the world.

Our principal competitors include other branded and independent hotel operating companies, national and international hotel brands and ownership companies, including hotel REITs. While local and independent brand competitors vary, on a global scale our primary competitors are firms such as Accor S.A., Carlson Rezidor Group, Fairmont Raffles Hotels International, Hong Kong and Shanghai Hotels, Limited, Hyatt Hotels Corporation, Intercontinental Hotel Group, Marriott International, Mövenpick Hotels and Resorts, Starwood Hotels & Resorts Worldwide and Wyndham Worldwide Corporation.

In the timeshare business, we compete with other hotel and resort timeshare operators for sales of timeshare intervals based principally on location, quality of accommodations, price, financing terms, quality of service, terms of property use and opportunity for timeshare owners to exchange into time at other timeshare properties or other travel rewards. In addition, we compete based on brand name recognition and reputation, as well as with national and independent timeshare resale companies and owners reselling existing timeshare intervals, which could reduce demand or prices for sales of new timeshare intervals. Our competitors in the timeshare space include Hyatt Residence Club, Marriott Vacations Worldwide Corp., Starwood Vacation Ownership and Wyndham Vacation Resorts.

Seasonality

The hospitality industry is seasonal in nature. The periods during which our lodging properties experience higher revenues vary from property to property, depending principally upon location and the customer-base served. We generally expect our revenues to be lower in the first quarter of each year than in each of the three subsequent quarters, with the fourth quarter generally being the highest.

Cyclicality

The hospitality industry is cyclical and demand generally follows, on a lagged basis, key macroeconomic indicators. There is a history of increases and decreases in demand for hotel rooms, in occupancy levels and in

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room rates realized by owners of hotels through economic cycles. The combination of changes in economic conditions and in the supply of hotel rooms can result in significant volatility in results for owners and managers of hotel properties. The costs of running a hotel tend to be more fixed than variable. As a result, in an environment of declining revenues the rate of decline in earnings can be higher than the rate of decline in revenues. The vacation ownership business also is cyclical as the demand for vacation ownership units is affected by the availability and cost of financing for purchases of vacation ownership units, as well as general economic conditions and the relative health of the housing market.

Intellectual Property

In the highly competitive hospitality industry in which we operate, trademarks, service marks, trade names, logos and patents are very important to the success of our business. We have a significant number of trademarks, service marks, trade names, logos, patents and pending registrations and expend significant resources each year on surveillance, registration and protection of our trademarks, service marks, trade names, logos and patents, which we believe have become synonymous in the hospitality industry with a reputation for excellence in service and authentic hospitality.

Government Regulation

Our business is subject to various foreign and U.S. federal and state laws and regulations, including: laws and regulations that govern the offer and sale of franchises, many of which impose substantive requirements on franchise agreements and require that certain materials be registered before franchises can be offered or sold in a particular state; and extensive state and federal laws and regulations relating to our timeshare business, primarily relating to the sale and marketing of timeshare intervals.

In addition, a number of states regulate the activities of hospitality properties and restaurants, including safety and health standards, as well as the sale of liquor at such properties, by requiring licensing, registration, disclosure statements and compliance with specific standards of conduct. Operators of hospitality properties also are subject to laws governing their relationship with employees, including minimum wage requirements, overtime, working conditions and work permit requirements. Our franchisees are responsible for their own compliance with laws, including with respect to their employees, minimum wage requirements, overtime, working conditions and work permit requirements. Compliance with, or changes in, these laws could reduce the revenue and profitability of our properties and could otherwise adversely affect our operations.

We also manage and own hotels with casino gaming operations as part of or adjacent to the hotels. However, with the exception of casinos at certain of our properties in Puerto Rico and one property in Egypt, third parties manage and operate the casinos. We hold and maintain the casino gaming license and manage the casinos located in Puerto Rico and Egypt and employ third-party compliance consultants and service providers. As a result, our business operations at these facilities are subject to the licensing and regulatory control of the local regulatory agency responsible for gaming licenses and operations in those jurisdictions.

Finally, as an international owner, operator and franchisor of hospitality properties in 93 countries and territories, we also are subject to the local laws and regulations in each country in which we operate, including employment laws and practices, privacy laws, tax laws, which may provide for tax rates that exceed those of the U.S. and which may provide that our foreign earnings are subject to withholding requirements or other restrictions, unexpected changes in regulatory requirements or monetary policy and other potentially adverse tax consequences.

Environmental Matters

We are subject to certain requirements and potential liabilities under various foreign and U.S. federal, state and local environmental, health and safety laws and regulations and incur costs in complying with such requirements. These laws and regulations govern actions including air emissions, the use, storage and disposal of hazardous and toxic substances, and wastewater disposal. In addition to investigation and remediation liabilities that could arise under such laws, we may also face personal injury, property damage, fines or other claims by third parties concerning environmental compliance or contamination. In addition to our hotel accommodations, we operate a number of laundry facilities located in certain areas where we have multiple properties. We use and store hazardous and toxic substances, such as cleaning materials, pool chemicals, heating oil and fuel for back-up generators at some of our facilities, and we generate certain wastes in connection with our operations. Some of our properties include older buildings, and some may have, or may historically have had, dry-cleaning facilities and underground storage tanks for heating oil and back-up generators. We have from time to time been responsible for investigating and remediating contamination at some of our facilities, such as contamination that has been discovered when we have removed underground storage tanks, and we could be held responsible for any contamination resulting from the disposal of wastes that we generate, including at locations where such wastes have been sent for disposal. In some cases, we may be entitled to indemnification from the party that caused the contamination, or pursuant to our management or franchise agreements, but there can be no assurance that we would be able to recover all or any costs we incur in addressing such problems. From time to time, we may also be required to manage, abate, remove or contain mold, lead, asbestos-containing materials, radon gas or other hazardous conditions found in or on our properties. We have implemented an on-going operations and maintenance plan at each of our owned and operated properties that seeks to identify and remediate these conditions as appropriate. Although we have incurred, and expect that we will continue to incur, costs relating to the investigation, identification and remediation of hazardous materials known or discovered to exist at our properties, those costs have not had, and are not expected to have, a material adverse effect on our financial condition, results of operations or cash flow.

Insurance

We maintain insurance coverage for general liability, property including business interruption, terrorism, workers compensation and other risks with respect to our business for all of our owned hotels. Most of our insurance policies are written with self-insured retentions or deductibles that are common in the insurance market for similar risks. These policies provide coverage for claim amounts that exceed our self-insured retentions or deductibles. Our insurance provides coverage related to any claims or losses arising out of the design, development and operation of our hotels.

U.S. hotels that we manage are permitted to participate in our insurance programs by mutual agreement with our hotel owners or, if not participating, must purchase insurance programs consistent with our requirements. U.S. franchised hotels are not permitted to participate in our insurance programs but rather must purchase insurance programs consistent with our requirements. Non-U.S. managed and franchised hotels are required to participate in certain of our insurance programs. All other insurance programs purchased by hotel owners must meet our requirements. In addition, our management and franchise agreements typically include provisions requiring the owner of the hotel property to indemnify us against losses arising from the design, development and operation of our hotels.

History

Holdings was incorporated in Delaware in March 2010. In 1919, our founder Conrad Hilton purchased his first hotel in Cisco, Texas. Through our predecessors, we commenced operations in 1946 when our subsidiary Hilton Hotels Corporation, later renamed Hilton Worldwide, Inc., was incorporated in Delaware.

Employees

As of September 30, 2014, more than 155,000 people were employed at our managed, owned, leased, timeshare and corporate locations.

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As of September 30, 2014, approximately 22 percent of our employees globally (or 30 percent of our employees in the U.S.) were covered by various collective bargaining agreements generally addressing pay rates, working hours, other terms and conditions of employment, certain employee benefits and orderly settlement of labor disputes.

Legal Proceedings

We are involved in various claims and lawsuits arising in the normal course of business, some of which include claims for substantial sums, including proceedings involving tort and other general liability claims, employee claims, consumer protection claims and claims related to our management of certain hotel properties. Most occurrences involving liability, claims of negligence and employees are covered by insurance with solvent insurance carriers. For those matters not covered by insurance, which include commercial matters, we recognize a liability when we believe the loss is probable and can be reasonably estimated. The ultimate results of claims and litigation cannot be predicted with certainty. We believe we have adequate reserves against such matters. We currently believe that the ultimate outcome of such lawsuits and proceedings will not, individually or in the aggregate, have a material adverse effect on our consolidated financial position, results of operations or liquidity. However, depending on the amount and timing, an unfavorable resolution of some or all of these matters could materially affect our future results of operations in a particular period.

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MANAGEMENT

Directors and Executive Officers

The following table sets forth the names, ages and positions of Holdings directors and executive officers as of October 31, 2014.

Name	Age	Position
Christopher J. Nassetta	52	President, Chief Executive Officer and Director
Jonathan D. Gray	44	Chairman of the Board of Directors
Michael S. Chae	46	Director
Tyler S. Henritze	34	Director
Judith A. McHale	67	Director
John G. Schreiber	68	Director
Elizabeth A. Smith	51	Director
Douglas M. Steenland	63	Director
William J. Stein	52	Director
Kristin A. Campbell	53	Executive Vice President and General Counsel
Ian R. Carter	53	Executive Vice President and President, Development, Architecture and Construction
Jeffrey A. Diskin	53	Executive Vice President, Commercial Services
James E. Holthouser	55	Executive Vice President, Global Brands
Kevin J. Jacobs	41	Executive Vice President and Chief Financial Officer
Matthew W. Schuyler	49	Executive Vice President and Chief Human Resources Officer
Mark D. Wang	57	Executive Vice President and President, Hilton Grand Vacations

Christopher J. Nassetta joined Hilton Worldwide as President and Chief Executive Officer in December 2007 and has served as a director of Hilton Worldwide since that time. Previously, he was President and Chief Executive Officer of Host Hotels and Resorts, Inc., a position he held from May 2000 until October 2007. He joined Host in 1995 as Executive Vice President and was elected Chief Operating Officer in 1997. Before joining Host, Mr. Nassetta co-founded Bailey Capital Corporation, a real estate investment and advisory firm, in 1991. Prior to this, he spent seven years at The Oliver Carr Company, a commercial real estate company, where he ultimately served as Chief Development Officer. Mr. Nassetta is an Advisory Board member for the McIntire School of Commerce at the University of Virginia and is Vice Chairman of the Corporate Fund for The John F. Kennedy Center for the Performing Arts. He is on the boards of the International Youth Foundation and the Wolf Trap Foundation for the Performing Arts. He is also a member of the board of directors, nominating and corporate governance committee and compensation committee of CoStar Group, Inc. He is also a member and a past Chairman of The Real Estate Roundtable, a Vice Chairman and Executive Committee member of the World Travel & Tourism Council, a member of the Economic Club of Washington, a member of Federal City Council, a member of the Steering Committee of Partners for a New Beginning, and has served in various positions at the Arlington Free Clinic. Mr. Nassetta graduated from the McIntire School of Commerce at the University of Virginia with a degree in Finance.

Jonathan D. Gray is Chairman of our Board and has served as a director of Hilton Worldwide since 2007. Mr. Gray has served as Blackstone s global head of real estate since January 2012 and a member of the board of directors of Blackstone since February 2012. He also sits on Blackstone s management and executive committees. Prior to being named global head of real estate at Blackstone, Mr. Gray served as a senior managing director and co-head of real estate from January 2005 to December 2011. Since joining Blackstone in 1992, Mr. Gray has helped build the largest private equity real estate platform in the world with over $80 billion in investor capital under management as of September 30, 2014. Mr. Gray received a B.S. in Economics from the Wharton School, as well as a B.A. in English from the College of Arts and Sciences at the University of Pennsylvania, where he graduated magna cum laude and was elected to Phi Beta Kappa. He currently serves as a board member of Brixmor Property Group Inc., La Quinta Holdings Inc. and Trinity School and is Chairman of the Board of Harlem Village Academies. Mr. Gray and his wife, Mindy, recently established the Basser Research Center at the University of Pennsylvania School of Medicine, which focuses on the prevention and treatment of certain genetically caused breast and ovarian cancers.

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Michael S. Chae has served as a director of Hilton Worldwide since 2007. Mr. Chae has been a senior managing director of Blackstone since January 2005 and serves as head of international private equity at Blackstone. Since joining Blackstone, Mr. Chae has been involved in numerous private equity investments for Blackstone globally. Before joining Blackstone, he worked at The Carlyle Group, L.P. and prior to that, with Dillon, Read & Co. He serves as a member of the Board of Trustees of the Lawrenceville School. Mr. Chae graduated from Harvard College, and received an M.Phil. from Cambridge University and a J.D. from Yale Law School.

Tyler S. Henritze has served as a director of Hilton Worldwide since 2013. Mr. Henritze has been a senior managing director in the real estate group at Blackstone since January 2013 and currently focuses on investment opportunities in the lodging sector. Prior to being named a senior managing director at Blackstone, Mr. Henritze served as a managing director from January 2011 to December 2012 and as principal from January 2009 to December 2010. Since joining Blackstone in 2004, Mr. Henritze has been involved in over $50 billion of real estate investments across all property types. He played a key role in acquisitions including Motel 6, Duke Realty Office Portfolio, Valad Property Group, Extended Stay Hotels, Equity Office Properties Trust, CarrAmerica Realty, La Quinta and Wyndham International. Before joining Blackstone, Mr. Henritze worked at Merrill Lynch in the real estate investment banking group and was involved in a variety of debt, equity and M&A transactions. Mr. Henritze received a B.S. in Commerce from The McIntire School at the University of Virginia, where he graduated with distinction. He is a member of the IREFAC Council of the American Hotel and Lodging Association and is active with City Year NY, serving on its investment community board.

Judith A. McHale has served as a director of Hilton Worldwide since 2013. Ms. McHale has served as President and Chief Executive Officer of Cane Investments, LLC since August 2011. From May 2009 to July 2011, Ms. McHale served as Under Secretary of State for Public Diplomacy and Public Affairs for the U.S. Department of State. From 2006 to March 2009, Ms. McHale served as a Managing Partner in the formation of GEF/Africa Growth Fund. Prior to that, Ms. McHale served as the President and Chief Executive Officer of Discovery Communications. Ms. McHale currently serves on the board of directors of Ralph Lauren Corporation and SeaWorld Entertainment, Inc. Ms. McHale graduated from the University of Nottingham in England and Fordham University School of Law.

John G. Schreiber has served as a director of Hilton Worldwide since 2007. Mr. Schreiber has served as the President of Centaur Capital Partners since April 1991 and a Partner and Co-Founder of Blackstone Real Estate Advisors (BREA) since October 1992. As Co-Chairman of the BREA Investment Committee, Mr. Schreiber has overseen all Blackstone real estate investments since 1992. During the past 20 years, Blackstone has invested over $40 billion of equity in a wide variety of real estate transactions. Previously, Mr. Schreiber served as Chairman and CEO of JMB Urban Development Co. and Executive Vice President of JMB Realty Corp. During his twenty-year career at JMB, Mr. Schreiber was responsible for over $10 billion of firm and client real estate investments and had overall responsibility for the firm s shopping center development activities. Mr. Schreiber is a past board member of Urban Shopping Centers, Inc., Host Hotels & Resorts, Inc., The Rouse Company, AMLI Residential Properties Trust and General Growth Properties and he currently serves on the board of JMB Realty Corp., Brixmor Property Group Inc. and Blackstone Mortgage Trust Inc. and is a director/trustee to the mutual funds managed by T. Rowe Price Associates. Mr. Schreiber graduated from Loyola University of Chicago and received an M.B.A. from Harvard Business School.

Elizabeth A. Smith has served as a director of Hilton Worldwide since 2013. Ms. Smith has served as Chairman of the Board of Directors of Bloomin Brands, Inc. since January 2012 and has served as its Chief Executive Officer and a Director since November 2009. From September 2007 to October 2009, Ms. Smith was President of Avon Products, Inc., a global beauty products company, and was responsible for its worldwide product-to-market processes, infrastructure and systems, including Global Brand Marketing, Global Sales, Global Supply Chain and Global Information Technology. In January 2005, Ms. Smith joined Avon Products, Inc. as President, Global Brand, and was given the additional role of leading Avon North America in August 2005. From September 1990 to November 2004, Ms. Smith worked in various capacities at Kraft Foods Inc. and from November 2004 to December 2008, served as a director of Carter s, Inc. Ms. Smith served as a member of the board of directors and audit committee member of Staples, Inc. from September 2008 to June 2014. Ms. Smith holds a bachelor s degree, Phi Beta Kappa, from the University of Virginia and an M.B.A. from the Stanford Graduate School of Business.

Douglas M. Steenland has served as a director of Hilton Worldwide since 2009. Mr. Steenland worked for Northwest Airlines Corporation from September 1991 to October 2008, serving as Chief Executive Officer from April 2004 to October 2008 and as President from February 2001 to April 2004. During his tenure at Northwest Airlines, he also served as Executive Vice President, Chief Corporate Officer and Senior Vice President and General Counsel. Mr. Steenland was Chief Executive Officer of Northwest Airlines at the time it filed for Chapter 11 bankruptcy in 2005 following a period of rising fuel prices and other challenges and oversaw its emergence from bankruptcy in 2007. Mr. Steenland retired from Northwest Airlines upon its merger with Delta Air Lines, Inc. Prior to his time at Northwest Airlines, Mr. Steenland was a senior partner at a Washington, D.C. law firm that is now part of DLA Piper. Mr. Steenland is currently a director of American International Group, Inc., where he serves on the finance and risk management committee and the regulatory, compliance and public policy committee; Digital River, Inc., where he serves on the compensation committee; and Travelport Limited, where he serves on the compensation and audit committees. In the past five years, Mr. Steenland has also served as a director of Delta Airlines, Inc. and Northwest Airlines Corporation. Mr. Steenland received a B.A. from Calvin College and is a graduate from The George Washington University Law School.

William J. Stein has served as a director of Hilton Worldwide since 2007. Mr. Stein has been a senior managing director of Blackstone since January 2006 and serves as global head of asset management in Blackstone s real estate group. Since joining Blackstone in 1997, Mr. Stein has been involved in the direct asset management and asset management oversight of Blackstone s global real estate assets. Mr. Stein also serves as a director of Brixmor Property Group Inc. and La Quinta Holdings Inc. Before joining Blackstone, Mr. Stein was a Vice President at Heitman Real Estate Advisors and JMB Realty Corp. Mr. Stein received a B.B.A. from the University of Michigan and an M.B.A. from the University of Chicago.

Kristin A. Campbell joined Hilton Worldwide as Executive Vice President and General Counsel in June 2011. She is responsible for leading Hilton Worldwide s global legal, compliance and government relations functions. Prior to Hilton Worldwide, Ms. Campbell was Senior Vice President, General Counsel and Corporate Secretary of Staples, Inc., an international office products company from May 2007 to June 2011. Before joining Staples, Inc. in 1993, Ms. Campbell worked at the law firms Goodwin Procter LLP and Rackemann, Sawyer & Brewster. Ms. Campbell graduated *summa cum laude* from Arizona State University and received a J.D. from Cornell University Law School.

Ian R. Carter has served as Executive Vice President and President, Development, Architecture and Construction for Hilton Worldwide since October 2012 and previously oversaw Operations since August 2009 for Hilton Worldwide. He previously served as Chief Executive Officer of Hilton International Co. prior to its re-acquisition by Hilton Worldwide in February 2006. Prior to joining Hilton International in January 2005, Mr. Carter served as Officer and President of Black & Decker Corporation, Middle East, Africa and Asia. Prior to Black & Decker, Mr. Carter spent more than a decade with General Electric Plastics, ultimately serving as President of General Electric Specialty Chemical. Mr. Carter serves as a non-Executive Director on the Board of Burberry Group plc, where he serves as chairman of the compensation committee, and is a Patron of Hospitality in Action and Chairman of the Hilton in the Community Foundation. He is also Chairman of the International Tourism Partnership. He serves on the board of advisors of Boston University School of Hospitality Administration, serves as a Commissioner of the California Travel and Tourism Commission and is a fellow of the Institute of Hospitality. Mr. Carter is a graduate of the University of West London, School of Business and Management, and received an honorary doctorate from the university.

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Jeffrey A. Diskin has served as Executive Vice President of Commercial Services at Hilton Worldwide since November 2012 and oversees Customer Marketing, Revenue Management, E-Commerce and Online Service divisions globally, including our Hilton HHonors guest loyalty program, and beginning in September 2014, Global Sales and Reservations. From March 2009 to November 2012, Mr. Diskin was Senior Vice President of Global Customer Marketing, and prior to that role he was Senior Vice President, Brand Management. Mr. Diskin first joined Hilton in 1988 and has held numerous marketing and management positions since that time, including roles where he was responsible for developing the company s customer marketing websites and online strategies to overseeing our Hilton and luxury brands. He was also President and Chief Operating Officer of the Hilton HHonors Worldwide subsidiary from March 1997 to June 2004. Before joining Hilton, Mr. Diskin worked for MPI, a subsidiary of United Airlines, specializing in loyalty program design and implementation. Mr. Diskin is Chairman of the Room Key board and on the board of GLAAD, and was previously a board director for Doubletree Hotel Systems, Inc., Hilton Inns, Inc. and Promus Hotels Inc. He was elected president of the Frequent Traveler Marketing Association, and has been a recipient of three annual Best in Show awards from Hospitality Sales and Marketing Association International.

James E. Holthouser has served as Hilton Worldwide s Executive Vice President of Global Brands since November 2012. In this role, he serves as our global leader for brand management. Mr. Holthouser also oversees the Product Management group and the Global Brands Strategy group. The Product Management group is responsible for the development and management of products for Food & Beverage, Meetings & Events, Spa, Fitness and Sustainability. The Global Brands Strategy group is responsible for developing strategies for all brand and product groups across the enterprise. With more than 25 years of experience in the lodging, restaurant and gaming industries, Mr. Holthouser has held a series of senior management positions within Hilton Worldwide in the branding, franchising and marketing arenas. Most recently, he was Global Head of Full Service Brands and Global Head of Embassy Suites Hotels from June 2009 to November 2012, overseeing all aspects of brand management. From October 2005 to June 2009, Mr. Holthouser was Senior Vice President of Brand Management for Embassy Suites. From February 1999 to October 2005, Mr. Holthouser served as Senior Vice President of Brand Management for Homewood Suites by Hilton. His career with the Company began in 1989 in Market Research for Promus. Mr. Holthouser received his M.A. in Economics and Political Science from the University of Louisville and his international M.B.A. from the American Graduate School of International Management. He received undergraduate degrees from the University of Louisville in Political Science and Foreign Languages.

Kevin J. Jacobs serves as Executive Vice President and Chief Financial Officer of Hilton Worldwide and is responsible for the oversight of all of our global finance, information technology and real estate functions. He joined Hilton Worldwide as Senior Vice President, Corporate Strategy in June 2008, was elected Treasurer in May 2009, became Executive Vice President and Chief of Staff in September 2012 and assumed his current role in August 2013. Previously, from July 2007 to June 2008 he was Senior Vice President, Mergers & Acquisitions and Treasurer of Fairmont Raffles Hotels International. Prior to joining Fairmont Raffles, Mr. Jacobs spent seven years with Host Hotels and Resorts, Inc., most recently as Vice President, Corporate Finance & Investor Relations. Prior to joining Host, Mr. Jacobs held various roles in the Hospitality Consulting practice of PricewaterhouseCoopers LLP and the Hospitality Valuation Group at Cushman & Wakefield, Inc. Mr. Jacobs is a member of the Advisory Board of the Center for Hospitality Research at Cornell University and a member of the Hotel Development Council of the Urban Land Institute. He is a graduate of the Cornell University School of Hotel Administration.

Matthew W. Schuyler has served as our Executive Vice President and Chief Human Resources Officer since June 2009 and leads the Company s global human resources organization. Mr. Schuyler was previously Chief Human Resources Officer at Capital One Financial Corporation from April 2002 to June 2009. Prior to Capital One, Mr. Schuyler served as Vice President of Human Resources with Cisco Systems, Inc. and as a Partner with PricewaterhouseCoopers in the Global Human Resources Group. He serves on the board of the Make-A-Wish Foundation of America, where he serves as chairman of the compensation committee, and is a member of the Penn

State University Business School Board of Visitors and Penn State s College of Information Sciences and Technology Advisory Board. Mr. Schuyler holds a B.S. from Penn State University and an M.B.A. from the University of Michigan.

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Mark D. Wang has served as Executive Vice President, Hilton Worldwide and President, Hilton Grand Vacations since March 2008 and oversees our global timeshare operations. He also served as head of Hilton Worldwide Global Sales from November 2012 to September 2014 and was responsible for sales operations worldwide including hotel sales, distribution, reservations and customer care. Mr. Wang first joined Hilton in 1999 as Managing Director for Hawaii and Asia Pacific and has held a series of senior management positions within Hilton Grand Vacations. Before joining Hilton, Mr. Wang spent nearly 20 years in sales and marketing roles serving as President & Chief Operating Officer of Pahio Resorts, President of Aloha Resorts International and Founder of Grand Ownership Resorts. Mr. Wang serves on the Board of Directors of the American Resort Development Association.

There are no family relationships among any of our directors or executive officers.

Background and Experience of Directors

When considering whether the directors and nominees have the experience, qualifications, attributes and skills, taken as a whole, to enable the Board to satisfy its oversight responsibilities effectively in light of our business and structure, the Board focused primarily on the information discussed in each of the board member s biographical information set forth above. We believe that our directors provide an appropriate mix of experience and skills relevant to the size and nature of our business. In particular, the members of our Board of Directors considered the following important characteristics:

Mr. Nassetta we considered his experience as an executive in the hospitality industry, his extensive financial background and experience with real estate investments. Furthermore, we also considered how his additional role as our President and Chief Executive Officer would bring management perspective to board deliberations and provide valuable information about the status of our day-to-day operations.

Mr. Gray we considered his affiliation with Blackstone, his significant experience in working with companies controlled by private equity sponsors, particularly in the real estate and hospitality industry, his experience in working with the management of various other companies owned by Blackstone s funds, his experience with real estate investing and his extensive financial background.

Mr. Chae we considered his affiliation with Blackstone, his significant experience in working with companies controlled by private equity sponsors, his experience in working with the management of various other companies owned by Blackstone s funds and his extensive financial background.

Mr. Henritze we considered his affiliation with Blackstone, his significant experience in working with companies controlled by private equity sponsors, particularly in the real estate industry, his experience in working with the management of various other companies owned by Blackstone s funds, his experience with real estate investing and his extensive financial background.

Ms. McHale we considered her extensive business and management expertise, including her experience as a chief executive officer and director of several public companies, as well as her prior service as a high-ranking official in the U.S. Department of State.

Mr. Schreiber we considered his affiliation with Blackstone, his significant experience in working with companies controlled by private equity sponsors, particularly in the real estate industry, his experience in working with the management of various other companies owned by Blackstone s funds, his experience with real estate investing and his extensive financial background.

Ms. Smith we considered her deep experience in strategy, brands, marketing and sales, as well as significant experience in corporate finance and financial reporting developed in her executive level roles where her responsibilities have included direct financial oversight of multinational companies with multiple business units.

Mr. Steenland we considered his experience in managing large, complex, international institutions generally and his experience as a member of global public company boards and an executive in the travel and hospitality industries in particular.

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Mr. Stein we considered his tenure with Blackstone involving the direct asset management and asset management oversight of Blackstone s global real estate assets, his extensive financial background and experience as an asset manager focusing on real estate and hospitality investments.

Director Independence and Independence Determinations

Under Holdings Corporate Governance Guidelines and NYSE rules, a director is not independent unless the Board affirmatively determines that he or she does not have a direct or indirect material relationship with us or any of our subsidiaries.

The Corporate Governance Guidelines of Holdings define independence in accordance with the independence definition in the current NYSE corporate governance rules for listed companies. The Corporate Governance Guidelines of Holdings require the Board to review the independence of all directors at least annually.

In the event a director has a relationship with the Company that is relevant to his or her independence and is not addressed by the objective tests set forth in the NYSE independence definition, the Board will determine, considering all relevant facts and circumstances, whether such relationship is material.

Our Board has affirmatively determined that each of Ms. McHale, Ms. Smith and Mr. Steenland is independent under the guidelines for director independence set forth in the Corporate Governance Guidelines and under all applicable NYSE guidelines, including with respect to committee membership. Our Board also has determined that each of Ms. McHale, Ms. Smith and Mr. Steenland is independent for purposes of Section 10A(m)(3) of the Exchange Act.

In making its independence determinations, the Board considered and reviewed all information known to it (including information identified through annual directors questionnaires).

Controlled Company Exception

Affiliates of Blackstone beneficially own more than 50 percent of the common stock and voting power of Holdings. As a result, (x) under the terms of Holdings stockholders agreement, affiliates of Blackstone are entitled to nominate at least five of the nine members of our Board of Directors (see Certain Relationships and Related Party Transactions Transactions with Related Persons Stockholders Agreement) and (y) Holdings is a controlled company within the meaning of the corporate governance standards of the NYSE. Under the NYSE corporate governance standards, a company of which more than 50 percent of the voting power is held by an individual, group or another company is a controlled company and may elect to utilize exemptions from certain corporate governance standards, including (1) the requirement that a majority of the Board of Directors consist of independent directors, (2) the requirement that Holdings has a compensation committee that is composed entirely of independent directors with a written charter addressing the committee s purpose and responsibilities, (3) the requirement that Holdings has a nominating and corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee s purpose and responsibilities, and (4) the requirement for an annual performance evaluation of the nominating and corporate governance and compensation committees. Holdings is currently utilizing these exemptions and expects to continue to do so. In the event that Holdings ceases to be a controlled company, Holdings will be required to comply with these provisions within the transition periods specified in the corporate governance rules of the NYSE.

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Committee Membership

Audit Committee

Ms. McHale, Ms. Smith and Mr. Steenland are members of the Audit Committee. All members of the Audit Committee have been determined to be independent, consistent with Holdings Audit Committee Charter, Corporate Governance Guidelines and the NYSE listing standards applicable to boards of directors in general and audit committees in particular. Our Board has also determined that each of the members of the Audit Committee is financially literate within the meaning of the listing standards of the NYSE. In addition, our Board has determined that Douglas M. Steenland qualifies as an audit committee financial expert as defined by applicable SEC regulations.

Compensation Committee

Ms. McHale is a member of the Compensation Committee who has been determined to be independent as defined by Holdings Corporate Governance Guidelines and the NYSE listing standards applicable to boards of directors in general and compensation committees in particular. The other members of the Compensation Committee, Messrs. Schreiber and Stein, have not been affirmatively determined by our Board of Directors to be independent.

Nominating and Corporate Governance Committee

Each of Ms. Smith and Mr. Steenland is a member of the Nominating and Corporate Governance Committee who has been determined to be independent as defined by Holdings Corporate Governance Guidelines and the NYSE listing standards. The other member of the Nominating and Corporate Governance Committee, Mr. Stein, has not been affirmatively determined by our Board of Directors to be independent.

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EXECUTIVE AND DIRECTOR COMPENSATION

Compensation Discussion and Analysis

Section Overview

Our executive compensation program is designed to attract and retain individuals with the skills and qualifications to manage and lead the Company effectively. The overarching goal of our program is to motivate our leaders to contribute to the achievement of our financial goals and to focus on long-term value creation for our stockholders.

Our named executive officers, or NEOs, for 2013 were:

Name	Position
Christopher J. Nassetta	President and Chief Executive Officer (CEO)
Kevin J. Jacobs	Executive Vice President and Chief Financial Officer (CFO)
Ian R. Carter	Executive Vice President and President, Development, Architecture & Construction
Mark D. Wang	Executive Vice President, Global Sales and President, Hilton Grand Vacations (HGV)
Kristin A. Campbell	Executive Vice President and General Counsel
Thomas C. Kennedy	Former Executive Vice President and Chief Financial Officer[1]

(1) Mr. Kennedy served as our Executive Vice President and Chief Financial Officer from September 15, 2008 until his resignation from these positions effective August 8, 2013. In connection with his resignation, we entered into a separation agreement with Mr. Kennedy in which he agreed to provide services to the Company following his resignation until the earlier of December 31, 2013 or the date he commenced employment with a new employer. The material terms of Mr. Kennedy s separation agreement are described under Potential Payments upon Termination or Change in Control Thomas C. Kennedy Separation Agreement. On August 8, 2013, Kevin J. Jacobs, previously our Executive Vice President and Chief of Staff, became our Executive Vice President and Chief Financial Officer.

Executive Summary

Compensation Philosophy and Approach. At Hilton Worldwide, we expect our executive team to possess and demonstrate strong leadership and management capabilities. To reward and retain our leaders, including our NEOs, we have designed a total compensation approach that rewards both short-term and long-term success.

Compensation Objectives. Our compensation program for executives is designed to support the following objectives:

- foster a strong relationship between stockholder value and executive compensation by having a significant portion of compensation composed of equity-based incentive awards;

- provide annual and long-term incentive awards that emphasize performance-based compensation contingent upon achieving corporate and individual performance goals; and

- provide competitive levels of compensation to attract, retain and motivate highly-qualified executives to continue to enhance long-term equity value.

Program Design. Our executive compensation program has three main components: (1) base salary; (2) annual cash incentive compensation; and (3) long-term incentive awards. Each component is designed to be consistent with the Company s compensation philosophy.

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To align pay with the interests of our stockholders, we strive to create competitive compensation packages that cultivate long-term value creation without taking unnecessary risks. We believe that a combination of both short-term and long-term compensation creates an optimal pay-for-performance environment. We motivate and reward NEOs for successfully executing our business strategy. The compensation program for our NEOs has been designed to emphasize variable pay over fixed pay, yet also create a positive work environment that rewards long-term achievements.

Pay for Performance. In structuring our executive compensation packages, the Compensation Committee of our Board of Directors (Compensation Committee), considers how each component of compensation promotes retention and motivates performance. We believe that, to attract and retain senior executives, we must provide them with a competitive level of compensation that rewards their continued service. We also believe that performance-based compensation plays the most significant role in aligning management s interests with those of our stockholders. For this reason, performance-based compensation constitutes a substantial portion of the overall compensation for our senior executives. Our compensation packages are designed to promote the Company s core values of hospitality, integrity, leadership, teamwork, ownership and now by employees working at our owned, leased, managed, timeshare and corporate locations whose performance and responsibilities directly affect the results of our operations.

We evaluate our executive compensation program annually, or more frequently as circumstances require, to maintain a competitive environment for talent and to ensure that our incentive programs are achieving their desired results. We do not adhere to rigid formulas or react to short-term changes in business performance in determining the amount and mix of compensation elements. We continue to emphasize pay-for-performance and long-term incentive compensation when designing our executive officers compensation.

Employment Agreements. As discussed in more detail below, we previously entered into employment agreements with Messrs. Nassetta, Kennedy and Carter to attract and retain these executives. These agreements generally had similar provisions that defined the nature of each NEO s employment, compensation and benefits provided in connection with his initial employment (such as initial base salary and/or other personal benefits or perquisites), compensation and benefits upon termination and restrictive covenants relating to intellectual property, confidential information and competitive business activities. See Narrative to Summary Compensation Table and 2013 Grants of Plan-Based Awards Employment Agreements. In connection with the IPO, the Compensation Committee decided that employment agreements were no longer necessary to attract members of our executive team, and therefore, the Company and Messrs. Nassetta and Carter agreed to terminate these employment agreements.

Our Annual Compensation-Setting Process

Role of the Compensation Committee. The Compensation Committee is responsible for overseeing key aspects of the executive compensation program, including our CEO s, other NEOs and other executive officers salaries, goals and payouts under the annual cash incentive plan, the size and structure of equity awards and any executive perquisites or other benefits. The Compensation Committee is responsible for reviewing, approving and, for certain roles such as the CEO and executive officers, recommending to the full Board for approval, the compensation programs for our executives. At the beginning of each performance cycle, the Compensation Committee approves financial goals designed to align executive pay with company performance and stockholder interests, provide competitive pay opportunities dependent on performance, retain talent, maximize stockholder value and mitigate material risk.

Role of Management. In setting executive compensation for 2013, our CEO and our Chief Human Resources Officer worked closely with the Compensation Committee in managing the executive compensation program and attended meetings of the Compensation Committee. Because of his daily involvement with the executive team, the CEO made recommendations to the Compensation Committee regarding compensation for the executive officers other than himself. All NEO compensation decisions are approved by the Compensation Committee.

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Role of the Compensation Consultant. The Compensation Committee has the authority to engage its own advisors to assist in carrying out its responsibilities. In May 2012, after completing a thorough review process, the Compensation Committee selected Exequity, LLP (Exequity) as its independent compensation consultant to assist in providing analytical data and establishing and implementing our executive and Director compensation strategy. Following their selection, Exequity has advised us in selecting our current Peer Group (as described below), has provided us with compensation data for the Peer Group and has advised on best practices when developing executive pay programs and policies. Exequity reports to and is instructed in its duties by the Compensation Committee and carries out its responsibilities in coordination with the Human Resources department. Exequity performs no other services for the Company.

In 2013, management separately received benchmarking information with respect to executive officer compensation from Towers Watson. This benchmarking information serves as an alternative point of reference with respect to the compensation of the executive officers. While Towers Watson provides compensation consulting services to management, the Compensation Committee has separately engaged Exequity as its independent compensation consultant to avoid any conflicts of interest.

Use of Comparative Market Data. Our goal is to compensate our executive officers competitively in the market for executive talent. When determining final target pay levels, the Compensation Committee reviews and considers individual factors, such as the knowledge, experience and capabilities of each executive.

To gain a general understanding of current compensation practices, the Compensation Committee reviews pay of executives, serving in similar positions at peer companies with whom we compete for hiring and retaining executive talent. The external market data reviewed for 2013 included peer group proxy data, several broad industry-comparative compensation surveys that included many of the companies contained in the Peer Group as defined below, data provided by peer group companies that participate in Equilar s Annual Top 25 Survey and compensation data provided by Towers Watson using our defined Peer Group.

Following the retention of Exequity in May 2012, the Compensation Committee, with the assistance of Exequity, selected a group of peer companies, which we refer to as our Peer Group. Exequity provided the Compensation Committee with annual (base salary and annual incentive) and long-term (equity and long-term cash incentive) compensation for the Peer Group.

The criteria used for selecting the Peer Group included the industry, annual revenue, EBITDA, market capitalization, brand recognition, global presence and number of employees. Other factors considered were performance measures such as revenue growth, net income growth, earnings per share growth, return on equity and total stockholder return.

The Peer Group for 2013 consisted of the following companies:

Avis Budget Group, Inc.	McDonald s Corporation
Darden Restaurants, Inc.	MGM Resorts International
FedEx Corporation	Nike, Inc.
General Mills, Inc.	Starbucks Corporation
Hyatt Hotels Corporation	Starwood Hotels & Resorts Worldwide, Inc.
Host Hotels & Resorts, Inc.	United Continental Holdings, Inc.
Kellogg Company	The Walt Disney Company
Las Vegas Sands Corp.	Wyndham Worldwide Corporation

Marriott International, Inc.	Wynn Resorts, Limited

The Compensation Committee reviewed the Peer Group compensation data and determined not to make any changes to the NEOs 2013 compensation.

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Compensation Components

There are three main components to our executive compensation program: base salary, annual cash incentive compensation and long-term incentive awards.

Base Salary

We believe it is important to provide a competitive fixed level of pay to attract and retain experienced and successful executives. In determining the amount of base salary that each NEO receives, we look to the executive s current compensation, time in position, any change in the executive s position or responsibilities, including complexity and scope and the relation of his or her position to those of other executives within the Company and in similar positions at peer companies. Base salaries are reviewed annually or at other times when appropriate and may be increased from time to time pursuant to such review. None of the NEOs 2013 base salaries were adjusted in fiscal 2013.

Annual Cash Incentive Compensation

Our annual cash incentive program rewards NEOs for their contributions toward specific annual, short-term financial and operational goals and is designed to motivate executive officers to focus on company-wide priorities and reward them for individual results and achievements with respect to their business units or function.

For the year ended December 31, 2013, our annual cash incentive compensation plan compensated and rewarded successful achievement of both short-term financial and non-financial goals that were closely aligned with the long-term goals of the Company. The 2013 annual incentive program was based on a combination of (1) financial performance and (2) individual performance.

The financial component of our NEOs annual bonus opportunity, other than for Mr. Wang, was based on the Company s consolidated Adjusted EBITDA (calculated as set forth in Note 24: Business Segments in our audited consolidated financial statements included elsewhere in this prospectus). Due to Mr. Wang s role as President of HGV, 50 percent of the financial component for his annual bonus opportunity was based on the Company s consolidated Adjusted EBITDA and 50 percent of the financial component was based on our timeshare segment s Adjusted EBITDA (calculated as set forth in Note 24: Business Segments in our audited consolidated financial statements included elsewhere in this prospectus). For all NEOs, the individual performance component was measured by objectives tied to the performance of the consolidated business unit(s) that the executive oversaw. The financial component composed 60 percent of the total award opportunity, and the individual performance component composed 40 percent of the total award opportunity.

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Each NEO s target annual bonus is expressed as a percentage of his or her base salary and ranges from 60 percent to 100 percent of base salary. The annual incentive target bonus opportunities and corresponding minimum and maximum bonus as a percentage of each executive s base salary are approved annually by the Compensation Committee. The annual incentive target bonus opportunities were established in 2008, or, if later, the NEO s commencement of employment, and have not been adjusted through fiscal 2013. For the year ended December 31, 2013, each NEO s target and maximum bonus opportunity as a percentage of such executive s base salary were as follows:

Name	Target	Maximum
Christopher J. Nassetta	100.0%	200.0%
Kevin J. Jacobs(1)	50.0%	75.0%
Ian R. Carter	60.0%	90.0%
Mark D. Wang	75.0%	112.5%
Kristin A. Campbell	75.0%	112.5%
Thomas C. Kennedy	75.0%	112.5%

(1) Mr. Jacobs target bonus was established at the beginning of 2013 when he was serving as our Executive Vice President and Chief of Staff and prior to his promotion to Chief Financial Officer.

For the year ended December 31, 2013, the financial component of the bonus would be paid at 100 percent of target if the Company s consolidated Adjusted EBITDA was $2,150 million (and with respect to the 30 percent of Mr. Wang s total bonus opportunity subject to the performance of HGV, if our timeshare segment s Adjusted EBITDA was $284 million). Participants were eligible to receive a threshold payout percentage, defined as 50 percent of the target bonus with respect to the financial component, if actual performance was 95 percent of target and were eligible to receive the maximum payout percentage, defined as 150 percent (200 percent with respect to Mr. Nassetta) of the target bonus with respect to the financial component, if actual performance met or exceeded 105 percent of target. For actual performance between the specified threshold, target and maximum levels, the resulting payout percentage would be adjusted on a linear basis.

For the year ended December 31, 2013, the Company s actual consolidated Adjusted EBITDA achieved was $2,210 million, or 103 percent of target, resulting in a payout percentage of 128 percent of target (156 percent for Mr. Nassetta) with respect to the company-wide financial component. The actual timeshare segment s Adjusted EBITDA achieved was $297 million, or 104 percent of target, resulting in a payout percentage of 143 percent of target with respect to 30 percent of Mr. Wang s total bonus opportunity.

The remaining 40 percent portion of each NEO s annual cash incentive award was determined based on individual performance based on the achievement of performance objectives tied to the consolidated business unit(s) that the executive oversaw.

In establishing the individual performance goals, Mr. Nassetta works with senior management to establish business priorities at the beginning of each performance year. These business priorities are used to create the individual performance objectives for our annual cash incentive program for each of the NEOs. The Compensation Committee then reviews and approves the individual performance objectives recommended for each NEO.

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For the year ended December 31, 2013, the personal objectives of each NEO were generally focused on the core duties of his or her position. Each personal objective was given a specific weighting based on the scope, importance and overall time burden of the task. For the year ended December 31, 2013, the individual performance objectives (and the weightings assigned to each individual performance objective) for each of the NEOs were as follows:

For Mr. Nassetta, the Compensation Committee considered efforts related to the individual performance components of his direct reports. The individual performance components of his annual compensation award were based on a compilation of all of his direct reports, with all objectives equally weighted.

For Mr. Jacobs, the Compensation Committee considered efforts related to and responsibilities for business and strategic planning (7.5 percent); responsibilities as Chief of Staff (7.5 percent); maximization of profitability on the real estate portfolio (5 percent); pursuit of real estate value creation transactions (5 percent); execution of the capital expenditure program (5 percent); cost effectiveness for the real estate department (5 percent); and identification of corporate value enhancement initiatives (5 percent).

For Mr. Carter, the Compensation Committee considered efforts related to the Company s development approvals achieved (8 percent); hotel construction starts (4 percent); hotel openings (4 percent); alignment of development resources with corporate growth and his management of deal processes (4 percent); execution of Hilton Grand Vacations and hotels capital expenditure programs (5 percent); achievement of growth through property deliveries (5 percent); cost effectiveness for the development and architecture groups (5 percent); and identification of corporate value enhancement initiatives (5 percent).

For Mr. Wang, the Compensation Committee considered efforts related to optimizing return on invested capital (5 percent); the increase in industry leading margins (5 percent); the maximization of synergy with Hilton Worldwide Holdings Inc. (4 percent); the improved timeshare synergy with the hotel portfolio (4 percent); the increased revenue, market share and EBITDA through sales (4 percent); the increased customer loyalty and focus on cost optimization through technology (4 percent); driving sales organizational alignment, integration and capabilities (4 percent); cost effectiveness for the sales and HGV groups (5 percent) and identification of corporate value enhancement initiatives (5 percent).

For Ms. Campbell, the Compensation Committee considered efforts related to legal compliance oversight (10 percent); legal services support to businesses that minimize risk and negative legal exposure (7.5 percent); operating in a cost efficient manner without negative legal exposure (7.5 percent); resolution of certain matters (5 percent); cost effectiveness for the legal department (5 percent); and identification of corporate value enhancement initiatives (5 percent).

For Mr. Kennedy, the individual performance component of his total award opportunity was paid at the maximum level of achievement pursuant to the terms of Mr. Kennedy s separation agreement.

Following the completion of the year ended December 31, 2013, the Finance and Human Resources departments reviewed the achievement of financial and individual personal performance objectives (against the predetermined objectives) with the CEO. The CEO reviewed these results with the Compensation Committee, and presented recommended awards under the annual cash incentive plan for each of the NEOs, other than himself.

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Actual annual cash incentive awards were calculated by multiplying each NEO s actual base salary by his or her target bonus potential, which was then adjusted by an achievement factor based on the combined achievement of the financial component and the individual performance objectives. Each of the NEO s earned annual cash incentive awards for the year ended December 31, 2013 as follows, which are included in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table :

Name	**2013 Year-End Base Salary ($)**	**Target Bonus as a Percentage of Base Salary (%)**	**Target Bonus Potential ($)**	**Combined Achievement Factor as a Percent of the Target Bonus (%)**	**2013 Amount Earned under Annual Cash Incentive Program* ($)**
Christopher J. Nassetta	850,000	100%	850,000	151.8%	1,290,420
Kevin J. Jacobs[(1)]	500,000	50%	250,000	128.7%	321,688
Ian R. Carter	690,000	60%	414,000	122.1%	505,287
Mark D. Wang[(2)]	513,000	75%	384,750	125.9%	484,246
Kristin A. Campbell[(3)]	500,000	75%	375,000	123.1%	461,438
Thomas C. Kennedy	650,000	75%	487,500	136.8%[(4)]	666,900[(4)]

* Amounts may not total due to rounding.

(1) In addition to his award under the Company s annual cash incentive program, the Compensation Committee determined it was appropriate to award Mr. Jacobs an additional bonus of $278,312 in recognition of his increased duties and responsibilities as Chief Financial Officer, his oversight of the Company s real estate and information technology functions following his promotion on August 8, 2013 and his efforts on the Company s debt refinancing and IPO. This additional discretionary bonus awarded to Mr. Jacobs is reported in the Bonus column of the Summary Compensation Table.

(2) In addition to his award under the Company s annual cash incentive program, the Compensation Committee determined that it was appropriate to award Mr. Wang an additional bonus of $15,754 in recognition of his increased duties and responsibilities overseeing Global Sales. This additional discretionary bonus awarded to Mr. Wang is reported in the Bonus column of the Summary Compensation Table.

(3) In addition to her award under the Company s annual cash incentive program, the Compensation Committee determined that it was appropriate to award Ms. Campbell an additional bonus of $38,562 in recognition of her efforts on the Company s debt refinancing and IPO. This additional discretionary bonus awarded to Ms. Campbell is reported in the Bonus column of the Summary Compensation Table.

(4) The portion of Mr. Kennedy s bonus award related to individual performance objectives was paid at the maximum level of performance pursuant to the terms of his separation agreement and is reported in the Bonus column of the Summary Compensation Table. The portion of Mr. Kennedy s bonus award related to Adjusted EBITDA was paid based on actual Company performance and is reported in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table.

Long-Term Incentive Awards

Like the annual cash incentive compensation described above, long-term incentive awards are a key component of our executive compensation program.

Each NEO has been granted long-term incentive awards that provide our executives an incentive to remain in the Company s service and align executives interests with those of our stockholders. We believe this helps motivate performance and attracts and fosters the retention of senior executives.

Because we have been privately held, the long-term incentive compensation awarded to our NEOs primarily consisted of the opportunity to make investments in the capital interests (called A-2 Units) of BH Hotels Holdco LLC (BH Hotels) as discussed below and the grant of awards under a Tier I long-term equity-based incentive program that generally provides for the payment of cash amounts to selected participants based on the value of BH Hotels equity over an extended period of time. In addition, our NEOs had the opportunity to receive Class B

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Units in BH Hotels, which we sometimes refer to as Tier II awards. The principal terms of each of these grants are summarized immediately below and in Narrative to Summary Compensation Table and 2013 Grants of Plan-Based Awards Equity Awards.

Tier I Awards. In December 2010, we offered certain members of our senior management team, including the NEOs employed at that time, the opportunity to participate in an equity-based incentive plan. These Tier I awards provided participants the opportunity to share in a portion of BH Hotels equity value up to a specified amount based on the achievement of specified service and performance conditions. The maximum value available to be distributed in respect of all Tier I awards was approximately $230 million or 2.75 percent of the equity value of the Company (capped at a total equity value of $8.352 billion). The Tier I awards were generally payable in cash on the date that Blackstone ceased to own 50 percent or more of the Class A Units in BH Hotels (the Acceleration Date), so long as the participant was employed on that date. If, prior to the date on which a Tier I award became payable, a participant s employment was terminated without cause or by the participant for good reason or as a result of disability or death, a portion of the award vested based on length of service (20 percent per year, with the vesting of a portion of the Tier I award payable to Mr. Nassetta measured from the date on which he commenced employment with the Company). The entire Tier I award was payable on the Acceleration Date or, if the Acceleration Date did not occur by April 2013, the program was structured to pay installments of a maximum aggregate value of $50 million per year (depending on the overall percentage of Tier I awards owned by participants) over three years, with the remaining value payable upon the Acceleration Date. Because none of our long-term incentive arrangements had resulted in any cash payments to our team between the end of 2007 and 2012, the Compensation Committee decided in the first quarter of 2012 to accelerate the installment payments. During the first quarter of 2012, the first installment payments for the Tier I awards were accelerated for our participating NEOs (other than Mr. Nassetta). In addition, during the fourth quarter of 2012, the second and third installment payments for the Tier I awards were accelerated and paid for our participating NEOs (other than Mr. Nassetta). With respect to Mr. Nassetta s Tier I award, during the fourth quarter of 2012, our Compensation Committee determined to accelerate the payment of his remaining installment payments and Mr. Nassetta also received payment of an additional portion of such award as contemplated by the terms and conditions thereof. In connection with the IPO, we accelerated the vesting of all Tier I awards that remained outstanding at the time of the pricing of the offering and paid the remaining value in respect of such awards in cash. The amounts paid to each of the NEOs for their Tier I awards are reflected in the 2013 Option Exercises and Stock Vested table below.

Tier II (Class B Units). The Tier II units (Class B Units) of BH Hotels were profits interests having economic characteristics similar to stock appreciation rights. Therefore, the Class B Units only had value to the extent there was an appreciation in the value of our business from and after the applicable date of grant. All of the Class B Units were exit-vesting units and vested on the date when Blackstone ceased to beneficially own more than 50 percent of the Class A Units, subject to the NEO s continued employment with the Company on such date. In addition, if the executive s employment terminated without cause, as a result of a constructive termination or as a result of disability or death (each as defined in the management subscription agreement for the Class B Units), then 20 percent of the Class B Units were deemed to have vested ratably in equal, annual installments over five years, beginning on April 8, 2011 (or June 27, 2011 with respect to Ms. Campbell). For example, if the executive was terminated without cause on April 8, 2014, then 80 percent of the executive s Class B Units would have vested. If the NEO s employment was terminated voluntarily by the NEO, other than as a result of a constructive termination, no unvested Class B Units would have vested and, if the executive was terminated for cause, all Class B Units, whether vested or unvested, would have been forfeited.

In March 2013, in connection with his promotion to Executive Vice President and Chief of Staff in 2012, Mr. Jacobs was awarded an additional 6,902,440 Class B Units in recognition of his additional role and responsibilities.

Class A Units. In addition to the Tier I awards and the Class B Units described above, Messrs. Nassetta, Kennedy, Wang and Carter also purchased for cash at fair market value Class A-2 Units in BH Hotels, and Mr. Nassetta received a grant of 5,000,000 restricted equity units in BH Hotels in connection with the commencement of his employment. On December 31, 2012, the restricted equity units vested and were converted into Class A-2 Units. The Class A-2 Units were equity interests, had economic characteristics that are similar to those of shares of common stock in a corporation and had no vesting schedule. As described below, the Class A-2 Units were exchanged for vested shares of Holdings common stock in connection with the IPO.

In connection with the IPO, our executive officers (including our NEOs) surrendered their (1) Class A-2 Units and vested Class B Units and received in exchange vested shares of Holdings common stock and (2) unvested Class B Units and received in exchange unvested shares of our restricted stock. The number of vested shares of common stock and shares of restricted stock delivered to these equity holders was determined in a manner intended to replicate the respective economic value associated with the Class A-2 Units and the Class B Units, as applicable, based upon the valuation derived from the IPO price. The shares of our restricted stock granted as a result of the IPO are subject to the following vesting: (1) 40 percent vested as of the pricing date on December 11, 2013, (2) 40 percent will vest on December 11, 2014, contingent upon continued employment through that date, and (3) 20 percent will vest on the date that Blackstone ceases to own 50 percent or more of the shares of the Company, contingent upon continued employment through that date. In addition, if the executive s employment is terminated without cause, as a result of a constructive termination or as a result of disability or death, all remaining unvested shares of restricted stock will vest.

The following table sets forth the number of vested shares of Holdings common stock and unvested shares of our restricted stock that each of our NEOs received in exchange for their Class A-2 Units, vested Class B Units and unvested Class B Units.

Name	**Common Stock Received in Exchange for Class A-2 Units (#)**	**Common Stock Received in Exchange for Vested Class B Units (#)**	**Unvested Restricted Stock Received in Exchange for Unvested Class B Units (#)**
Christopher J. Nassetta[(1)]	993,856	2,701,580	4,052,371
Kevin J. Jacobs		345,201	517,802
Ian R. Carter	129,087	714,566	1,071,851
Mark D. Wang	64,544	287,667	431,502
Kristin A. Campbell		172,600	258,901
Thomas C. Kennedy[(2)]			

(1) For estate planning purposes, 24,400,000 Class B Units (or 2,033,800 shares of common stock) were transferred to a limited liability company. A revocable living trust, of which Mr. Nassetta is the trustee and a beneficiary, serves as the managing member of such limited liability company. 99 percent of the economic interests in the limited liability company are held by a family trust for the benefit of Mr. Nassetta s children and the remaining 1 percent is held by the aforementioned living trust.

(2) In connection with Mr. Kennedy s separation, we agreed to pay for the cancellation of his Class B Units and repurchased his equity investment in Class A Units as further described below under Potential Payments upon Termination or Change in Control Thomas C. Kennedy Separation Agreement.

Perquisites and Other Benefits

Our executives, including the NEOs, are eligible for specified benefits, such as group health, dental and disability insurance and basic life insurance premiums. These benefits are intended to provide competitive and adequate protection in case of sickness, disability or death, and the NEOs participate in these plans on the same basis as all other employees.

We provide specified perquisites to our NEOs when determined to be necessary and appropriate, particularly in connection with enabling the executives and their families to transition from previous positions, which may require relocation. In addition, we provide certain NEOs with the opportunity for an annual physical examination service and pay for personal hotel costs when they stay at Company-branded hotels. We also provide Mr. Nassetta with a life insurance benefit for his family and the associated taxes. Until December 2013, when we canceled Mr. Carter s Employment Agreement, we provided him with payment in lieu of pension, tuition reimbursement and tax preparation services. In addition, given our wide geographic footprint, Mr. Nassetta has use of the Company aircraft for both business and personal travel. The value of these perquisites and other personal benefits are reflected in the All Other Compensation column to the Summary Compensation Table and the accompanying footnote. We believe that these benefits are competitive in our industry and consistent with our overall compensation philosophy. The cost of these benefits is a small percentage of the overall compensation package, and the Compensation Committee believes that they allow the executives to work more efficiently.

Retirement Benefits

The Company maintains a tax-qualified 401(k) plan, under which the Company matches each participating employee s contributions up to 3 percent dollar-for-dollar and $0.50 for every $1 for the next 2 percent contributed. In addition to the 401(k) plan, the Company also offers the NEOs and other senior management the opportunity to supplement their retirement and other tax-deferred savings through Hilton Worldwide s Executive Deferred Compensation Plan (the EDCP). Those that are eligible to participate in the EDCP may elect to defer up to 100 percent of both their annual salary and bonus. The Company currently provides no contribution or match to the EDCP. Additional information about the EDCP is reflected in 2013 Non-Qualified Deferred Compensation below.

Pension Benefits

In addition to our 401(k) plan and EDCP, one of our NEOs, Mr. Carter, participated in two of our defined benefit pension plans, the Hilton U.K. Pension Plan (the U.K. Pension Plan) and the Hilton U.K. Hotels Employer-Finance Retirement Benefit Plan (the Supplemental U.K. Pension Plan) between 2005 and 2009. Mr. Carter s benefit under the U.K. Pension Plan was closed to further accrual in 2009, and the Supplemental U.K. Pension Plan was frozen to all participants in 2009. See the 2013 Pension Benefits table and accompanying narrative below for a description of these defined-benefit pension plans.

Severance Benefits

We studied the market and best practices, and the Compensation Committee believes that carefully structured severance benefits are necessary to attract and retain talent for long-term success. The Compensation Committee believes that our severance programs allow our executives to focus their attention and energy on making objective business decisions that are in the best interest of stockholders. In addition, the Compensation Committee believes that the interests of our stockholders are better protected and enhanced by providing greater certainty regarding executive pay obligations in the context of planning and negotiating any potential corporate transactions.

In December 2013, the Company approved the terms of a broad-based severance benefits plan (the Severance Plan), which replaced all senior executive severance arrangements.

Under the terms of the Severance Plan, if an eligible employee s employment is terminated by us without cause, or if the eligible employee terminates his or her employment for good reason (each, a qualifying termination), then subject to the eligible employee s execution and non-revocation of a release of claims against us, and continued compliance with restrictive covenants related to post-employment non-solicitation and non-compete covenants for one year following termination, and indefinite covenants covering confidentiality and non-disparagement, he or she will be eligible to receive a severance payment amount determined based on the employee s position and then-current base salary and target bonus. Under the terms of the Severance Plan, our NEOs will be eligible to receive a severance payment amount equal to 2.99 times, in the case of Mr. Nassetta, and 2.0 times, in the case of our other NEOs, the sum of his or her annual base salary and annual target bonus at the time of termination, paid in a lump sum. In addition to cash severance payments, upon a qualifying

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termination, the NEO will also be entitled to continued medical, dental and, to the extent provided to the employee immediately prior to a qualifying termination, basic life insurance for up to one year following termination, and outplacement services, as needed, for one year following termination.

The NEOs will also be entitled to the same level of severance benefits upon a qualifying termination in connection with a change in control except that severance benefits may be reduced if doing so would result in the executive realizing a better after-tax result following the imposition of any applicable parachute-tax provisions in the Internal Revenue Code Section 4999.

In addition to the Severance Plan, any compensation and benefits to be made in connection with a separation are determined at the discretion of the Compensation Committee and may be based on the executive, his or her position, nature of the potential separation and such executive s compliance with specified post-termination restrictive covenants. In connection with his resignation, the Compensation Committee determined that, in consideration for entering into a general release of claims and his serving as a Special Advisor, it was appropriate to enter into a separation agreement with Mr. Kennedy, which agreement is described under Potential Payments upon Termination or Change in Control below.

Tax and Accounting Considerations

The Compensation Committee recognizes the tax and regulatory factors that can influence the structure of executive compensation programs. Section 162(m) of the Internal Revenue Code will limit the Company s federal income tax deduction for compensation in excess of $1 million paid to NEOs except for the Chief Financial Officer. However, performance-based compensation can be excluded from the limitation as long as specified requirements are met.

We expect to be able to claim the benefit of a special exemption rule that applies to compensation paid (or compensation in respect of equity awards such as stock options or restricted stock granted) during a specified transition period following the IPO. This transition period may extend until the first annual stockholders meeting that occurs after the close of the third calendar year following the calendar year in which the IPO occurred, unless the transition period is terminated earlier under the Section 162(m) post-offering transition rules. At such time as we are subject to the deduction limitations of Section 162(m), we expect that the Compensation Committee will take the deductibility limitations of Section 162(m) into account in its compensation decisions; however, the Compensation Committee may, in its judgment, authorize compensation payments that are not exempt under Section 162(m) when it believes that such payments are appropriate to attract or retain talent.

The Compensation Committee intends to regularly consider the accounting implications of our future equity-based awards. The Compensation Committee is also cognizant of Section 409A of the Internal Revenue Code, the limitations of which in the case of the Company primarily relate to the deferral and payment of benefits under the Executive Deferred Compensation Plan. The Compensation Committee continues to consider the impact of the changes to Section 409A and in general, the evolving tax and regulatory landscape in which its compensation decisions are made.

Ownership Policy

We have adopted an executive stock ownership policy for our NEOs. Each of our NEOs is expected to own shares of Holdings common stock in the following amounts within five years from the later of February 19, 2014 and the date he or she first becomes subject to the stock ownership policy:

Chief Executive Officer	5 times base salary
All other executive officers	3 times base salary

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Under this requirement, executives may not dispose of any shares of the Company they acquire, including, but not limited to, any shares of vested restricted stock, any shares underlying vested restricted stock units, net of taxes, or any shares acquired upon the exercise of any stock options, net of taxes and payment of any exercise price, in each case, received from grants made under the new Omnibus Incentive Plan until the ownership requirements are satisfied; provided, however, that this restriction does not apply to any shares of the Company received by executives in exchange for Class A or Class B Units in BH Hotels.

Clawback Policy

We have adopted a clawback policy for incentive compensation plans put into place following our IPO. Consistent with the Company s core values, the Compensation Committee determined that it may be appropriate to recover annual and/or long-term incentive compensation in specified situations. If the Compensation Committee determines that incentive compensation of its current and former officers subject to reporting under Section 16 of the Exchange Act or any other employee designated by the Compensation Committee was overpaid, in whole or in part, as a result of a restatement of the reported financial results of the Company or any of its segments due to material non-compliance with financial reporting requirements (unless due to a change in accounting policy or applicable law) caused or contributed by such employee s fraud, willful misconduct or gross negligence, the Compensation Committee will review the incentive compensation paid, granted, vested or accrued based on the prior inaccurate results. If the Compensation Committee determines to seek recovery for the overpayment, the Company has the right to demand that the employee pay the Company for, or forfeit, any overpayment paid or awarded during the three-year period preceding the date on which the Company is required to prepare any restatement of its financial statements. To the extent the employee refuses to pay the overpayment, the Company has the right to sue for repayment and enforce the employee s obligation to make payment through the reduction or cancellation of outstanding and future incentive compensation.

2014 Compensation Decisions

NEO Compensation

As part of the Company s annual compensation-setting process and in connection with Holdings transition from being privately held to publicly traded, at its regularly scheduled February 19, 2014 meeting, the Compensation Committee approved and authorized the base salaries of the NEOs, effective March 1, 2014, as follows: for Mr. Nassetta, $1,200,000, for Mr. Jacobs, $700,000, for Mr. Carter, $700,000, for Mr. Wang, $650,000 and for Ms. Campbell, $600,000. In addition, the Company granted nonqualified stock options (options), time-vesting restricted stock units (RSUs) and performance-vesting restricted stock units (performance shares) to each of the NEOs in the amounts set forth below.

Stock Options

The options vest ratably over three years from the date of grant, subject to the executive s continued employment through the applicable vesting date and will terminate 10 years from the date of grant or earlier if the executive s service terminates. The options have an exercise price per share equal to the closing price of Holdings common stock as reported on the NYSE on the date of grant. If the executive s employment terminates for any reason other than as described below, all unvested options will be forfeited. Upon (1) termination of an executive s employment without cause within 12 months following a change in control or termination due to the executive s death or disability, all unvested options will immediately vest and become exercisable; and (2) termination for cause, all vested and unvested options terminate. Upon termination due to death or disability, all vested options will remain exercisable for one year thereafter. Upon termination of employment for any other reason all vested options will remain exercisable for 90 days thereafter; provided that, in each case, the options expire upon a violation of specified restrictive covenants.

On February 19, 2014, the Board granted options to the following executives in the following amounts. Mr. Nassetta was granted 158,311 options, Mr. Jacobs was granted 47,493, Mr. Carter was granted 47,493, Mr. Wang was granted 47,493 and Ms. Campbell was granted 39,577. The exercise price per share under each grant was $21.53.

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Restricted Stock Units

The RSUs vest ratably over two years from the date of grant, subject to the executive s continued employment through the applicable vesting date. If the executive s employment terminates for any reason other than as described below, all unvested RSUs will be forfeited. Upon termination of an executive s employment without cause within 12 months following a change in control, or termination due to the executive s death or disability, all unvested RSUs will immediately vest. Unvested RSUs entitle the holder to be credited with dividend equivalent payments either in cash or, at the sole discretion of the Committee, in shares of Holdings common stock having a fair market value equal to the amount of such dividends, with such dividend equivalents payable following vesting (or forfeited to the extent the underlying RSUs are forfeited).

On February 19, 2014, the Board granted RSUs to the following executives in the following amounts: Mr. Nassetta was granted 55,736 RSUs, Mr. Jacobs was granted 16,720, Mr. Carter was granted 16,720, Mr. Wang was granted 16,720 and Ms. Campbell was granted 13,934.

Performance Shares

The amounts of performance shares that vest are based on a three-year performance period beginning on January 1, 2014 and ending on December 31, 2016. The performance shares are settled at the end of the performance period based on (1) the Company s total shareholder return relative to the total shareholder returns of members of a peer company group (relative shareholder return) and (2) the Company s EBITDA compound annual growth rate (EBITDA CAGR). The total number of performance shares that vest based on each performance measure (relative shareholder return and EBITDA CAGR) are based on an achievement factor which, in each case, ranges from a 0 percent payout for below threshold performance, to 50 percent for threshold performance, to 100 percent for target performance, and up to 200 percent for maximum performance (and, with respect to the relative shareholder return, an above target performance level with 150 percent payout). For actual performance between the specified threshold, target, above target and maximum levels, the resulting payout percentage will be adjusted on a linear basis. Of the total number of performance shares awarded, one half will vest subject to achievement under the relative shareholder return measure, and one half will vest subject to achievement under the EBITDA CAGR measure. In addition, if the Company s total shareholder return is negative over the performance period, the achievement percentage under the relative shareholder return measure cannot exceed 100 percent.

If the executive s employment terminates for any reason other than as described below, all unvested performance shares will be forfeited. Upon death or disability during the performance period, a portion of the performance shares will immediately vest at pro-rated target levels, with such pro-ration based on the number of days in the performance period that have elapsed. Upon a change in control during the performance period, the performance shares vest based on actual performance through that date, or, if performance is unable to be calculated, at target.

On February 19, 2014, the Board granted performance shares to the following executives in the following amounts, and such amounts assume that the target level of performance is achieved (with the actual number of shares to be earned based on the performance criteria described above): Mr. Nassetta was granted 167,208 performance shares, Mr. Jacobs was granted 50,162, Mr. Carter was granted 50,162, Mr. Wang was granted 50,162 and Ms. Campbell was granted 41,802.

Covenants and Clawback

Each of the foregoing executive grants of an option, an RSU or a performance share is subject to restrictive covenants related to post-employment non-solicitation and non-competition covenants for 12 months following any termination of employment, and indefinite covenants covering trade secrets, confidentiality and non-disparagement. Under the award agreements, if there is a restrictive covenant violation or the Company

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determines after termination that grounds for a termination for cause existed, the executive will be required to pay the Company an amount equal to the after-tax proceeds received upon the sale or disposition of the equity award and any shares issued in respect thereof. In addition, each of these executives equity-based awards is subject to the Company s Clawback Policy.

Stock Award Granting Policy

The annual grant of stock-based awards is made under usual circumstances on the date of the first regularly scheduled Board meeting of the calendar year (typically held in February or March). In addition to annual awards, other grants may be awarded at other times (1) to attract new hires, to recognize employees for special achievements or for retention purposes; (2) to new employees as a result of the acquisition of another company; or (3) as may be desirable and prudent in other special circumstances. The exercise price of option grants and the fair market value of other equity-based awards is the closing market price of Holdings common stock on the date of grant. We monitor and periodically review our equity grant policies to ensure compliance with plan rules and applicable law. We do not have a program, plan or practice to time our equity grants in coordination with the release of material, non-public information.

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Summary Compensation Table

The following table presents summary information regarding the total compensation awarded to, earned by, or paid to each of our NEOs for fiscal years indicated.

Name	Year	Salary[1] ($)	Bonus ($)	Stock Awards[2] ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings[3] ($)	All Other Compensation[4] ($)	Total ($)
Christopher J. Nassetta (President & Chief Executive Officer)	2013	850,000				1,290,420		121,622	2,262,042
	2012	850,000				1,077,375		114,330	2,041,705
Kevin J. Jacobs[5] (Executive Vice President and Chief Financial Officer)	2013	500,000	278,312			321,688		10,824	1,110,824
Ian R. Carter (Executive Vice President and President, Development, Architecture & Construction)	2013	690,000				505,287	114,420	264,468	1,574,175
	2012	690,000				493,488	82,700	239,452	1,505,640
Mark D. Wang (Executive Vice President, Global Sales and President, Hilton Grand Vacations)	2013	513,000	15,754			484,246		11,204	1,024,204
	2012	508,500	94,400			405,600		14,577	1,023,077
Kristin A. Campbell (Executive Vice President and General Counsel)	2013	500,000	38,562			461,438		11,096	1,011,096
	2012	500,000	72,387			427,613		12,742	1,012,742
Thomas C.	2013	625,000	292,500[6]			374,400		173,526	1,465,426

Kennedy[5] (Former Executive Vice President and Chief Financial Officer)	2012	650,000			572,569		17,285	1,239,854

(1) Amounts in this column reflect the salary earned during the fiscal year, whether paid or deferred under the Company s employee benefit plans.

(2) As described in Compensation Discussion and Analysis Compensation Components Long-Term Incentive Awards above, in connection with the IPO, among other things, the Company accelerated the vesting of the outstanding Tier I awards and modified the terms of the outstanding Class B Units so that 40 percent vested on December 11, 2013, 40 percent will vest on December 11, 2014, contingent upon continued employment through that date, and 20 percent will vest on the date when Blackstone ceases to own 50 percent or more of the shares of Holdings, contingent upon continued employment through that date. The terms of these awards are summarized under Compensation Discussion and Analysis Compensation Components Long-Term Incentive Awards above and under Narrative to Summary Compensation Table and 2013 Grants of Plan-Based Awards Equity Awards below. The NEOs surrendered their vested Class B Units in exchange for shares of Holdings common stock. There was no incremental fair value with respect to the awards modified in connection with the IPO. In March 2013, in connection with his promotion to Executive Vice President and Chief of Staff in 2012, Mr. Jacobs was awarded an additional 6,902,440 Class B Units in recognition of his additional role and responsibilities. Similar to the Class B Units granted prior to 2013, achievement of the performance condition was not deemed probable on the date the Class B Units were granted to Mr. Jacobs, and accordingly, no value is included in the table for this award. The grant date fair value of the Class B Units granted to Mr. Jacobs was $9,180,245, assuming achievement of the performance condition.

(3) Amounts reported represent the aggregate increase in the actuarial present value of Mr. Carter s accumulated benefit under the defined-present value of the retirement pension due based on assumptions described below. This value is the sum that

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would be payable should Mr. Carter choose to transfer his benefits from the U.K. Pension Plan in full as of December 31, 2013 and 2012. The key financial assumptions used in the calculation of the present value included discount rates of 5.4 percent and 4.5 percent for 2013 and 2012, respectively, CPI inflation of 2.20 percent and 1.15 percent for 2013 and 2012, respectively, and pension inflation of 1.6 percent and 1.2 percent for 2013 and 2012, respectively. The Company does not provide any of its executives with any above-market or preferential earnings on non-qualified deferred compensation.

(4) All other compensation for 2013 includes:

Name	Company 401(k) Match ($)	Personal Use of Company Aircraft[a] ($)	Reimbursements for Taxes Incurred for Specified Perquisites[b] ($)	Severance Benefits[c] ($)	Other[d] ($)	Total ($)
Christopher J. Nassetta	10,200	7,623	50,438		53,361	121,622
Kevin J. Jacobs	10,200				624	10,824
Ian R. Carter			22,885		241,583	264,468
Mark D. Wang	10,200				1,004	11,204
Kristin A. Campbell	10,200				896	11,096
Thomas C. Kennedy	10,200			162,050	1,276	173,526

(a) Amounts reported reflect the incremental costs associated with guests accompanying Mr. Nassetta on the Company aircraft during the year ended December 31, 2013. For purposes of the Summary Compensation Table, we value the incremental cost associated with these accompanying guests by using a method that takes into account the variable costs. Since the aircraft is used primarily for business travel, the calculation does not include the fixed costs that do not change based on usage, such as crew salaries, hangar storage costs and cost of maintenance not related to trips.

(b) Reflects for Mr. Nassetta, $6,755 of employer-paid taxes owed with respect to personal use of the Company aircraft, $37,247 of employer-paid taxes owed with respect to Mr. Nassetta s personal use of Company-branded hotels and $6,436 of employer-paid taxes owed in connection with his employer-paid executive life insurance policy.

Reflects for Mr. Carter, $22,885 of employer-paid taxes with respect to Mr. Carter s education expenses.

(c) Reflects amounts paid or accrued during the year ended December 31, 2013 pursuant to the terms of Mr. Kennedy s separation agreement as follows: $87,500 for all accrued but unused vacation time through the Separation Date, $74,550 paid for reimbursement of legal fees incurred in connection with his separation agreement. In addition, in January 2014, pursuant to the terms of his separation agreement, Mr. Kennedy received a cash payment of $3,187,363 representing his Tier I award, a cash payment of $6,699,938 for the cancelation of his Class B Units and $664,668 that represents the gain on his Class A Units repurchased by the Company in 2013. Additional amounts and benefits to which Mr. Kennedy is entitled under his separation agreement, subject to his compliance with specified covenants, are described under Potential Payments upon Termination or

Change in Control Thomas C. Kennedy Separation Agreement.

(d) For Mr. Nassetta, this amount includes $43,550 employer-paid expenses incurred at Company-branded hotels while on personal travel and premiums for life insurance policies.

For Messrs. Jacobs, Wang and Kennedy and Ms. Campbell, this amount represents life insurance premiums paid by the Company.

For Mr. Carter, this amount includes a $207,000 payment for a retirement benefit pursuant to the terms of his employment agreement, $30,000 for tuition reimbursement pursuant to the terms of his employment agreement, tax preparation services, reimbursement for the cost of his executive physical and premiums for a life insurance policy. Mr. Carter no longer receives these benefits as a result of the cancellation of his employment agreement in December 2013.

(5) Mr. Kennedy served as our Executive Vice President and Chief Financial Officer from September 2008 until his resignation effective August 8, 2013. Mr. Kennedy agreed to provide services to the Company following his resignation at his current base salary until the earlier of December 31, 2013 or the date he commenced employment with a new employer. In connection with his resignation, Mr. Kennedy forfeited all of his remaining Tier I award and all of his Class B Units. On August 8, 2013, Kevin J. Jacobs became our Executive Vice President and Chief Financial Officer.

(6) Amount represents the individual performance component of Mr. Kennedy s annual cash incentive award, which was paid at the maximum level of achievement pursuant to the terms of his separation agreement.

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2013 Grants of Plan-Based Awards

The following table sets forth information concerning grants of plan-based awards to the NEOs during the fiscal year ended December 31, 2013.

Name	Grant Date	Estimated Possible Payouts under Non-Equity Incentive Plan Awards[(1)] Threshold ($)	Target ($)	Maximum ($)	All Other Stock Awards: Number of Shares of Stock or Units(#)[(2)]	Grant Date Fair Value of Stock and Option Awards ($)[(3)]
Christopher J. Nassetta		14,167	850,000	1,700,000		
Kevin J. Jacobs		6,250	250,000	375,000		
	03/08/2013				6,902,440	
Ian R. Carter		8,280	414,000	621,000		
Mark D. Wang		7,695	384,750	577,125		
Kristin A. Campbell		9,375	375,000	562,500		
Thomas C. Kennedy[(4)]		9,750	487,500	731,250		

(1) Reflects the possible payouts of cash incentive compensation under the 2013 annual incentive program. Amounts reported in the Threshold column assume that there is no payout under the financial component of the annual cash incentive program and that the NEO only earns the minimum payout for the one individual performance objective that has been assigned the lowest weighting. The actual amounts paid are described in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table.

(2) Reflects the Class B Units granted during 2013 all of which were granted subject to vesting upon Blackstone owning less than 50 percent of the Company. In connection with the IPO, the terms of the Class B Units were modified and exchanged for vested shares of Holdings common stock and unvested shares of Holdings restricted stock. See Compensation Discussion and Analysis Compensation Components Long-Term Incentive Awards and Narrative to Summary Compensation Table and 2013 Grants of Plan-Based Awards Equity Awards.

(3) Represents the value of the Class B Units based upon the probable outcome of the performance conditions. See footnote (2) to the Summary Compensation Table above.

(4) The portion of Mr. Kennedy s bonus award related to individual performance objectives was paid at the maximum level of performance pursuant to the terms of his separation agreement and is reported in the Bonus column of the Summary Compensation Table. The portion of Mr. Kennedy s bonus related to Adjusted EBITDA was paid based on actual Company performance and is reported in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table.

Narrative to Summary Compensation Table and 2013 Grants of Plan-Based Awards

Employment Agreements

Upon their commencement of employment, some of our NEOs entered into employment agreements, each of which contained substantially similar terms. Each of the employment agreements provided for a five-year initial employment term that extended automatically for additional one-year periods unless either we or the executive elected not to extend the term. Under the employment agreements, each executive was eligible to receive a minimum base salary, as set forth in the applicable agreement, and annual cash incentive compensation based on the achievement of specified financial and individual goals as defined by the Compensation Committee each year. If these goals were achieved, each executive could have received a cash bonus based on a target percentage of his or her base salary as described below. Each NEO was also entitled to participate in all employee benefit plans, programs and arrangements made available to other executive officers generally.

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Following are the material individual provisions of the NEOs employment agreements.

Mr. Nassetta s Employment Agreement. Mr. Nassetta s employment agreement dated as of January 4, 2011 provided that he was to serve as Hilton Worldwide s President and Chief Executive Officer, and was eligible to receive a base salary of $850,000, subject to periodic adjustments as may be approved by the Board. Mr. Nassetta was also eligible to receive a target bonus of 100 percent of his annual base salary at the end of the fiscal year if targets established by the Board are achieved, 50 percent of his base salary if minimum performance objectives were achieved and 200 percent of his base salary if high performance objectives were achieved. Mr. Nassetta s agreement also provided for the reasonable payment of premiums for his existing life insurance policy and provided that Mr. Nassetta could use the Company airplane for business and personal travel. In connection with the IPO, Mr. Nassetta agreed to terminate his employment agreement.

Mr. Carter s Employment Agreement. Mr. Carter s employment agreement dated as of January 1, 2010, provided that he was to serve as Hilton Worldwide s President, Global Operations, or a commensurate role, and was eligible to receive a base salary of $690,000, subject to periodic adjustments as may be approved by our Board. Mr. Carter was also eligible to receive a target bonus of 60 percent of his base salary if targets established by the Board are achieved and 90 percent of his base salary if high performance objectives were achieved. Mr. Carter s agreement did not provide a threshold award percentage if minimum performance objectives were achieved. In connection with the IPO, Mr. Carter agreed to terminate his employment agreement.

Mr. Kennedy s Employment Agreement. Mr. Kennedy s employment agreement dated as of September 15, 2008 provided that he was to serve as Hilton Worldwide s Executive Vice President and Chief Financial Officer and was eligible to receive a base salary of $650,000, subject to periodic adjustments as approved by our Board. Mr. Kennedy was also eligible to receive a target bonus of 75 percent of his annual base salary at the end of the fiscal year if performance objectives and targets established by the Board were achieved. Mr. Kennedy resigned as Executive Vice President and Chief Financial Officer as of August 8, 2013 and continued his employment as a Special Advisor to the CEO through December 31, 2013. On September 24, 2013, we entered into a separation agreement with Mr. Kennedy. The material terms of the separation agreement are summarized below under Potential Payments upon Termination or Change in Control.

Equity Awards

As a condition to receiving the Class B Units, each NEO was required to enter into a subscription agreement with BH Hotels to become a party to BH Hotels limited liability company agreement as well as an equity holders agreement. These agreements generally governed the NEOs rights with respect to their Class B Units.

The Class B Units were profits interests having economic characteristics similar to stock appreciation rights and represent the right to share in any increase in the equity value of BH Hotels. Therefore, the Class B Units only had value to the extent there was an appreciation in the value of our business from and after the applicable date of grant. All of the Class B Units were exit-vesting units and had the vesting terms described in Compensation Discussion and Analysis Compensation Components Long-Term Incentive Awards above and in Potential Payments upon Termination or Change in Control below.

The subscription agreements also contained restrictive covenants that are substantially similar to the restrictive covenants contained in the employment agreements with the NEOs, including an indefinite covenant on confidentiality of information and covenants related to non-competition and non-solicitation of employees and customers of the Company and its affiliates at all times during the executive s employment, and for one year after any termination of his or her employment. If a termination occurred after Blackstone ceased to beneficially own 25 percent of the voting power of the Company, however, the non-competition lapsed.

As described above, in connection with the IPO:

- we accelerated the vesting of all Tier I awards which remained outstanding at the time of the pricing of the offering and paid the remaining value in respect of such awards in cash;

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we modified the vesting of Class B Units held by all Class B Unit holders, including our NEOs, such that (1) 40 percent vested as of December 11, 2013, (2) 40 percent will vest on December 11, 2014, contingent upon continued employment through that date, and (3) 20 percent will vest on the date that Blackstone ceases to own 50 percent or more of the shares of the Company, contingent upon continued employment through that date; and

our executive officers (including our NEOs) surrendered their Class A-2 Units and Class B Units and received in exchange a combination of vested shares of common stock and unvested shares of restricted common stock.

Holders of unvested shares of our restricted stock following the conversion are subject to an indefinite covenant on confidentiality of information and covenants related to non-competition and non-solicitation of employees and customers of the Company and its affiliates at all times during the executive s employment, and, where the executive is entitled to receive severance upon termination, for one year after a termination of his or her employment. If a termination occurs after Blackstone ceased to beneficially own 25 percent of the voting power of the Company, however, the non-competition covenant lapses.

Outstanding Equity Awards at 2013 Fiscal Year-End

The following table sets forth information regarding outstanding equity awards made to our NEOs as of December 31, 2013.

		Stock Awards	
Name	**Grant Date**[1]	**Number of Shares or Units of Stock That Have Not Vested (#)**	**Market Value of Shares or Units of Stock That Have Not Vested**[2] **($)**
Christopher J. Nassetta	12/03/2010	2,701,580[3][4]	60,110,155
	12/03/2010	1,350,791[5]	30,055,100
Kevin J. Jacobs[6]	12/03/2010	115,067[3]	2,560,241
	12/03/2010	57,534[5]	1,280,132
	03/08/2013	230,134[3]	5,120,482
	03/08/2013	115,067[5]	2,560,241
Ian R. Carter	12/03/2010	714,566[3]	15,899,094
	12/03/2010	357,285[5]	7,949,591
Mark D. Wang	12/03/2010	287,667[3]	6,400,591
	12/03/2010	143,835[5]	3,200,329
Kristin A. Campbell	06/27/2011	172,600[3]	3,840,350
	06/27/2011	86,301[5]	1,920,197

Thomas C. Kennedy(7)	12/03/2010

(1) Reflects the grant date of Class B Units that were exchanged for shares of Holdings common stock on December 11, 2013. See Compensation Discussion and Analysis Compensation Components Long-Term Incentive Awards above.

(2) Amounts reported are based on the closing market price of Holdings common stock as of December 31, 2013.

(3) Reflects the number of time-vesting shares of our restricted stock received in exchange for the Class B Units and which are scheduled to vest on December 11, 2014, contingent upon continued employment through that date. In addition, if the executive s employment is terminated without cause, as a result of a

constructive termination or due to disability or death, all unvested shares of restricted stock will vest. See Compensation Discussion and Analysis Compensation Components Long-Term Incentive Awards, Narrative to Summary Compensation Table and 2013 Grants of Plan-Based Awards Equity Awards and Potential Payments upon Termination or Change in Control.

(4) For estate planning purposes, 24,400,000 Class B Units (or 2,033,800 shares of common stock) were transferred to a limited liability company. A revocable living trust, of which Mr. Nassetta is the trustee and a beneficiary, serves as the managing member of such limited liability company. 99 percent of the economic interests in the limited liability company are held by a family trust for the benefit of Mr. Nassetta s children and the remaining 1 percent is held by the aforementioned living trust.

(5) Reflects the number of exit-vesting shares of our restricted stock received in exchange for the Class B Units and which are scheduled to vest on the date when Blackstone and its affiliates cease to own 50 percent or more of the shares of the Company, contingent upon continued employment through that date. In addition, if the executive s employment is terminated without cause, as a result of a constructive termination or due to disability or death, all unvested shares of restricted stock will vest. See Compensation Discussion and Analysis Compensation Components Long-Term Incentive Awards, Narrative to Summary Compensation Table and 2013 Grants of Plan-Based Awards Equity Awards and Potential Payments upon Termination or Change in Control.

(6) In March 2013, in connection with his promotion to Executive Vice President and Chief of Staff in 2012, Mr. Jacobs was awarded an additional 6,902,440 Class B Units in recognition of his additional role and responsibilities.

(7) In connection with his resignation, Mr. Kennedy forfeited all of his Class B Units and his outstanding Tier I awards, and therefore, received no shares or restricted stock in connection with the IPO.

2013 Option Exercises and Stock Vested

The following table provides information regarding Tier I payments and Class B units that vested during 2013 for our NEOs.

	Stock Awards	
	Number of Shares Acquired on Vesting (#)(1)	Value Realized on Vesting ($)(2)
Christopher J. Nassetta		72,740,067
Kevin J. Jacobs		7,700,861
Ian R. Carter		19,239,701
Mark D. Wang		7,745,442
Kristin A. Campbell		3,452,000
Thomas C. Kennedy		

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(1) As described in Compensation Discussion and Analysis Compensation Components Long-Term Incentive Awards above, in connection with the IPO, among other things, the Company accelerated the vesting of the outstanding Tier I awards and modified the vesting terms of the Class B Units. The terms of these awards are summarized under Compensation Discussion and Analysis Compensation Components Long-Term Incentive Awards and Narrative to Summary Compensation Table and 2013 Grants of Plan-Based Awards Equity Awards above. In addition, as described in Compensation Discussion and Analysis Compensation Components Long-Term Incentive Awards, in connection with the IPO, the NEOs surrendered their Class B Units that vested on December 11, 2013 in exchange for shares of Holdings common stock. The number of shares of Holdings common stock and the value each NEO received on vesting with respect to each of the awards modified in connection with the IPO is, therefore, as follows:

	Award	Number of Vested Class B Units (#)*	Number of Vested Shares of Common Stock (#)	Value Received on Vesting ($)
Mr. Nassetta	Vested Tier I Award			18,708,467
	Modified Class B Units	32,411,512	2,701,580	54,031,600
	Total			72,740,067
Mr. Jacobs	Vested Tier I Award			796,841
	Modified Class B Units	4,141,464	345,201	6,904,020
	Total			7,700,861
Mr. Carter	Vested Tier I Award			4,948,381
	Modified Class B Units	8,572,830	714,566	14,291,320
	Total			19,239,701
Mr. Wang	Vested Tier I Award			1,992,102
	Modified Class B Units	3,451,220	287,667	5,753,340
	Total			7,745,442
Ms. Campbell	Vested Tier I Award			
	Modified Class B Units	2,070,732	172,600	3,452,000
	Total			3,452,000

* The Tier I awards originally granted were represented as a percentage of the total dollar amount available to be awarded and were not expressed as a number of units. The amount of the Tier I award in the table reflects the cash value realized on vesting.

(2)

Reflects the sum of (a) the value of the shares of common stock received in exchange for the vested Class B Units based on the IPO price of $20.00 per share and (b) the value of the cash received upon the vesting of the Tier I awards.

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2013 Pension Benefits

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit ($)[1]	Payments During Last Fiscal Year ($)
Christopher J. Nassetta				
Kevin J. Jacobs				
Ian R. Carter	Hilton UK Pension Plan[2]	4	472,120	
	Hilton UK Hotels Employer-Finance Retirement Benefit[3]	3	793,861	
Mark D. Wang				
Kristin A. Campbell				
Thomas C. Kennedy				

(1) The present value is calculated by the Trustee of the U.K. Pension Plan and represents the present value of the retirement pension due based on assumptions described below. This value is the sum that would be payable should Mr. Carter choose to transfer his benefits from the U.K. Pension Plan in full as of December 31, 2013. The key financial assumptions used in the calculation of the present value included discount rates of 5.4 percent and 4.5 percent for 2013 and 2012, respectively, CPI inflation of 2.20 percent and 1.15 percent for 2013 and 2012, respectively, and pension inflation of 1.6 percent and 1.2 percent for 2013 and 2012, respectively.

(2) The U.K. Pension Plan is a defined benefit pension plan in the U.K., for which benefit payments are payable monthly from retirement age (age 60 in accordance with the terms of the plan). The pension value is determined based on years of service, final salary of active membership (final salary in the final year of the membership in the plan minus applicable restrictions of earning offsets) in the plan and an accrual ratio. The funds are invested through a trustee, who has full investment discretion. For Mr. Carter, the U.K. Pension Plan has been frozen since 2009, and neither the Company nor Mr. Carter has contributed to the plan since that time. The purpose of the U.K. Pension Plan is to provide a retirement benefit based on U.K. market practice. The U.K. Pension Plan does not provide special policies such as granting extra years of credited service, however, it provides tax advantages such as tax relief on employee contributions and a tax-free cash payment at retirement.

(3) The Supplemental U.K. Pension Plan is a supplement to the U.K. Pension Plan and provides an additional retirement benefit to top management of the Company in the U.K. Mr. Carter participated in the Supplemental U.K. Pension Plan from 2006 to 2009, after which the Company ceased contributing to the plan and the plan was frozen. The funds in the Supplemental U.K. Pension Plan have been invested based on Mr. Carter s elected investment portfolio. The terms of the U.K. Pension Plan provide that the funds be paid in lump sum upon retirement, or age 60 in accordance with the terms of the plan. The annual amount the Company contributed was calculated based on a percentage of Mr. Carter s base salary above the annual earnings cap under the U.K. Pension Plan. The Supplemental U.K. Pension Plan does not provide any special tax treatment, and payment under this plan is triggered upon Mr. Carter s retirement.

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2013 Non-Qualified Deferred Compensation

The Company offers to its executives, including all of the NEOs, the opportunity to participate in the EDCP. The table below provides information as of December 31, 2013, for those NEOs who chose to participate in the plan.

Name	Executive Contributions in Last FY(1)	Registrant Contributions in the Last FY	Aggregate Earnings in Last FY(2)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last FYE(3)
Christopher J. Nassetta			$ 13,346		$ 189,199
Kevin Jacobs					
Ian R. Carter					
Mark D. Wang	$ 50,650		$ 132,216		$ 966,387
Kristin Campbell					
Thomas C. Kennedy					

(1) The amount in this column is included in the Salary column for 2013 in the Summary Compensation Table above.

(2) Amounts in this column are not reported as compensation for fiscal year 2013 in the Summary Compensation Table since they do not reflect above-market or preferential earnings.

(3) Mr. Nassetta made no contributions during fiscal 2012 or fiscal 2013 and, therefore, no amounts in this column have previously been reported in the Summary Compensation Table. Of the total in this column listed for Mr. Wang, $93,308 was previously reported in the Summary Compensation Table.

Narrative to Non-Qualified Deferred Compensation Table

Pursuant to our EDCP, specified eligible employees, including our NEOs, may defer up to 100 percent of either or both their annual salary and bonus. Deferral elections are made by eligible employees in the calendar year preceding the year compensation is otherwise payable. Contributions to the EDCP consist solely of participants elective deferral contributions with no matching or other employer contributions. Eligible employees are permitted to make individual investment elections that will determine the rate of return on their deferral amounts under the elective nonqualified deferred compensation plan. Participants may change their investment elections at any time. Deferrals are only deemed to be invested in the investment options selected. Participants have no ownership interest in any of the funds as investment elections are used only as an index for crediting gains or losses to participants accounts. The investment options consist of a variety of well-known mutual funds including certain non-publicly traded mutual funds available through variable insurance products. Investment gains or losses in the funds are credited to the participants accounts daily, net of investment option related expenses. The EDCP does not provide any above-market returns or preferential earnings to participants, and the deferrals and their earnings are always 100 percent vested.

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The table below shows the funds available under the EDCP, and their annual rate of return for the calendar year ended December 31, 2013:

Name of Investment Fund	**1-Year Rate of Return % (as of 12/31/13)**
MassMutual SAGIC	3.94%
PIMCO Total Return Institutional Class	-1.92%
Vanguard Total Bond Market Index Instl Shares	-2.33%
T. Rowe Price Retirement Income	9.16%
T. Rowe Price Retirement Income 2015	15.18%
T. Rowe Price Retirement Income 2020	18.05%
T. Rowe Price Retirement Income 2025	20.78%
T. Rowe Price Retirement Income 2030	23.09%
T. Rowe Price Retirement Income 2035	24.86%
T. Rowe Price Retirement Income 2040	25.93%
T. Rowe Price Retirement Income 2045	25.93%
T. Rowe Price Retirement Income 2050	25.90%
Oakmark Equity and Income Class I Shares	24.25%
Dodge & Cox Stock	40.55%
Vanguard 500 Index Signal Share Class	32.33%
T Rowe Price Growth Stock	39.20%
CRM Small/Mid Cap Value Instl Class	33.87%
William Blair Small Mid Cap Growth Class	41.89%
T. Rowe Price International Stock	14.27%
MFS Emerging Markets Equity A Shares	-5.42%
Oppenheimer Real Estate A Shares	2.84%
Janus Global Technology Class T Shares	35.21%
Gateway Fund Class Y	8.65%

NEOs may elect to receive in-service distributions of such amounts at the time they make their deferral elections. In addition, upon a showing of financial hardship due to death, illness, accident or similar extraordinary or unforeseeable circumstances, an executive may be allowed to access funds in his or her deferred compensation account before he otherwise would have been eligible. The participant must make two payout elections, one in the case of termination and one in the case of retirement. Benefits can generally be received either as a lump sum payment or in installments over a period not to exceed 20 years in the case of retirement, five years in the case of termination and five years for in-service distributions. In the event of a change in control, 100 percent of the value of the eligible employee s deferred compensation account will be distributed.

Potential Payments upon Termination or Change in Control

The following table describes the potential payments and benefits that would have been payable to our NEOs under existing plans assuming (1) a termination of employment and/or (2) a change in control (a CIC) occurred, in each case, on December 31, 2013. The amounts shown in the table do not include payments and benefits to the extent they are provided generally to all salaried employees upon termination of employment and do not discriminate in scope, terms or operation in favor of the NEOs. These include certain accrued rights (such as earned but unpaid salary or bonus), distributions of plan balances under our 401(k) savings plan and distributions of plan balances under the pension plans and the non-qualified deferred compensation plan.

For purposes of the table below, a qualifying termination means a termination of employment with the Company either by the Company without cause or by the executive for good reason, each as defined in the Severance Plan. An executive is not deemed to have experienced a qualifying termination as a result of (a) his or her death or disability, or (b) solely as a result of a change in control.

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Because the disclosures in the table assume the occurrence of a termination or CIC as of a particular date and under a particular set of circumstances and therefore make a number of important assumptions, the actual amounts to be paid to each of our NEOs upon a termination or CIC may vary significantly from the amounts included herein. Factors that could affect these amounts include the timing during the year of any such event, the continued availability of benefit policies at similar prices and the type of termination event that occurs (as set forth in the first column in the table below).

Name	Cash Severance ($)[(1)]	Continuation of Benefits ($)[(2)]	Value of Accelerated Equity ($)[(3)]	Outplacement Services ($)[(4)]	Accrued but Unused Vacation ($)[(5)]	Total ($)
Christopher J. Nassetta						
Qualifying Termination	5,083,000	21,874	90,165,255	50,000	130,769	95,450,898
CIC without Termination			30,055,100			30,055,100
Death or Disability[(6)]	850,000		90,165,255		130,769	91,146,024
Kevin J. Jacobs						
Qualifying Termination	1,500,000	21,905	11,521,096	50,000	53,401	13,146,402
CIC without Termination			3,840,372			3,840,372
Death or Disability[(6)]	250,000		11,521,096		53,401	11,824,497
Ian R. Carter						
Qualifying Termination	2,208,000	21,858	23,848,685	50,000	66,346	26,194,889
CIC without Termination			7,949,591			7,949,591
Death or Disability[(6)]	414,000		23,848,685		66,346	24,329,031
Mark D. Wang						
Qualifying Termination	1,795,500	13,683	9,600,920	50,000	106,546	11,566,649
CIC without Termination			3,200,329			3,200,329
Death or Disability[(6)]	384,750		9,600,920		106,546	10,092,216
Kristin A. Campbell						
Qualifying Termination	1,750,000	15,320	5,760,547	50,000	59,134	7,635,001
CIC without Termination			1,920,197			1,920,197
Death or Disability[(6)]	375,000		5,760,547		59,134	6,194,681

(1) Under the Severance Plan, whether or not in connection with a change in control, each NEO would have been entitled to receive a cash severance amount consisting of an amount equal to two times (2.99 in the case of Mr. Nassetta) the sum of the executive s (x) base salary and (y) target bonus, each as in effect at date of termination.

If the employment of the NEO was terminated for death or disability, such executive would have been entitled to receive a prorated bonus. Amounts reported under Death or Disability for each NEO reflect each NEO s target annual bonus for the year ended December 31, 2013.

(2) Under the Severance Plan, upon a qualifying termination, each NEO is entitled to continued healthcare coverage in an amount equal to the excess of the cost of the coverage over the amount that executive would have had to pay if the executive remained employed for 12 months following the date of termination. In addition, upon a qualifying termination, an NEO who received life insurance coverage prior to the qualifying termination is entitled to receive life insurance coverage for a period of 12 months following the termination, payable in a lump sum. Amounts reported assume 2014 rates.

(3) If the NEO s employment with the Company is terminated (x) by the Company without cause, (y) by the executive as a result of a constructive termination or (z) by the Company as a result of disability or death, then all unvested shares shall vest. If the NEO s employment with the Company is terminated voluntarily by the executive (other than as a result of constructive termination), no unvested shares shall vest. In addition, upon a change in control in which Blackstone ceases to beneficially own more than 50 percent of Holdings common stock, the executive s shares of restricted stock subject to exit-vesting will vest.

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(4) Under the Severance Plan, upon a qualifying termination, each NEO is entitled to outplacement services for a period of twelve months following the date of termination. Amounts in the table above assume that the cost to the Company for these outplacement services would be $50,000 for each NEO.

(5) Amounts shown represent the following number of accrued but unused vacation days: Mr. Nassetta, 40 days; Mr. Jacobs, 28 days; Mr. Carter, 25 days; Mr. Wang, 54 days; and Ms. Campbell, 31 days.

(6) In the event of death of an NEO, in addition to amounts reported in the table above, each NEO will receive benefits from third-party payors under our employer-paid premium life insurance plans. All of our executives are eligible for one times their regular annual eligible wages at death. In addition, the Company has provided Mr. Nassetta with additional executive life insurance with a $10,500,000 death benefit. Therefore, if such benefits were triggered for the NEOs on December 31, 2013 under our life insurance plans the legally designated beneficiary(ies) of each NEO would have received the following amounts: Mr. Nassetta ($12,795,000); Mr. Jacobs ($626,000); Mr. Carter ($1,514,000); Mr. Wang ($1,008,000); and Ms. Campbell ($900,000).

Thomas C. Kennedy Separation Agreement

On September 24, 2013, we entered into a separation agreement with Mr. Kennedy, our former Executive Vice President and Chief Financial Officer, with respect to Mr. Kennedy s termination of employment with the Company. Pursuant to the separation agreement, beginning August 8, 2013, Mr. Kennedy agreed to continue his employment with the Company as a Special Advisor to the CEO until December 31, 2013 or until he commenced employment with a new employer, such date referred to as the Kennedy Separation Date. In consideration for Mr. Kennedy providing a general release of claims against the Company, we agreed to provide Mr. Kennedy with the following payments and benefits:

his current base salary and continuation of his current benefits through the Kennedy Separation Date;

his annual bonus in respect of the year ended December 31, 2013, assuming he remained employed with Hilton Worldwide through the applicable payment date and with any discretionary targets established for Mr. Kennedy fixed at the maximum payout value of $666,900;

$1,058,500 annually (representing approximately his current base salary and target annual incentive compensation) for a period of three years as soon as practicable following each of the first, second and third anniversaries of the Kennedy Separation Date;

a $2,275,000 lump-sum cash severance payment (representing approximately two times his current base salary and target annual incentive compensation) payable as soon as practicable following December 31, 2014;

$87,500 for all accrued but unused vacation through the Kennedy Separation Date;

up to $75,000 for the cost of reasonable legal fees incurred in connection with the separation agreement; and a lump sum payment of $50,000 to be paid as soon as practicable following the Kennedy Separation Date representing twenty-four months of estimated before tax health care insurance premiums that Mr. Kennedy would incur for group health coverage for him and his family.

In addition, in connection with his separation, the Company agreed to pay Mr. Kennedy a cash payment of $3,187,363 representing his Tier I award and a cash payment of $6,699,938 for the cancellation of his Class B Units. The Company also agreed to repurchase Mr. Kennedy s equity investment in Class A Units of $1,107,780 for an amount equal to $1,772,448.

The foregoing payments and benefits are contingent on Mr. Kennedy s continued compliance with certain restrictive covenants, including an indefinite confidentiality of information covenant, a covenant related to non-competition for three years after the Kennedy Separation Date and a covenant related to non-solicitation of employees and customers of the Company and its affiliates for one year after the Kennedy Separation Date.

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Compensation of Directors

Our employee directors and directors affiliated with Blackstone receive no additional compensation for serving on the Board of Directors or Committees thereof. Prior to the IPO, outside directors (other than the directors employed by Blackstone) received a quarterly cash retainer of $31,250 through August 31, 2013. From September 1, 2013 through our IPO date, such outside directors received a pro-rated cash retainer of $250,000. In connection with the IPO, effective December 11, 2013 each outside director (other than the directors employed by Blackstone) is entitled to annual compensation as follows:

- Cash retainer of $80,000, payable quarterly;
- Additional cash retainer payable quarterly for serving on Committees or as the chairperson of a Committee as follows:
  - Each member (other than the chairperson) of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee receives $7,500 annually for each Committee on which he or she serves; and
  - The chairperson of the Audit Committee receives an additional $25,000 annually and the chairperson of each of the Compensation Committee and the Nominating and Corporate Governance Committee receives an additional $20,000 annually; and
- Equity award of $130,000 payable annually in restricted stock units, which vest over three years in equal annual installments from the date of grant.

Our directors are not paid any fees for attending meetings, however, our directors are reimbursed for reasonable travel and related expenses associated with attendance at Board or Committee meetings. In addition, our independent directors are reimbursed for reasonable personal hotel costs when they stay at Company-branded hotels.

We also have adopted a stock ownership policy for our non-employee directors. Each of our non-employee directors is required to own stock in an amount equal to five times his or her annual cash retainer, provided that a non-employee director who is employed by a stockholder of the Company that meets the ownership requirements for a non-employee director shall be exempt from such requirement. For purposes of this requirement, a director s holdings include shares held directly or indirectly, individually or jointly, shares underlying vested options and shares held under a deferral or similar plan. Non-employee directors are expected to meet this ownership requirement within five years from the later of (x) the date on which we make our first broad-based equity incentive grants following the IPO and (y) the date he or she first becomes subject to the stock ownership policy.

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Director Compensation for 2013

The table below sets forth information regarding non-employee director compensation for the fiscal year ended December 31, 2013.

Name	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)(2)	All Other Compensation ($)(3)	Total ($)(1)	Total Number of Outstanding Equity Awards (#)(4)
Jonathan D. Gray					
Michael S. Chae					
Tyler S. Henritze					
Judith A. McHale	54,096	130,000		184,096	6,500
John G. Schreiber					
Elizabeth A. Smith	5,466	130,000		135,466	6,500
Douglas M. Steenland	158,984	130,000	18,323	307,307	6,500
William J. Stein					

(1) Includes amounts paid under our pre-IPO compensation program for outside directors.

(2) Represents the grant date fair value of restricted stock granted during 2013. The assumptions used in the valuation are discussed in Note 21: Share-Based Compensation in our audited consolidated financial statements included elsewhere in this prospectus.

(3) Reflects Company-paid expenses incurred at Company-branded hotels while on personal travel.

(4) The amount of stock awards reflected in the table above represents the aggregate number of stock awards outstanding held by each non-employee director as of fiscal year end.

Compensation Committee Interlocks and Insider Participation

During the 2013 fiscal year, the members of the Compensation Committee were Messrs. Schreiber and Stein and Ms. McHale, none of whom was, during the fiscal year, an officer or employee of the Company and none of whom was formerly an officer of the Company. Messrs. Schreiber and Stein are affiliates of Blackstone. During 2013, none of our executive officers served as a director or member of the compensation committee (or other committee serving an equivalent function) of any other entity whose executive officers served on our Compensation Committee or our Board. We are parties to certain transactions with Blackstone described in the Certain Relationships and Related Party Transactions section of this prospectus.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Holdings owns 100 percent of the limited liability company interests of the Issuer, which in turn owns 100 percent of the issued and outstanding common stock of the Co-Issuer.

The following table sets forth information regarding the beneficial ownership of shares of Holdings common stock as of November 10, 2014 by (1) each person known to us to beneficially own more than 5 percent of Holdings outstanding common stock, (2) each of our directors and named executive officers and (3) all of our directors and executive officers as a group. Beneficial ownership is determined in accordance with the rules of the SEC.

Name of beneficial owner	Amount and Nature of Beneficial Ownership	Percent of Common Stock Outstanding
Principal Stockholder		
Blackstone(1)	544,632,363	55.3%
Directors and Named Executive Officers:		
Christopher J. Nassetta(2)	7,747,807	*
Jonathan D. Gray(3)	544,937	*
Michael S. Chae(3)	6,359	*
Tyler S. Henritze(3)		
Judith A. McHale		
John G. Schreiber(4)		
Elizabeth A. Smith		
Douglas M. Steenland		
William J. Stein(3)	61,443	*
Kevin J. Jacobs	690,403	*
Ian R. Carter	1,815,504	*
Mark D. Wang	708,713	*
Kristin A. Campbell	431,501	*
Thomas C. Kennedy(5)		
Directors and executive officers as a group (16 persons)	13,114,762	1.3%

* Represents less than 1 percent.

(1) Reflects 383,603,683 shares of common stock directly held by HLT Holdco III LLC, 94,650,659 shares of common stock directly held by HLT Holdco II LLC, 47,611,887 shares of common stock directly held by HLT BREP VI.TE.2 Holdco LLC, 1,674,976 shares of common stock directly held by HLT BREH VI Holdco LLC, 282,279 shares of common stock directly held by HLT BREH Intl II Holdco LLC, 16,472,893 shares of common stock directly held by HLT A23 Holdco LLC, and 98,556 shares of common stock directly held by HLT A23 BREH VI Holdco LLC (together, the Blackstone Funds). The sole member of HLT Holdco III LLC is HLT Holdco II LLC. The sole member of HLT Holdco II LLC is HLT Holdco LLC. The sole member of HLT Holdco LLC is BH Hotels Holdco LLC (BH Hotels). The managing members of BH Hotels are Blackstone Real Estate Partners VI L.P. and Blackstone Capital Partners V L.P. The general partner of Blackstone Capital Partners V L.P. is Blackstone Management Associates V L.L.C. The sole member of Blackstone Management Associates V L.L.C is BMA V L.L.C. The general partner of Blackstone Real Estate Partners VI L.P. is Blackstone Real Estate Associates VI L.P. The general partner of Blackstone Real Estate Associates VI L.P. is BREA VI L.L.C. The sole

member of each of BREA VI L.L.C. and BMA V L.L.C. is Blackstone Holdings III L.P.
The sole member of HLT A23 Holdco LLC is Blackstone A23 Holdings LLC. The managing members of Blackstone A23 Holdings LLC are Blackstone Real Estate Partners VI L.P. and Blackstone Capital Partners V L.P. The sole member of HLT A23 BREH VI Holdco LLC is Blackstone Real Estate Holdings VI L.P.

The sole member of HLT BREH Intl II Holdco LLC is HLT BREH Intl II Holdings Holdco LLC. The controlling member of HLT BREH Intl II Holdings Holdco LLC is Blackstone Real Estate Holdings

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International II-Q L.P. The general partner of Blackstone Real Estate Holdings International II-Q L.P. is Blackstone Real Estate International II-Q GP L.P. The general partner of Blackstone Real Estate International II-Q GP L.P. is Blackstone Real Estate International II-Q GP L.L.C. The sole member of Blackstone Real Estate International II-Q GP L.L.C. is Blackstone Holdings III L.P.

The sole member of HLT BREP VI.TE.2 Holdco LLC is Blackstone Real Estate Partners VI.TE.2 L.P. The general partner of Blackstone Real Estate Partners VI.TE.2 L.P. is Blackstone Real Estate Associates VI L.P. The general partner of Blackstone Real Estate Associates VI L.P. is BREA VI L.L.C. The sole member of BREA VI L.L.C. is Blackstone Holdings III L.P.

The sole member of HLT BREH VI Holdco LLC is HLT BREH VI Holdings Holdco LLC. The controlling member of HLT BREH VI Holdings Holdco LLC is Blackstone Real Estate Holdings VI L.P. The general partner of Blackstone Real Estate Holdings VI L.P. is BREP VI Side-by-Side GP L.L.C. The sole member of BREP VI Side-by-Side GP L.L.C. is Blackstone Holdings III L.P.

The general partner of Blackstone Holdings III L.P. is Blackstone Holdings III GP L.P. The general partner of Blackstone Holdings III GP L.P. is Blackstone Holdings III GP Management L.L.C. The sole member of Blackstone Holdings III GP Management L.L.C. is The Blackstone Group L.P. The general partner of The Blackstone Group L.P. is Blackstone Group Management L.L.C. Blackstone Group Management L.L.C. is wholly-owned by Blackstone s senior managing directors and controlled by its founder, Stephen A. Schwarzman. Each of such Blackstone entities (other than each of the Blackstone Funds to the extent they directly hold securities reported herein) and Mr. Schwarzman may be deemed to beneficially own the shares beneficially owned by the Blackstone Funds directly or indirectly controlled by it or him, but each disclaims beneficial ownership of such shares. Also reflects 237,430 shares of common stock directly owned by Mr. Schwarzman. Such shares are expected to be transferred on Mr. Schwarzman s behalf to a private foundation or other charitable organization on or after April 3, 2015. The address of each of Mr. Schwarzman and each of the entities listed in this footnote is c/o The Blackstone Group L.P., 345 Park Avenue, New York, New York 10154.

As of November 10, 2014, Blackstone entities have pledged, hypothecated or granted security interests in approximately 543.6 million shares of Holdings common stock pursuant to a margin loan agreement with customary default provisions. In the event of a default under the margin loan agreement, the secured parties may foreclose upon any and all shares of common stock pledged to them and may seek recourse against the borrower.

(2) Includes 2,033,800 shares of common stock held by Harwood Road LLC, a limited liability company. A revocable living trust, of which Mr. Nassetta is the trustee and a beneficiary, serves as the managing member of Harwood Road LLC. Ninety nine percent of the economic interests in the limited liability company are held by a family trust for the benefit of Mr. Nassetta s children and the remaining one percent is held by the aforementioned living trust.

(3) Messrs. Gray, Chae, Henritze and Stein are each employees of Blackstone, but each disclaims beneficial ownership of the shares beneficially owned by Blackstone. Shares beneficially owned by Messrs. Gray, Chae and Stein are expected to be transferred on each of their respective behalf to a private foundation or other charitable organization on or after April 3, 2015.

(4) Mr. Schreiber is a partner and co-founder of Blackstone Real Estate Advisors, which is affiliated with Blackstone. Mr. Schreiber disclaims beneficial ownership of the shares beneficially owned by Blackstone.

(5) Mr. Kennedy served as our Executive Vice President and Chief Financial Officer until August 8, 2013.

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CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Relationship with PropCo Entities

Entities comprising PropCo are unrestricted subsidiaries for purposes of the indenture governing the notes and, as such, are not subject to any of the restrictive covenants in the indenture and do not guarantee the notes or provide any other credit or collateral support for the notes. As of September 30, 2014, the PropCo entities owned 29 of our U.S. owned hotels. The properties held by our PropCo entities secure our $3.5 billion CMBS Loan, our $525 million Waldorf Astoria Loan and a $64 million mortgage note and are not included in the collateral securing our Senior Secured Credit Facilities. See Management s Discussion and Analysis of Financial Condition and Results of Operations Supplemental Financial Data for Unrestricted U.S. Real Estate Subsidiaries.

Because our PropCo entities are not subject to the restrictive covenants under the indenture, they are not limited by the indenture in their ability to incur indebtedness or make payments of dividends or to make other distributions, loans or restricted payments to persons that are not restricted subsidiaries or guarantors of the notes. The Issuers and the guarantors of the notes are restricted under the terms of the indenture governing the notes from making investments in, or loans to, PropCo entities. See Description of the Notes.

We operate hotels under management agreements for the benefit of PropCo entities. Our fees consist of a base management fee equal to a percentage of each hotel s gross revenue, and an incentive fee based on profits in excess of a return threshold established for each hotel. PropCo pays all operating and other expenses and reimburses our out-of-pocket expenses. In turn, our managerial discretion is subject to approval by PropCo in certain major areas, including the approval of annual operating and capital expenditure budgets. The term of each of our management agreements with PropCo is 30 years, subject to extension at our option for up to three periods of 10 years each. The PropCo management agreements contain early termination rights in favor of PropCo only upon an event of default by us. A network of intercompany loans and cash pooling exists between us and PropCo to facilitate the efficient operation of the PropCo hotels. As of September 30, 2014, we managed 29 hotels with approximately 21,261 rooms pursuant to management agreements with PropCo, and for the year ended December 31, 2013 and the nine months ended September 30, 2014, revenues derived under PropCo management agreements totaled $49 million.

We have entered into other agreements with PropCo that generally relate to the management and operation of hotels owned or leased by PropCo. These agreements typically have terms similar to those that would be expected to be obtained on an arm s-length basis. These agreements include, among others:

- information technology system agreements, under which we license or sublicense to PropCo certain proprietary or third party software and provide certain equipment needed to operate PropCo hotels, including with respect to, among other functions, the OnQ property management system, high speed internet service, energy management and credit card authorization;

- reservations and customer care services contracts, under which we provide revenue management services to PropCo;

- ResMax agreements, under which we provide call answering services to PropCo; and consolidated revenue management support contracts, under which we supply property-level sales services to PropCo.

The PropCo hotels participate in a number of programs that we maintain for the benefit of all Hilton branded hotels, including our HHonors customer loyalty program, our EDGE eCommerce and demand generation program and our Hilton Supply Management procurement service. In addition, a number of PropCo hotels are party to leases or other arrangements with entities affiliated with our timeshare brand, HGV, to provide HGV with space for marketing offices, kiosks, tour desks and similar facilities as well as dedicated rooms for timeshare owners.

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Transactions with Related Persons

Holdings board of directors recognizes the fact that transactions with related persons present a heightened risk of conflicts of interests and/or improper valuation (or the perception thereof). Holdings board of directors has adopted a written policy on transactions with related persons that is in conformity with the requirements for issuers having publicly-held common stock that is listed on the NYSE. Our related person policy requires that a related person (as defined as in Item 404(a) of Regulation S-K, which includes security holders who beneficially own more than 5 percent of our common stock, including our Sponsor) must promptly disclose to our general counsel any related person transaction (defined as any transaction that is anticipated would be reportable by us under Item 404(a) of Regulation S-K in which we were or are to be a participant and the amount involved exceeds $120,000 and in which any related person had or will have a direct or indirect material interest) and all material facts with respect thereto. The general counsel will then promptly communicate that information to the board of directors. No related person transaction will be executed without the approval or ratification of the board of directors or a duly authorized committee of the board of directors. It is our policy that directors interested in a related person transaction will recuse themselves from any vote on a related person transaction in which they have an interest.

Stockholders Agreement

In connection with the IPO, we entered into a stockholders agreement with Blackstone. This agreement requires us to nominate a number of individuals designated by Blackstone for election as our directors at any meeting of our stockholders, each a Sponsor Director, such that, upon the election of each such individual and each other individual nominated by or at the direction of our Board or a duly-authorized committee of the Board, as a director of our company, the number of Sponsor Directors serving as directors of our company will be equal to: (1) if our pre-IPO owners and their affiliates together continue to beneficially own at least 50 percent of the shares of Holdings common stock entitled to vote generally in the election of our directors as of the record date for such meeting, the lowest whole number that is greater than 50 percent of the total number of directors comprising our Board of Directors; (2) if our pre-IPO owners and their affiliates together continue to beneficially own at least 40 percent (but less than 50 percent) of the shares of Holdings common stock entitled to vote generally in the election of our directors as of the record date for such meeting, the lowest whole number that is at least 40 percent of the total number of directors comprising our Board of Directors; (3) if our pre-IPO owners and their affiliates together continue to beneficially own at least 30 percent (but less than 40 percent) of the total shares of Holdings common stock entitled to vote generally in the election of our directors as of the record date for such meeting, the lowest whole number that is at least 30 percent of the total number of directors comprising our Board of Directors; (4) if our pre-IPO owners and their affiliates together continue to beneficially own at least 20 percent (but less than 30 percent) of the total shares of Holdings common stock entitled to vote generally in the election of our directors as of the record date for such meeting, the lowest whole number that is at least 20 percent of the total number of directors comprising our Board of Directors; and (5) if our pre-IPO owners and their affiliates together continue to beneficially own at least 5 percent (but less than 20 percent) of the total shares of Holdings common stock entitled to vote generally in the election of our directors as of the record date for such meeting, the lowest whole number that is at least 10 percent of the total number of directors comprising our Board of Directors. For so long as the stockholders agreement remains in effect, Sponsor Directors may be removed only with the consent of Blackstone. In the case of a vacancy on our Board created by the removal or resignation of a Sponsor Director, the stockholders agreement requires us to nominate an individual designated by our Sponsor for election to fill the vacancy.

The above-described provisions of the stockholders agreement will remain in effect until our Sponsor is no longer entitled to nominate a Sponsor Director pursuant to the stockholders agreement, unless our Sponsor requests that they terminate at an earlier date.

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Registration Rights Agreement

In connection with the IPO, we entered into a registration rights agreement that provides Blackstone an unlimited number of demand registrations and customary piggyback registration rights. The registration rights agreement also provides that we will pay certain expenses relating to such registrations and indemnify the registration rights holders against certain liabilities which may arise under the Securities Act.

Indemnification Agreements

During 2013, we entered into indemnification agreements with our directors and executive officers. These agreements require us to indemnify these individuals to the fullest extent permitted by Delaware law against liabilities that may arise by reason of their service to us, and to advance expenses incurred as a result of any proceeding against them as to which they could be indemnified. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors or executive officers, we have been informed that in the opinion of the SEC such indemnification is against public policy and is therefore unenforceable.

There is currently no pending material litigation or proceeding involving any of our directors, officers or employees for which indemnification is sought.

Management, Franchise and Timeshare Products and Services

Blackstone directly and indirectly owns hotels that we currently manage or franchise, or that we may manage or franchise in the future, and receive fees in connection with those management and franchise agreements. We recognized management and franchise fee revenue of $42 million, $29 million and $23 million, respectively, for the years ended December 31, 2013, 2012 and 2011 related to these hotels. We recognized reimbursements and reimbursable costs for these hotels, primarily related to payroll and marketing expenses, of $174 million, $135 million and $101 million for the years ended December 31, 2013, 2012 and 2011, respectively. As of December 31, 2013 and 2012, we had accounts receivable due from these hotels related to these management and franchise fees and reimbursements of $26 million and $28 million, respectively. In addition, in certain cases, we incur costs to acquire management and franchise contracts with hotels owned by Blackstone. We incurred acquisition costs of $15 million and $5 million for the years ended December 31, 2013 and 2011, respectively, related to these contracts. Contract acquisition costs for the year ended December 31, 2012 related to these contracts were less than $1 million.

We also may enter into arrangements with Blackstone which may involve, among other things, our sale of certain owned properties to Blackstone for their development into timeshare properties and our selling and marketing related timeshare intervals and providing management and other services to operate the homeowners associations, rental programs, resort recreational programs and retail outlets at these properties. In January 2014, we executed a Purchase and Sale Agreement with an affiliate of Blackstone for the sale of certain land and easement rights at our Hilton Hawaiian Village property in connection with a timeshare project. In April 2014, we completed the sale of such land and easement rights. In addition, Blackstone acquired the rights to the name, plans, designs, contracts and other documents related to the timeshare project. The total consideration received for this transaction was approximately $37 million. We also executed development management, sales and marketing and other agreements with Blackstone, for which we will receive fees in connection with services provided over the term of the respective agreements.

Products and Services

From time to time, we have purchased products and services from entities affiliated with or owned by Blackstone.

Entities affiliated with Travelport Limited (Travelport), in which certain affiliates of Blackstone have an interest, provide computerized reservations and ticketing and other services to travel agencies and others in the

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travel industry. We are party to a hotel reservations sales agreement with Travelport whereby we agree to pay specified fees per hotel booking and to purchase certain advertising services. Our payments for services from Travelport totaled $21 million, $23 million and $20 million for the fiscal years ended December 31, 2013, 2012 and 2011, respectively.

Equity Healthcare LLC (Equity Healthcare), which is owned by Blackstone, provides us certain negotiating, monitoring and other services in connection with our health benefit plans pursuant to an employer health program agreement we have entered into with Equity Healthcare. In consideration for Equity Healthcare s services, we pay Equity Healthcare fees based on the number of participating employees in our health benefit plans. Our payments to Equity Healthcare totaled $0.6 million, $0.6 million and $0.3 million, respectively, for the fiscal years ended December 31, 2013, 2012 and 2011.

We regularly negotiate arrangements with third-party providers to secure competitive pricing and timely delivery of goods and services. In certain negotiated instances, these arrangements may permit hotels that we own, manage or franchise, as well as hotels controlled by Blackstone, to elect whether or not to contract with such third-party providers on the terms we negotiated.

Service Contract Guarantees

In 2010, in connection with the settlement of a lawsuit, we entered into a guarantee that requires us to pay any shortfalls under certain service contracts that our Sponsor entered into with the plaintiff. The initial maximum exposure under the guarantee was $75 million, which has subsequently been reduced to approximately $35 million as of September 30, 2014 as a result of the plaintiff s receipt of payments from the counterparties of such service contracts.

Other Relationships

Blackstone Advisory Partners L.P., an affiliate of Blackstone, received aggregate compensation of approximately $10.0 million for acting as underwriter, initial purchaser or arranger in connection with the Debt Refinancing. We engaged Blackstone Advisory Partners to provide certain financial consulting services for a fee of $1.6 million and $1.425 million in connection with the public offerings of our common stock by certain stockholders in June and November 2014, respectively.

In connection with the pledge of shares of Holdings stock by affiliates of The Blackstone Group L.P. in connection with a margin loan agreement, as described in Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters , on September 30, 2014 Holdings delivered letter agreements to the lenders under such margin loan agreement in which it has, among other things, agreed, subject to applicable law and stock exchange rules, not to take any actions that are intended to materially hinder or delay the exercise of any remedies by the lenders under the loan documents.

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DESCRIPTION OF OTHER INDEBTEDNESS

The following description is a summary of the material terms of our material indebtedness other than the notes. In addition, as of September 30, 2014, our consolidated VIEs recorded non-recourse debt and capital lease obligations of $276 million.

Senior Secured Credit Facilities

On October 25, 2013, we entered into a credit agreement with Deutsche Bank AG New York Branch, as administrative agent, collateral agent, swing line lender and L/C issuer, Deutsche Bank Securities Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, J.P. Morgan Securities LLC, Morgan Stanley Senior Funding, Inc. and Goldman Sachs Lending Partners LLC, as joint lead arrangers and joint bookrunners, Wells Fargo Securities, LLC, as joint bookrunner and the other agents and lenders from time to time party thereto.

The credit agreement provides for senior secured credit facilities (the Senior Secured Credit Facilities) consisting of:

- a $7.6 billion senior secured term loan facility (the Term Loans), which will mature on October 25, 2020; and
- a $1.0 billion senior secured revolving credit facility (the Revolving Credit Facility), $150 million of which is available in the form of letters of credit, which will mature on October 25, 2018.

Hilton Worldwide Finance LLC (the borrower) is the borrower under the Senior Secured Credit Facilities. The Revolving Credit Facility includes borrowing capacity available for letters of credit and for short-term borrowings referred to as the swing line borrowings. In addition, the Senior Secured Credit Facilities also provide the borrower with the option to raise incremental credit facilities (including an uncommitted incremental facility that provides the borrower the option to increase the amount available under the Term Loans and/or the Revolving Credit Facility by an aggregate of up to $1.5 billion, subject to additional increases upon satisfaction of certain leverage-based tests), refinance the loans with debt incurred outside the credit agreement and extend the maturity date of the Revolving Credit Facility and Term Loans, subject to certain limitations.

Interest Rate and Fees

Borrowings under the Term Loans bear interest, at the borrower s option, at a rate equal to a margin over either (a) a base rate determined by reference to the highest of (1) the administrative agent s prime lending rate, (2) the federal funds effective rate plus 1/2 of 1 percent and (3) the LIBOR rate for a one-month interest period plus 1.00 percent or (b) a LIBOR rate determined by reference to the Reuters LIBOR rate for the interest period relevant to such borrowing. The margin for the Term Loans is 2.00 percent, in the case of base rate loans, and 3.00 percent, in the case of LIBOR rate loans, subject to one step-down of 0.25 percent upon the achievement of a first lien net leverage ratio of less than or equal to 3.85 to 1.00 and subject to one step down of 0.25 percent following a qualifying initial public offering, subject to a base rate floor of 2.00 percent, and a LIBOR floor of 1.00 percent.

Borrowings under the Revolving Credit Facility bear interest, at the borrower s option, at a rate equal to a margin over either (a) a base rate determined by reference to the highest of (1) the administrative agent s prime lending rate, (2) the federal funds effective rate plus 1/2 of 1 percent and (3) the LIBOR rate for a one-month interest period plus 1.00 percent or (b) a LIBOR rate determined by reference to the Reuters LIBOR rate for the interest period relevant to such borrowing. The margins for the Revolving Credit Facility are 1.50 percent, in the case of base rate loans, and 2.50

percent, in the case of LIBOR rate loans, subject to two step-downs of 0.25 percent upon the achievement of a first lien net leverage ratio of less than or equal to 3.85 to 1.00 and 3.25 to 1.00, respectively, and subject to one step down of 0.25 percent following a qualifying initial public offering.

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In addition to paying interest on outstanding principal under the Senior Secured Credit Facilities, the borrower is required to pay a commitment fee to the lenders under the Revolving Credit Facility in respect of the unutilized commitments thereunder. The commitment fee rate is 0.50 percent per annum subject to a step-down to 0.375 percent, upon achievement of a first lien net leverage ratio less than or equal to 3.85 to 1.00. The borrower is also required to pay customary letter of credit fees.

Prepayments

The Senior Secured Credit Facilities require us to prepay outstanding Term Loans, subject to certain exceptions, with:

- 50 percent (which percentage will be reduced to 25 percent and 0 percent, as applicable, subject to attaining certain first lien net leverage ratios) of annual excess cash flow, calculated in accordance with the credit agreement;

- 100 percent of the net cash proceeds (including insurance and condemnation proceeds) of all non-ordinary course asset sales or other dispositions of property by the borrower and its restricted subsidiaries, subject to *de minimis* thresholds, if those net cash proceeds are not reinvested in assets to be used in the borrower s business or to make certain other permitted investments (a) within 12 months of the receipt of such net cash proceeds or (b) if the borrower commits to reinvest such net cash proceeds within 12 months of the receipt thereof, within 180 days of the date of such commitment (although in connection with any such prepayment, the borrower may also repay other first lien debt to the extent it is so required); and

- 100 percent of the net proceeds of any incurrence of debt by the borrower or any of its restricted subsidiaries, other than debt permitted to be incurred or issued under the Senior Secured Credit Facilities.

Notwithstanding any of the foregoing, each lender of Term Loans will have the right to reject its pro rata share of mandatory prepayments described above, in which case we may retain the amounts so rejected.

The foregoing mandatory prepayments will be applied pro rata to installments of Term Loans in direct order of maturity.

The borrower has the ability to voluntarily repay outstanding loans at any time without premium or penalty, other than customary breakage costs with respect to LIBOR loans.

Amortization

The borrower is required to repay the Term Loans on the last business day of each quarter in installments in an aggregate principal amount equal to 0.25 percent of the original principal amount of the Term Loans, with the remaining amount payable on the applicable maturity date with respect to such Term Loans. Given the application of prepayments on the Term Loans in order of priority required pursuant to the Term Loans, the borrower no longer has repayment obligations outstanding under the Term Loans.

Guarantees

The obligations under the Senior Secured Credit Facilities are unconditionally and irrevocably guaranteed by each of Hilton Worldwide Holdings Inc., the co-issuer of the notes, any subsidiary of Hilton Worldwide Holdings Inc. that directly or indirectly owns 100 percent of the issued and outstanding equity interests of the borrower, and, subject to certain exceptions, each of the borrower s existing and future material domestic wholly owned subsidiaries (collectively referred to as the credit agreement guarantors). In addition, the Senior Secured Credit Facilities will be collateralized by first priority or equivalent security interests in (i) all the capital stock of, or other equity interests in, the borrower and each of the borrower s and guarantors material direct or indirect wholly owned restricted domestic subsidiaries and 65 percent of the capital stock of, or other equity interests in, each of the borrower s or any subsidiary guarantors direct wholly owned first-tier restricted foreign subsidiaries, and (ii) certain tangible and intangible assets of the borrower and those of the credit agreement guarantors (subject to certain exceptions and qualifications).

None of our foreign subsidiaries, our non-wholly owned domestic subsidiaries that are restricted subsidiaries, our subsidiaries that are prohibited from providing guarantees as a result of the agreements governing our revolving non-recourse timeshare notes credit facility and/or our notes backed by a portion of our timeshare financing receivables, or our unrestricted subsidiaries (which consist of our U.S. real estate subsidiaries that are included in PropCo) guarantee the Senior Secured Credit Facilities.

Certain Covenants and Events of Default

The Senior Secured Credit Facilities contain a number of significant affirmative and negative covenants and customary events of default. Such covenants, among other things, will limit or restrict, subject to certain exceptions, the ability of the borrower and its restricted subsidiaries to:

incur additional indebtedness, make guarantees and enter into hedging arrangements;

create liens on assets;

enter into sale and leaseback transactions;

engage in mergers or consolidations;

sell assets;

make fundamental changes;

pay dividends and distributions or repurchase our capital stock;

make investments, loans and advances, including acquisitions;

engage in certain transactions with affiliates;

make changes in the nature of their business; and make prepayments of junior debt.

In addition, if, on the last day of any period of four consecutive quarters on or after September 30, 2014, the aggregate principal amount of revolving credit loans, swing line loans and/or letters of credit (excluding up to $50 million of letters of credit and certain other letters of credit that have been cash collateralized or back-stopped) that are issued and/or outstanding is greater than 25 percent of the Revolving Credit Facility, the new credit agreement will require the borrower to maintain a consolidated first lien net leverage ratio not to exceed 7.9 to 1.0.

During the period in which the borrower s corporate issuer rating is equal to or higher than Baa3 (or the equivalent) according to Moody s or BBB- (or the equivalent) according to S&P and no default has occurred and is continuing, the restrictions in the Senior Secured Credit Facilities regarding incurring additional indebtedness, dividends and distributions or repurchases of capital stock and transactions with affiliates will not apply to the borrower and its restricted subsidiaries during such period.

Our Senior Secured Credit Facilities also contain certain customary representations and warranties, affirmative covenants and events of default. If an event of default occurs, the lenders under the Senior Secured Credit Facilities will be entitled to take various actions, including the acceleration of amounts due under the Senior Secured Credit Facilities and all actions permitted to be taken by a secured creditor.

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CMBS Loan

On October 25, 2013, JPMorgan Chase Bank, National Association, German American Capital Corporation, Bank of America, N.A., Morgan Stanley Mortgage Capital Holdings, LLC and GS Commercial Real Estate LP extended to certain entities included in PropCo, collectively referred to as the CMBS borrowers, a $3.5 billion commercial mortgage-backed securities loan (the CMBS Loan). The CMBS Loan is secured by 23 hotels owned by the CMBS borrowers, including the New York Hilton, Hilton Hawaiian Village, Hilton Waikoloa Village and Hilton New Orleans. The CMBS Loan has two components: (1) a fixed-rate component in the amount of $2.625 billion and (2) a floating rate component in the amount of $0.875 billion.

Term

The fixed rate component of the CMBS Loan has a term of five years.

The floating rate component has an initial term of two years with three extension options of 12 months each. The CMBS borrowers have the right to exercise any extension period so long as no event of default exists, and they purchase an extension of the applicable interest rate hedge agreements described below which caps one-month LIBOR for the principal amount of the CMBS Loan at the greater of 6.0 percent and the rate that, when added to the spread on the floating rate component of the CMBS Loan, results in a weighted average debt service coverage ratio together with the fixed rate component of at least 1.25:1.00. In addition, in order to exercise the final extension period, the CMBS borrowers must pay an increase in the spread applicable to the floating rate component of 0.25 percent.

Interest and Fees

The interest rate payable on the fixed rate component of the CMBS Loan is equal to 4.465 percent per annum.

The interest rate payable on the floating rate component is equal to the sum of (1) one-month LIBOR plus (2) 2.65 percent per annum. The CMBS borrowers were required to enter into, and pledge as security for the CMBS Loan, one or more interest rate hedge agreements in the notional amount of the floating rate component which cap one-month LIBOR at 6.0 percent for the initial term of the floating rate component.

In addition to paying interest on the CMBS Loan, we were also required to pay an origination fee of 1.00 percent of the CMBS Loan at closing.

Amortization

The CMBS Loan has no amortization payments.

Prepayments

The CMBS borrowers are permitted to voluntarily prepay all or any portion of the floating rate component without prepayment penalty or premium at any time. In addition, the CMBS borrowers are permitted to prepay (1) up to 50 percent of the fixed rate component, subject to payment of a yield maintenance premium to the extent repaid during the first 12 payment dates and (2) the remaining 50 percent of the fixed rate component, subject to payment of a yield maintenance premium to the extent repaid during the first 24 payment dates.

In addition to the above, any prepayments of the CMBS Loan, whether in whole in part, will also be subject to (1) the payment of actual LIBOR breakage costs incurred by the lenders and (2) the payment of all interest scheduled to accrue through to the end of the applicable interest period.

Mandatory prepayments are required in connection with certain casualties or condemnations of a property.

Once repaid, no further borrowings will be permitted under the CMBS Loan.

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Guarantee

Certain obligations of the CMBS borrowers with respect to the CMBS Loan are guaranteed by the PropCo entities (the CMBS guarantors). Under the CMBS guarantee, (1) the CMBS guarantors have agreed to indemnify CMBS Loan lenders for losses with respect to customary bad-boy acts of the CMBS borrowers and their affiliates and (2) that the CMBS Loan will become fully recourse to such guarantors upon a voluntary or collusive involuntary bankruptcy of the CMBS borrowers. Notwithstanding the foregoing, the aggregate liability of the CMBS guarantors as a result of clause (1) and (2) above is capped at 10 percent of the then outstanding principal balance of the CMBS Loan.

The CMBS guarantors are subject to a net worth covenant requiring that they maintain a minimum ongoing net worth of $500.0 million (exclusive of the collateral securing the CMBS Loan). If the CMBS guarantors fail to meet the net worth requirement, the CMBS borrowers will be required to either provide a replacement guarantee, or cash collateral or a letter of credit in the amount of $175.0 million (subject to a reduction in certain instances).

Covenants and Other Matters

The CMBS Loan includes certain customary affirmative and negative covenants and events of default. Such covenants, among other things, will restrict, subject to certain exceptions, the ability of the CMBS borrowers to, among other things: incur additional debt; create liens on assets; transfer, pledge or assign certain equity interests; pay any dividends or make any distributions to its direct or indirect owners if an event of default exists or if the debt yield under the CMBS Loan (calculated based on the outstanding balance of the CMBS Loan) is below 8.25 percent for two consecutive quarters; make certain investments, loans and advances; consolidate, merge, sell or otherwise dispose of all or any part of its assets or to purchase, lease or otherwise acquire all or any substantial part of assets of any other person; enter into certain transactions with affiliates; engage in any business other than the ownership of the properties and business activities ancillary thereto; and amend or modify the CMBS borrowers articles or certificate of incorporation, by-laws and certain agreements. The CMBS Loan also includes affirmative covenants requiring the CMBS borrowers to, among other things, exist as special purpose entities , maintain, while a low debt yield trigger exists, certain reserve funds in respect of furniture, fixtures and equipment, taxes and insurance, and rents due under ground leases (unless such amounts have been paid or are being collected by the property manager), and comply with other customary obligations for commercial mortgage-backed securities loan financings.

In addition, revenues will be required to be deposited into certain segregated accounts, to be used by the property manager to make certain payments relating to the properties securing the CMBS Loan. So long as there is no event of default under the loan and the debt yield for the CMBS Loan (calculated based on the outstanding principal balance of the CMBS Loan) does not fall below 8.25 percent for two consecutive quarters, then any excess cash in those accounts would be available to the CMBS borrowers for any purpose, including the payment of dividends or distributions to their direct or indirect owners.

Waldorf Astoria Loan

On October 25, 2013, HSBC Bank USA, N.A., DekaBank Deutsche Girozentrale and certain lenders selected by them, as lead arrangers, extended to a subsidiary of ours (the Waldorf borrower) a mortgage loan secured by the Waldorf Astoria New York property (the Waldorf Astoria Loan) in an aggregate principal amount of $525 million. The Waldorf Astoria Loan is scheduled to mature on October 25, 2018, but is expected to be repaid prior to maturity in connection with the sale of the Waldorf Astoria New York. See Prospectus Summary Recent Developments.

Interest and Fees

The interest rate payable on the Waldorf Astoria Loan is equal to the sum of one-month LIBOR plus 2.15 percent. The Waldorf borrower is required to enter into, and pledge as security for the Waldorf Astoria Loan, an interest rate hedge agreement in the notional amount of the Waldorf Astoria Loan which has the effect of capping one-month LIBOR at 4.0 percent for the first 24 months. Thereafter, the Waldorf borrower is required to renew the interest rate hedge agreement annual, except that each renewal will have the effect of capping one-month LIBOR at the greater of 4.0 percent and the rate that a results in a debt service coverage ratio that is at least 1.35:1.00.

In addition to paying interest on the Waldorf Astoria Loan, we were required to pay an upfront fee of 0.65 percent of the Waldorf Loan amount at closing of the loan.

Amortization

The Waldorf Astoria Loan has no amortization payments.

Prepayments

The Waldorf borrower is permitted to voluntarily prepay amounts outstanding under the Waldorf Astoria Loan, subject to (1) if the prepayment is during the first six months following the closing date for the Waldorf Astoria Loan, the payment of a spread maintenance amount (generally determined as the spread that would have been received through the end of the six months spread maintenance period) and (2) the payment of accrued interest and any customary breakage costs incurred by the lenders. Once repaid, no further borrowings will be permitted under the Waldorf Astoria Loan.

Mandatory prepayments will be required in connection with certain casualties or condemnations of the property.

Guarantee

Certain obligations of the Waldorf borrower with respect to the Waldorf Astoria Loan will be guaranteed by the PropCo entities (the Waldorf guarantors). Under the Waldorf guarantee, (1) the Waldorf guarantors will agree to indemnify Waldorf Astoria Loan lenders for losses with respect to customary bad-boy acts of the Waldorf borrower and their affiliates and (2) that the Waldorf Astoria Loan will become fully recourse to such guarantors upon a voluntary or collusive involuntary bankruptcy of the Waldorf borrower. Notwithstanding the foregoing, the aggregate liability of the Waldorf guarantors as a result of clause (1) and (2) above will be capped at 15 percent of the then outstanding principal balance of the Waldorf Astoria Loan.

Covenants and Other Matters

The Waldorf Astoria Loan includes certain customary affirmative and negative covenants and events of default. Such covenants, among other things, will restrict, subject to certain exceptions, the ability of the Waldorf borrower to, among other things: incur additional debt (other than certain trade payables); create liens on assets; transfer, pledge or assign certain equity interests; pay any dividends or make any distributions to its direct or indirect owners if an event of default exists or if the debt yield (calculated based on the outstanding amount of the Waldorf Astoria Loan) has been less than 7.5 percent for two consecutive quarters; and make material changes to the organizational documents of the Waldorf borrower that would have a material adverse effect on its ability to perform its obligations under the Waldorf Astoria Loan. The Waldorf Astoria Loan includes affirmative covenants requiring the Waldorf borrower to, among other things, exist as special purpose entities , maintain while a debt yield trigger period exists certain reserve funds in respect of taxes and insurance, ongoing capital expenditures and such other purposes as determined by the agent of the lenders (unless such amounts have been paid or are being collected by the property manager), and comply with other customary obligations for real estate financings.

In addition, revenues are required to be deposited into certain segregated accounts, to be used by the property management to make certain payments relating to the properties securing the Waldorf Astoria Loan. So long as there is no event of default under the loan and the debt yield for the loan (calculated based on the outstanding amount of the Waldorf Astoria Loan) does not fall below 7.5 percent for two consecutive quarters, then any excess cash in those accounts would be available to the Waldorf borrower for any purpose, including the payment of dividends or distributions to their direct or indirect owners.

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Timeshare Facility

Hilton Grand Vacations Trust I LLC, our wholly owned subsidiary, is party to a loan agreement dated as of May 9, 2013 with Wells Fargo Bank, National Association, as paying agent, a commercial paper conduit lender, Deutsche Bank AG, New York Branch, and Bank of America, N.A., as committed lenders, and Deutsche Bank Securities Inc., as administrative agent, pursuant to which the lenders committed to lend up to $450 million in aggregate. In September 2014, we reduced our total borrowing capacity as permitted by the loan agreement from $450 million to $300 million. The loans are secured by timeshare loans secured by first mortgages or deeds of trust on timeshare interests in one or more residential units at timeshare resorts developed by Hilton Resorts Corporation, our wholly owned subsidiary (HRC), or a subsidiary of HRC. The timeshare loans are required to satisfy certain eligibility criteria. Borrowings under the loan agreement are subject to availability under a borrowing base. The advance rate is generally 90 percent of the outstanding principal amounts of the eligible timeshare loans.

Interest on the loans is payable at a variable interest rate which, in the case of a commercial paper conduit lender, is such lender s cost of funds in the commercial paper market plus a usage fee or, in the case of any other lender (including a committed lender funding through its backstop funding commitments), one-month LIBOR or daily one-month LIBOR plus a usage fee. The usage fee is 1.25 percent per annum, increasing to 1.75 percent per annum after the end of the commitment term. Interest is payable monthly. The commitment term ends on May 9, 2015, subject to extension in accordance with the terms of the loan agreement. All loans will become due and payable 12 months after the end of the commitment term.

The borrower under the loan agreement is a special purpose bankruptcy-remote direct subsidiary of HRC which was established to purchase the timeshare loans on a periodic basis from HRC, and the loans are non-recourse obligations of the borrower. The borrower acquires the timeshare loans from HRC pursuant to a sale and contribution agreement, which contains customary representations, warranties and covenants from HRC. Grand Vacations Services LLC, our wholly owned subsidiary, acts as the servicer of the timeshare loans pursuant to a servicing agreement, which contains customary representations, warranties and covenants. The servicer is entitled to receive a monthly fee from the borrower for servicing the timeshare loans. HRC has provided a performance guaranty to the lenders ensuring the performance and obligations (including the payment obligations) of the servicer under the servicing agreement.

The loan agreement contains customary affirmative covenants, including, among other things, maintenance of existence, further assurances and filing financing statements, maintenance of books and records, audit rights, notice of certain events, payment of taxes and compliance with laws and regulations. The loan agreement also contains customary negative covenants that generally limit the borrower s ability to incur any debt other than as contemplated by the loan agreement, create liens other than under the loan agreement, guarantee obligations of any other person subject to certain exceptions, enter into transactions with affiliates subject to certain exceptions, engage in asset sales, mergers, consolidations or dispositions, pay dividends or make other payments in respect of equity interests after the occurrence of certain events and make certain petitions in bankruptcy against the commercial paper conduit lenders.

The loan agreement also contains certain customary events of default, including a change of control, breach of certain HRC financial covenants and certain timeshare loan performance measures.

Securitized Timeshare Debt

On August 8, 2013, HGV Depositor LLC, our wholly owned subsidiary (the Depositor), offered $250 million in aggregate principal amount of 2.28 percent notes backed by timeshare loans (the 2013-A asset-backed notes) issued by Hilton Grand Vacations Trust 2013-A, a Delaware statutory trust (the 2013-A Trust), in a private transaction that was not subject to the registration requirements of the Securities Act. The 2013-A asset-backed notes were sold pursuant to a note purchase agreement dated August 1, 2013, by and among HRC, the Depositor, and Deutsche Bank Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as initial purchasers. The 2013-A asset-backed notes are backed by a pledge of assets of the 2013-A Trust, consisting primarily of a pool of timeshare loans secured by first mortgages or deeds of trust on timeshare interests in one or more residential units at timeshare resorts developed by HRC, or a subsidiary of HRC. The 2013-A asset-backed notes bear interest at a fixed rate of 2.28 percent per annum and have a stated maturity of January 25, 2026. The 2013-A asset-backed notes are non-recourse obligations of the 2013-A Trust and are payable solely from the pool of timeshare loans and related assets owned by the 2013-A Trust. A portion of the net proceeds from the 2013-A asset-backed notes were used to repay a portion of the Timeshare Facility.

On June 18, 2014, the Depositor offered $303.6 million in aggregate principal amount of 1.77 percent class A asset-backed notes and $46.4 million in aggregate principal amount of 2.07 percent class B asset-backed notes, in each case backed by timeshare loans (the 2014-A asset-backed notes) issued by Hilton Grand Vacations Trust 2014-A, a Delaware statutory trust (the 2014-A Trust), in a private transaction that was not subject to the registration requirements of the Securities Act. The 2014-A asset-backed notes were sold pursuant to a note purchase agreement dated June 10, 2014, by and among HRC, the Depositor, and Deutsche Bank Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as initial purchasers. The 2014-A asset-backed notes are backed by a pledge of assets of the 2014-A Trust, consisting primarily of a pool of timeshare loans secured by first mortgages or deeds of trust on timeshare interests in one or more residential units at timeshare resorts developed by HRC, or a subsidiary of HRC. The 2014-A asset-backed notes bear interest at a fixed rate of 1.77 percent per annum, in the case of the class A asset-backed notes, and 2.07 percent per annum, in the case of the class B asset-backed notes, and have a stated maturity of November 25, 2026. The 2014-A asset-backed notes are non-recourse obligations of the 2014-A Trust and are payable solely from the pool of timeshare loans and related assets owned by the 2014-A Trust. A portion of the net proceeds from the 2014-A asset-backed notes were used to repay a portion of the Timeshare Facility.

The 2013-A asset-backed notes and the 2014-A asset-backed notes were each issued pursuant to a separate indenture, which includes customary representations, warranties and covenants. The 2013-A Trust and the 2014-A Trust (the Trusts) were each established by the Depositor pursuant to a separate amended and restated trust agreement, which includes customary representations, warranties and covenants. The timeshare loans owned by the Trusts were acquired from HRC pursuant to purchase agreements, which contain customary representations, warranties and covenants from HRC, and are being serviced by Grand Vacations Services LLC, our wholly owned subsidiary (the Servicer), pursuant to separate servicing agreements, which contain customary representations, warranties and covenants. The Servicer performs certain servicing and administrative functions with respect to the timeshare loans and is entitled to receive monthly fees from the Trusts for servicing the timeshare loans. HRC has guaranteed the performance of the Servicer s obligations under the servicing agreements pursuant to performance guaranties. HRC acts as the administrator of the 2013-A Trust and the 2014-A Trust under separate administration agreements, which include customary representations, warranties and covenants.

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DESCRIPTION OF THE NOTES

General

Certain terms used in this description are defined under the subheading Certain Definitions. In this description, (1) the term *Issuer* refers to Hilton Worldwide Finance LLC, a Delaware limited liability company, and not to any of its Subsidiaries or Affiliates; (2) the term *Holdings* refers to Hilton Worldwide Holdings Inc., a Delaware corporation and the direct parent of the Issuer; (3) the term *Co-Issuer* refers to Hilton Worldwide Finance Corp., a Delaware corporation and a direct Subsidiary of the Issuer and not to any of its Subsidiaries or Affiliates; (4) the term *Issuers* refers, collectively, to the Issuer and the Co-Issuer; and (5) the terms *we*, *our* and *us* each refer to the Issuer and its consolidated Subsidiaries.

The Issuers issued $1,500 million aggregate principal amount of 5.625% senior notes due 2021 (the *Outstanding Notes*) under an indenture (the *Indenture*) among the Issuers, Holdings and Wilmington Trust, National Association, as trustee (the *Trustee*). The Outstanding Notes were issued in a private transaction that was not subject to the registration requirements of the Securities Act. The terms of the exchange notes to be issued in the exchange offer for such notes are substantially identical to the Outstanding Notes, except that the transfer restrictions, registration rights and additional interest provision relating to the Outstanding Notes will not apply to the exchange notes and the escrow and special mandatory redemption provisions are no longer applicable. In this section, we refer to the Outstanding Notes, together with the exchange notes offered hereby that are to be exchanged for the Outstanding Notes, as the *Notes* . Except as set forth herein, the terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act.

The following description is only a summary of the material provisions of the Indenture. It does not purport to be complete and is qualified in its entirety by reference to the provisions of the Indenture, including the definitions therein of certain terms used below. We urge you to read the Indenture because it, and not this description, defines your rights as Holders of the Notes. You may request copies of the Indenture at our address set forth under Prospectus Summary Corporate Information.

The Issuers are jointly and severally liable for all obligations under the Notes. The Co-Issuer is a wholly owned Subsidiary of the Issuer that has been incorporated in Delaware as a special purpose finance subsidiary to facilitate the offering of the Notes and other debt securities of the Issuer. We believe that some prospective purchasers of the Notes may be restricted in their ability to purchase debt securities of partnerships or limited liability companies, such as the Issuer, unless the securities are jointly issued by a corporation. The Co-Issuer does not have any substantial operations or assets and does not have any revenues. Accordingly, you should not expect the Co-Issuer to participate in servicing the principal and interest obligations on the Notes.

Brief Description of the Notes

The Notes:

- are general, unsecured, senior obligations of the Issuers;

- rank equally in right of payment with any existing and future Senior Indebtedness of the Issuers;

are effectively subordinated to any existing and future Secured Indebtedness of the Issuer, to the extent of the value of the collateral securing such Secured Indebtedness, including the Senior Secured Credit Facilities;

are senior in right of payment to any future obligations of the Issuers that are expressly subordinated in right of payment to the Notes; and

are structurally subordinated to all existing and future Indebtedness, claims of holders of Preferred Stock and other liabilities of the Issuer s Subsidiaries that do not guarantee the Notes.

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Guarantees

The Guarantors, as primary obligors and not merely as sureties, jointly and severally guarantee, fully and unconditionally, on an unsecured senior basis, the performance and full and punctual payment when due, whether at maturity, by acceleration or otherwise, of all obligations of the Issuers under the Indenture and the Notes, whether for payment of principal of, premium, if any, or interest on the Notes or expenses, indemnification or otherwise, on the terms set forth in the Indenture by executing the Indenture.

The Guarantors guarantee the Notes and, in the future, subject to exceptions set forth under the caption Certain Covenants Limitation on Guarantees of Indebtedness by Restricted Subsidiaries, each direct and indirect U.S. Wholly Owned Subsidiary that is a Restricted Subsidiary of the Issuer that guarantees certain Indebtedness of the Issuer or any other Guarantor will guarantee the Notes, subject to certain exceptions and to release as provided below or elsewhere in this Description of the Notes. As of the date of this prospectus, none of our Foreign Subsidiaries, our non-Wholly Owned Subsidiaries that are Restricted Subsidiaries, our U.S. Wholly Owned Subsidiaries, substantially all of the assets of which consist of the Equity Interests of one or more Foreign Subsidiaries that are controlled foreign corporations within the meaning of Section 957 of the Code, our U.S. Wholly Owned Subsidiaries that are directly or indirectly owned by Foreign Subsidiaries or that conduct foreign operations, or our Unrestricted Subsidiaries guarantee the Notes, and no such Subsidiaries are expected to guarantee the Notes in the future.

Each of the Guarantees:

- is a general, unsecured, senior obligation of each Guarantor;
- ranks equally in right of payment with all existing and future senior Indebtedness of that Guarantor;
- is effectively subordinated to any existing and future secured Indebtedness of that Guarantor that is secured to the extent of the value of the collateral securing such secured Indebtedness;
- is senior in right of payment to any future Indebtedness of that Guarantor that is expressly subordinated in right of payment to the Guarantee of that Guarantor; and
- is structurally subordinated to all existing and future Indebtedness, claims of holder of Preferred Stock and other liabilities of Subsidiaries of each Guarantor that do not Guarantee the Notes.

As of September 30, 2014, the Issuers and the Guarantors had total indebtedness of $6,830 million, none of which was subordinated and $5,300 million of senior secured indebtedness outstanding, consisting of borrowings under our senior secured credit facilities. In addition, the Issuer had $953 million of availability to incur secured indebtedness under our Revolving Credit Facility (after giving effect to $47 million of outstanding letters of credit).

Only our U.S. Wholly Owned Subsidiaries that are Restricted Subsidiaries of the Issuer that guarantee Certain Indebtedness of the Issuer or any Guarantor guarantee the Notes. None of our Foreign Subsidiaries or non-wholly owned domestic restricted subsidiaries are or will be required to guarantee the Notes. None of our U.S. Wholly Owned Subsidiaries substantially all of the assets of which consist of the Equity Interests in one or more Foreign

Subsidiaries that are controlled foreign corporations within the meaning of Section 957 of the Code, and none of our U.S. Wholly Owned Subsidiaries directly or indirectly owned by Foreign Subsidiaries or that conduct foreign operations, are or will be required to guarantee the Notes. In addition, the PropCo entities and their Subsidiaries, which hold most of our U.S. owned real estate, are Unrestricted Subsidiaries and do not guarantee the Notes. The information in the following paragraph regarding non-U.S. revenues and assets does not include information about the Unrestricted Subsidiaries. See the discussion below and in Management s Discussion and Analysis of Financial Condition and Results of Operations Supplemental Financial Data for Unrestricted U.S. Real Estate Subsidiaries section of the prospectus for information about the Unrestricted Subsidiaries.

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The following table presents selected assets (liabilities) for our foreign operations as of September 30, 2014 and December 31, 2013:

	September 30, 2014	December 31, 2013
	(in millions)	
Cash and cash equivalents	$ 259	$ 238
Restricted cash and cash equivalents	1	4
Accounts receivable, net	287	198
Other current assets	13	8
Property and equipment, net	729	737
Financing receivables, net	23	25
Investments in affiliates	57	58
Other non-current assets	113	84
Accounts payable, accrued expenses and other	(480)	(490)
Current maturities of long-term debt (including non-recourse debt and capital lease obligations of consolidated variable interest entities)	(26)	(19)
Long-term debt (including non-recourse debt and capital lease obligations of consolidated variable interest entities)	(314)	(337)
Other long-term liabilities	(167)	(187)

All of our Subsidiaries are Restricted Subsidiaries unless designated as Unrestricted Subsidiaries in accordance with the Indenture. As of the date of this prospectus, all of the Issuer s Subsidiaries other than the PropCo entities and their Subsidiaries (collectively, the *Unrestricted U.S. Real Estate Subsidiaries*) are Restricted Subsidiaries, and PropCo entities and direct and indirect Subsidiaries of any PropCo entity are designated as Unrestricted Subsidiaries. In addition, under certain circumstances, we are permitted to designate certain of our other existing and future subsidiaries as Unrestricted Subsidiaries. Any Unrestricted Subsidiaries are not subject to any of the restrictive covenants in the Indenture and do not guarantee the Notes.

For the year ended December 31, 2013, our Unrestricted U.S. Real Estate Subsidiaries represented 19.3% of our total revenues, 44.8% of net income attributable to Hilton stockholders and 25.3% of our Adjusted EBITDA, and as of December 31, 2013, represented 32.6% of our total assets and 29.1% of our total liabilities. For the nine months ended September 30, 2014, our Unrestricted U.S. Real Estate Subsidiaries represented 19.3% of our total revenues, 21.4% of net income attributable to Hilton stockholders and 24.1% of our Adjusted EBITDA, and as of September 30, 2014, represented 33.3% of our total assets and 30.7% of our total liabilities. For more information see Management s Discussion and Analysis of Financial Condition and Results of Operations Supplemental Financial Data for Unrestricted U.S. Real Estate Subsidiaries.

In the event of a bankruptcy, liquidation, reorganization or similar proceeding of any of these non-guarantor Subsidiaries, the non-guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to the Issuer or a Guarantor. As a result, all of the existing and future liabilities of our non-guarantor Subsidiaries, including any claims of trade creditors, are effectively senior to the Notes. The Indenture does not limit the amount of liabilities that are not considered Indebtedness which may be incurred by the Issuers or its Restricted Subsidiaries, including the non-guarantor Restricted Subsidiaries.

The obligations of each Guarantor under its Guarantee are limited as necessary to prevent the Guarantee from constituting a fraudulent conveyance under applicable law. This provision may not, however, be effective to protect a

Guarantee from being voided under fraudulent transfer law, or may reduce the applicable Guarantor s obligation to an amount that effectively makes its Guarantee worthless. If a Guarantee were rendered voidable, it could be subordinated by a court to all other indebtedness (including guarantees and other contingent liabilities) of the Guarantor, and, depending on the amount of such indebtedness, a Guarantor s liability on its Guarantee could be reduced to zero. See Risk Factors Risks Related to Our Indebtedness and the Notes Federal and state statutes may allow courts, under specific circumstances, to void the notes and the guarantees, subordinate claims in respect of the notes and the guarantees and/or require holders of the notes to return payments received from us.

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Any Guarantor that makes a payment under its Guarantee is entitled upon payment in full of all guaranteed obligations under the Indenture to a contribution from each other Guarantor in an amount equal to such other Guarantor s pro rata portion of such payment based on the respective net assets of all the Guarantors at the time of such payment determined in accordance with GAAP.

Each Subsidiary Guarantor may consolidate with, amalgamate or merge with or into or sell all or substantially all its assets to the Issuer or another Guarantor without limitation or any other Person upon the terms and conditions set forth in the Indenture. See Certain Covenants Merger, Consolidation or Sale of All or Substantially All Assets.

Each Guarantee by a Subsidiary Guarantor provides by its terms that it will be automatically and unconditionally released and discharged upon:

(1) (a) any sale, exchange, disposition or transfer (by merger, amalgamation, consolidation, dividend, distribution or otherwise) of (i) the Capital Stock of such Guarantor, after which the applicable Guarantor is no longer a Restricted Subsidiary or (ii) all or substantially all the assets of such Guarantor, in each case if such sale, exchange, disposition or transfer is made in compliance with the applicable provisions of the Indenture;

(b) the release or discharge of the guarantee by such Subsidiary Guarantor of Indebtedness under the Senior Secured Credit Facilities, or the release or discharge of such other guarantee that resulted in the creation of such Guarantee, except a discharge or release by or as a result of payment under such guarantee (it being understood that a release subject to a contingent reinstatement will constitute a release for the purposes of this provision, and that if any such Guarantee is so reinstated, such Guarantee shall also be reinstated to the extent that such Guarantor would then be required to provide a Guarantee pursuant to the covenant described under Certain Covenants Limitation on Guarantees of Indebtedness by Restricted Subsidiaries);

(c) the designation of any Restricted Subsidiary that is a Guarantor as an Unrestricted Subsidiary in compliance with the applicable provisions of the Indenture;

(d) upon the merger or consolidation of any Guarantor with and into the Issuer or another Guarantor or upon the liquidation of such Guarantor following the transfer of all of its assets to the Issuer or another Guarantor; or

(e) the exercise by the Issuers of their legal defeasance option or covenant defeasance option as described under Legal Defeasance and Covenant Defeasance or the discharge of the Issuers obligations under the Indenture in accordance with the terms of the Indenture; and

(2) such Guarantor delivering to the Trustee an Officer s Certificate of such Guarantor or the Issuer and an Opinion of Counsel, each stating that all conditions precedent provided for in the Indenture relating to such transaction or release and discharge have been complied with.

The Guarantee by Holdings provides by its terms that it will be automatically and unconditionally released and discharged upon:

(1)(a) the release or discharge of the guarantee by Holdings of Indebtedness under the Senior Secured Credit Facilities (it being understood that a release subject to a contingent reinstatement will constitute a release for the purposes of this provision);

(b) the exercise by the Issuers of their legal defeasance option or covenant defeasance option as described under Legal Defeasance and Covenant Defeasance or the discharge of the Issuers obligations under the Indenture in accordance with the terms of the Indenture; and

(2) Holdings delivering to the Trustee an Officer s Certificate of Holdings or the Issuer and an Opinion of Counsel, each stating that all conditions precedent provided for in the Indenture relating to such release and discharge have been complied with.

Holdings is not subject to any restrictive covenants under the Indenture.

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Principal, Maturity and Interest

The Issuers issued an aggregate principal amount of $1,500 million of Outstanding Notes in a private transaction that was not subject to the registration requirements of the Securities Act. The Notes will mature on October 15, 2021.

Subject to compliance with the covenants described below under the caption Certain Covenants Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock the Issuers may issue additional Notes (*Additional Notes*) from time to time under the Indenture; *provided* that if any Additional Notes are not fungible with the Notes for U.S. federal income tax purposes, such Additional Notes will have a separate CUSIP number. All Notes including any Additional Notes subsequently issued under the Indenture will be treated as a single class for all purposes under the Indenture, including waivers, amendments, redemptions and offers to purchase. Unless the context requires otherwise, references to *Notes* for all purposes of the Indenture and this Description of the Notes include any Additional Notes that are actually issued.

The Notes will be issued in denominations of $2,000 and any integral multiples of $1,000 in excess of $2,000.

Interest on the Notes accrues at the rate of 5.625% per annum. Interest on the Notes is payable semiannually in arrears on each April 15 and October 15, commencing April 15, 2014 to the Holders of Notes of record on the immediately preceding April 1 and October 1, respectively. Interest on the Notes accrues from the most recent date to which interest has been paid or, if no interest has been paid, from and including the Issue Date. Interest on the Notes is computed on the basis of a 360-day year comprised of twelve 30-day months.

Payment of Principal, Premium and Interest

Cash payments of principal of, premium, if any, and interest on the Notes are payable at the office or agency of the Issuers maintained for such purpose or, at the option of the Issuers, cash payment of interest may be made through the paying agent by check mailed to the Holders of the Notes at their respective addresses set forth in the register of Holders; *provided*, that (a) all cash payments of principal, premium, if any, and interest with respect to the Notes represented by one or more global notes registered in the name of or held by The Depository Trust Company (*DTC*) or its nominee are made through the paying agent by wire transfer of immediately available funds to the accounts specified by the registered Holder or Holders thereof and (b) all cash payments of principal, premium, if any, and interest with respect to certificated Notes may, at the option of the Issuers, be made by wire transfer to a U.S. dollar account maintained by the payee with a bank in the United States if the applicable Holder elects payment by wire transfer by giving written notice to the Trustee or the paying agent to such effect designating such account no later than 30 days immediately preceding the relevant due date for payment (or such other date as the Trustee may accept in its discretion). Until otherwise designated by the Issuers, the Issuers office or agency will be the office of the Trustee maintained for such purpose.

Paying Agent and Registrar for the Notes

The Issuers will maintain one or more paying agents for the Notes. The initial paying agent for the Notes is the Trustee.

The Issuers will also maintain one or more registrars and a transfer agent. The initial registrar and transfer agent with respect to the Notes is the Trustee. The registrar will maintain a register reflecting ownership of the Notes outstanding from time to time. The paying agent will make payments on, and the transfer agent will facilitate transfer of, the Notes on behalf of the Issuers.

The Issuers may change the paying agent, the registrar or the transfer agent without prior notice to the Holders. The Issuer or any of its Subsidiaries may act as a paying agent, registrar or transfer agent.

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If any Notes are listed on an exchange and the rules of such exchange so require, the Issuers will satisfy any requirement of such exchange as to paying agents, registrars and transfer agents and will comply with any notice requirements required under such exchange in connection with any change of paying agent, registrar or transfer agent.

Transfer and Exchange

A Holder may transfer or exchange Notes in accordance with the Indenture. The registrar and the Trustee may require a Holder to furnish appropriate endorsements and transfer documents in connection with a transfer of Notes. Holders will be required to pay all taxes due on transfer. The Issuer is not required to transfer or exchange any Note selected for redemption or tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Sale Offer. Also, the Issuers are not required to transfer or exchange any Note for a period of 15 days before a selection of Notes to be redeemed. The registered Holder of a Note will be treated as the owner of the Note for all purposes.

Compliance with Trust Indenture Act

The Trust Indenture Act will become applicable to the Indenture upon the qualification of the Indenture under the Trust Indenture Act, which will occur at such time as the Notes have been registered under the Securities Act.

Mandatory Redemption; Offers to Purchase; Open Market Purchases

The Issuers are not required to make any mandatory redemption or sinking fund payments with respect to the Notes. However, under certain circumstances, the Issuers may be required to offer to purchase Notes as described under the caption Repurchase at the Option of Holders. The Issuers, the Investors and their respective Affiliates may, at their discretion, at any time and from time to time purchase Notes in the open market or otherwise.

Optional Redemption

Except as set forth below, the Issuers are not entitled to redeem the Notes at their option prior to October 15, 2016. At any time prior to October 15, 2016, the Issuers may on one or more occasions redeem all or a part of the Notes, upon notice as described under Selection and Notice, at a redemption price equal to 100% of the principal amount of the Notes redeemed plus the Applicable Premium as of, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption (the *Redemption Date*), subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date.

On and after October 15, 2016, the Issuers may redeem the Notes, in whole or in part, upon notice as described under Selection and Notice, at the redemption prices (expressed as percentages of principal amount of the Notes to be redeemed) set forth below, plus accrued and unpaid interest, if any, thereon to, but excluding, the applicable Redemption Date, subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date, if redeemed during the twelve-month period beginning on October 15 of each of the years indicated below:

Year	Percentage
2016	102.813%
2017	101.406%
2018 and thereafter	100.000%

In addition, prior to October 15, 2016, the Issuers may, at their option, and on one or more occasions, redeem up to 40% of the aggregate principal amount of Notes issued under the Indenture at a redemption price equal to 105.625% of the aggregate principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the Redemption Date, subject to the right of Holders of Notes of record on the relevant record date to receive interest due on the relevant interest payment date, with the net cash proceeds received by it from one or more Equity Offerings or a contribution to the Issuer s common equity capital made with the net cash proceeds of an Equity Offering; *provided*, that (a) at least 50% of (A) the aggregate principal amount of Notes originally issued under the Indenture on the Issue Date and (B) the aggregate principal amount of any Additional Notes issued under the Indenture after the Issue Date remains outstanding immediately after the occurrence of each such redemption; and (b) each such redemption occurs within 180 days of the date of closing of each such Equity Offering.

Notwithstanding the foregoing, in connection with any tender offer for the Notes, if Holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in such tender offer and the Issuers, or any third party making a such tender offer in lieu of the Issuers, purchases all of the Notes validly tendered and not withdrawn by such Holders, the Issuer or such third party will have the right upon not less than 15 nor more than 60 days prior notice, given not more than 30 days following such purchase date, to redeem all Notes that remain outstanding following such purchase at a price equal to the price offered to each other Holder in such tender offer plus, to the extent not included in the tender offer payment, accrued and unpaid interest, if any, thereon, to, but excluding, the Redemption Date.

Notice of any redemption, whether in connection with an Equity Offering, other transaction or otherwise, may be given prior to the completion thereof, and any such redemption or notice may, at the Issuers discretion, be subject to one or more conditions precedent, including, but not limited to, completion of the related Equity Offering or other transaction. The Issuers, the Investors and their respective Affiliates may acquire the Notes by means other than a redemption, whether by tender offer, open market purchases, negotiated transactions or otherwise.

Selection and Notice

If the Issuers are redeeming less than all of the Notes issued under the Indenture at any time, the Trustee will select the Notes to be redeemed (a) if the Notes are listed on an exchange, in compliance with the requirements of such exchange or (b) on a pro rata basis to the extent practicable, or, if the pro rata basis is not practicable for any reason by lot or by such other method as the Trustee shall deem fair and appropriate and otherwise in accordance with applicable procedures of DTC. No Notes of $2,000 or less can be redeemed in part.

Notices of redemption shall be delivered electronically or mailed by first-class mail, postage prepaid, at least 15 days but not more than 60 days before the redemption date to each Holder of Notes at such Holder s registered address or otherwise in accordance with the procedures of DTC, except that redemption notices may be delivered more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture. If any Note is to be redeemed in part only, any notice of redemption that relates to such Note shall state the portion of the principal amount thereof that has been or is to be redeemed.

With respect to Notes represented by certificated notes, the Issuers will issue a new Note in a principal amount equal to the unredeemed portion of the original Note in the name of the Holder upon cancellation of the original Note; *provided*, that new Notes will only be issued in denominations of $2,000 and integral multiples of $1,000 in excess of $2,000. Notes called for redemption become due on the date fixed for redemption, unless such redemption is conditioned on the happening of a future event. On and after the Redemption Date, interest ceases to accrue on Notes or portions of them called for redemption.

Repurchase at the Option of Holders

Change of Control Triggering Event

The Indenture provides that if a Change of Control Triggering Event occurs, unless the Issuers have previously or concurrently sent a redemption notice with respect to all the outstanding Notes as described under

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Optional Redemption, the Issuers will make an offer to purchase all of the Notes pursuant to the offer described below (the *Change of Control Offer*) at a price in cash (the *Change of Control Payment*) equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase, subject to the right of Holders of the Notes of record on the relevant record date to receive interest due on the relevant interest payment date. Within 30 days following any Change of Control Triggering Event, the Issuers will send notice of such Change of Control Offer electronically or by first-class mail, with a copy to the Trustees, to each Holder of Notes to the address of such Holder appearing in the security register or otherwise in accordance with the procedures of DTC with the following information:

(1) that a Change of Control Offer is being made pursuant to the covenant entitled Change of Control Triggering Event, and that all Notes properly tendered pursuant to such Change of Control Offer will be accepted for payment by the Issuers;

(2) the purchase price and the purchase date, which will be no earlier than 15 days nor later than 60 days from the date such notice is sent (the *Change of Control Payment Date*), except in the case of a conditional Change of Control Offer made in advance of a Change of Control Triggering Event as described below;

(3) that any Note not properly tendered will remain outstanding and continue to accrue interest;

(4) that unless the Issuers default in the payment of the Change of Control Payment, all Notes accepted for payment pursuant to the Change of Control Offer will cease to accrue interest on the Change of Control Payment Date;

(5) that Holders electing to have any Notes purchased pursuant to a Change of Control Offer will be required to surrender such Notes, with the form entitled Option of Holder to Elect Purchase on the reverse of such Notes completed, to the paying agent specified in the notice at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Payment Date;

(6) that Holders will be entitled to withdraw their tendered Notes and their election to require the Issuer to purchase such Notes; *provided* that the paying agent receives, not later than the close of business on the second Business Day prior to the expiration date of the Change of Control Offer, a facsimile transmission or letter setting forth the name of the Holder of the Notes, the principal amount of Notes tendered for purchase, and a statement that such Holder is withdrawing its tendered Notes and its election to have such Notes purchased;

(7) that Holders whose Notes are being purchased only in part will be issued new Notes and such new Notes will be equal in principal amount to the unpurchased portion of the Notes surrendered. The unpurchased portion of the Notes must be equal to at least $2,000 or any integral multiple of $1,000 in excess of $2,000;

(8) if such notice is delivered prior to the occurrence of a Change of Control Triggering Event, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control Triggering Event; and

(9) the other instructions, as determined by the Issuers, consistent with the covenant described hereunder, that a Holder must follow.

The Issuers will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws or regulations are applicable in connection with the repurchase of Notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the Indenture, the Issuers will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations described in the Indenture by virtue thereof.

On the Change of Control Payment Date, the Issuers will, to the extent permitted by law:

(1) accept for payment all Notes issued by it or portions thereof properly tendered pursuant to the Change of Control Offer;

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(2) deposit with the paying agent an amount equal to the aggregate Change of Control Payment in respect of all Notes or portions thereof so tendered; and

(3) deliver, or cause to be delivered, to the Trustee for cancellation the Notes so accepted together with an Officer s Certificate to the Trustee stating that such Notes or portions thereof have been tendered to and purchased by the Issuers.

The Senior Secured Credit Facilities provide, and future credit agreements or other agreements relating to Indebtedness to which the Issuers become a party may provide, that certain change of control events with respect to the Issuers would constitute a default thereunder (including a Change of Control Triggering Event under the Indenture). If we experience a change of control that triggers a default under the Senior Secured Credit Facilities or any such future Indebtedness, we could seek a waiver of such default or seek to refinance the Senior Secured Credit Facilities. In the event we do not obtain such a waiver or do not refinance the Senior Secured Credit Facilities, such default could result in amounts outstanding under the Senior Secured Credit Facilities being declared due and payable.

Our ability to pay cash to the Holders of Notes following the occurrence of a Change of Control Triggering Event may be limited by our then-existing financial resources. Therefore, sufficient funds may not be available when necessary to make any required repurchases.

The Change of Control Triggering Event purchase feature of the Notes may in certain circumstances make more difficult or discourage a sale or takeover of us and, thus, the removal of incumbent management. We have no present intention to engage in a transaction involving a Change of Control Triggering Event, although it is possible that we could decide to do so in the future. Subject to the limitations discussed below, we could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control Triggering Event under the Indenture, but that could increase the amount of Indebtedness outstanding at such time or otherwise affect our capital structure or credit ratings. Restrictions on our ability to incur additional Indebtedness are contained in the covenants described under Certain Covenants Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock and Certain Covenants Liens. Such restrictions in the Indenture can be waived only with the consent of the Holders of a majority in principal amount of all the then outstanding Notes. Except for the limitations contained in such covenants, however, the Indenture does not contain any covenants or provisions that may afford Holders of the Notes protection in the event of a highly leveraged transaction.

The Issuers will not be required to make a Change of Control Offer following a Change of Control Triggering Event if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control Triggering Event, conditional upon such Change of Control Triggering Event, if a definitive agreement is in place for the Change of Control Triggering Event at the time of making of the Change of Control Offer.

The definition of *Change of Control Triggering Event* includes a disposition of all or substantially all of the assets of the Issuers and their Subsidiaries, taken as a whole, to certain Persons. Although there is a limited body of case law interpreting the phrase *substantially all*, there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of *all or substantially all* of the assets of the Issuers and their Subsidiaries, taken as a whole. As a result, it may be unclear as to whether a Change of Control Triggering Event has occurred and whether a

Holder of Notes may require the Issuers to make an offer to repurchase the Notes as described above.

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The provisions under the Indenture relating to the Issuers obligation to make an offer to repurchase the Notes as a result of a Change of Control Triggering Event may be waived or modified with the written consent of the Holders of a majority in principal amount of all the then outstanding Notes.

Asset Sales

The Indenture provides that the Issuer will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale, unless:

(1) the Issuer or such Restricted Subsidiary, as the case may be, receives consideration at the time of such Asset Sale at least equal to the fair market value (as determined in good faith by the Issuer at the time of contractually agreeing to such Asset Sale) of the assets sold or otherwise disposed of; and

(2) except in the case of a Permitted Asset Swap, at least 75.0% of the consideration for such Asset Sale, together with all other Asset Sales since the Issue Date (on a cumulative basis), received by the Issuer or such Restricted Subsidiary, as the case may be, is in the form of Cash Equivalents; *provided* that the amount of:

(a) any liabilities (as shown on the Issuer s or such Restricted Subsidiary s most recent balance sheet or in the footnotes thereto or, if incurred or increased subsequent to the date of such balance sheet, such liabilities that would have been shown on the Issuer s or such Restricted Subsidiary s balance sheet or in the footnotes thereto if such incurrence or increase had taken place on or prior to the date of such balance sheet, as determined by the Issuer) of the Issuer or such Restricted Subsidiary, other than liabilities that are by their terms subordinated to the Notes, that are assumed by the transferee of any such assets pursuant to a written agreement which releases or indemnifies the Issuer or such Restricted Subsidiary from such liabilities;

(b) any securities, notes or other obligations or assets received by the Issuer or such Restricted Subsidiary from such transferee that are converted by the Issuer or such Restricted Subsidiary into Cash Equivalents (to the extent of the Cash Equivalents received) within 180 days (450 days in the case of any securities, notes or other obligations or assets received in respect of any Asset Sale of the Specified Real Property Assets) following the closing of such Asset Sale; and

(c) any Designated Non-cash Consideration received by the Issuer or such Restricted Subsidiary in such Asset Sale having an aggregate fair market value, taken together with all other Designated Non-cash Consideration received pursuant to this clause (c) that is at that time outstanding, not to exceed 5.0% of Total Assets at the time of the receipt of such Designated Non-cash Consideration, with the fair market value of each item of Designated Non-cash Consideration being measured at the time received and without giving effect to subsequent changes in value,

shall be deemed to be Cash Equivalents for purposes of this provision and for no other purpose.

Within 450 days after the receipt of any Net Proceeds of any Asset Sale, the Issuer or such Restricted Subsidiary, at its option, may apply the Net Proceeds from such Asset Sale,

(1) to permanently reduce Indebtedness as follows:

(a) Obligations under the Senior Secured Credit Facilities, and to correspondingly reduce commitments with respect thereto;

(b) Obligations under Secured Indebtedness which is secured by a Lien that is permitted by the Indenture, and to correspondingly reduce commitments with respect thereto;

(c) Obligations under the Notes or any other Senior Indebtedness of the Issuer or any Restricted Subsidiary (and, in the case of other Senior Indebtedness, to correspondingly reduce any outstanding commitments with respect thereto, if applicable); *provided* that if the Issuer or any Restricted Subsidiary shall so repay any Senior Indebtedness other than the Notes, the Issuer will either

(A) reduce Obligations under the Notes on a pro rata basis by, at its option, (i) redeeming Notes as described under Optional Redemption or (ii) purchasing Notes through open-market purchases, or (B) make an offer (in accordance with the procedures set forth below for an Asset Sale Offer) to all Holders to purchase their Notes on a ratable basis with such other Senior Indebtedness for no less than 100% of the principal amount thereof, plus the amount of accrued but unpaid interest, if any, thereon up to the principal amount of Notes to be repurchased; or

(d) if the assets subject of such Asset Sale are the property or assets of a Restricted Subsidiary that is not a Guarantor, to permanently reduce Indebtedness of (i) a Restricted Subsidiary that is not a Guarantor, other than Indebtedness owed to the Issuer or any Restricted Subsidiary, or (ii) the Issuer or a Subsidiary Guarantor; or

(2) to make (a) an Investment in any one or more businesses, *provided* that such Investment in any business is in the form of the acquisition of Capital Stock and results in the Issuer or any of its Restricted Subsidiaries, as the case may be, owning an amount of the Capital Stock of such business such that it constitutes a Restricted Subsidiary, (b) capital expenditures or (c) acquisitions of other assets, in each of (a), (b) and (c), used or useful in a Similar Business; or

(3) to make an Investment in (a) any one or more businesses, *provided* that such Investment in any business is in the form of the acquisition of Capital Stock and results in the Issuer or any of its Restricted Subsidiaries, as the case may be, owning an amount of the Capital Stock of such business such that it constitutes a Restricted Subsidiary, (b) properties or (c) acquisitions of other assets that, in each of (a), (b) and (c), replace the businesses, properties and/or assets that are the subject of such Asset Sale;

provided, that a binding commitment entered into not later than such 450th day shall be treated as a permitted application of the Net Proceeds from the date of such commitment so long as the Issuer, or such Restricted Subsidiary enters into such commitment with the good faith expectation that such Net Proceeds will be applied to satisfy such commitment within 180 days of such commitment (an *Acceptable Commitment*) and, in the event any Acceptable Commitment is later cancelled or terminated for any reason before the Net Proceeds are applied in connection therewith, the Issuer or such Restricted Subsidiary enters into another Acceptable Commitment (a *Second Commitment*) within 180 days of such cancellation or termination; *provided further* that if any Second Commitment is later cancelled or terminated for any reason before such Net Proceeds are applied, then such Net Proceeds shall constitute Excess Proceeds.

Any Net Proceeds from the Asset Sale that are not invested or applied as provided and within the time period set forth in the preceding paragraph will be deemed to constitute *Excess Proceeds.* When the aggregate amount of Excess Proceeds exceeds $200.0 million, the Issuers shall make an offer (an *Asset Sale* Offer) to all Holders of the Notes and, if required by the terms of any Indebtedness that ranks *pari passu* with the Notes (*Pari Passu Indebtedness*), to the holders of such Pari Passu Indebtedness, to purchase the maximum aggregate principal amount of the Notes and such Pari Passu Indebtedness that is in an amount equal to at least $2,000, or an integral multiple of $1,000 thereafter, that may be purchased out of the Excess Proceeds at an offer price, in the case of the Notes, in cash in an amount equal to 100% of the principal amount thereof (or accreted value thereof, if less), plus accrued and unpaid interest, if any, to the date fixed for the closing of such offer, and in the case of any Pari Passu Indebtedness at the offer price required by the terms thereof but not to exceed 100% of the principal amount thereof, plus accrued and unpaid interest, if any, in accordance with the procedures set forth in the Indenture. The Issuers will commence an Asset Sale Offer with respect to Excess Proceeds within ten Business Days after the date that Excess Proceeds exceed $200.0 million by delivering the notice required pursuant to the terms of the Indenture, with a copy to the Trustee. The Issuers may satisfy the foregoing obligations with respect to any Net Proceeds from an Asset Sale by making an Asset Sale Offer with respect to such Net Proceeds prior to the expiration of the relevant 450 days (or such longer period provided above) or with respect to Excess Proceeds of $200.0 million or less.

To the extent that the aggregate amount of Notes and such Pari Passu Indebtedness, as the case may be, tendered pursuant to an Asset Sale Offer is less than the Excess Proceeds, the Issuers may use any remaining