

Hilton Worldwide Finance LLC  
Form S-4  
September 11, 2014  
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As filed with the Securities and Exchange Commission on September 11, 2014

Registration No. 333-

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM S-4**

**REGISTRATION STATEMENT**

***UNDER***

***THE SECURITIES ACT OF 1933***

**HILTON WORLDWIDE FINANCE LLC**

**HILTON WORLDWIDE FINANCE CORP.**

**(Exact name of registrant issuers as specified in their respective charters)**

**SEE TABLE OF REGISTRANT GUARANTORS**

**Delaware  
Delaware**

**7011  
7011**

**27-4384691  
46-3492566**

<b>(State or other jurisdiction of incorporation or organization)</b>	<b>(Primary Standard Industrial Classification Code Number)</b>	<b>(I.R.S. Employer Identification Number)</b>
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**7930 Jones Branch Drive, Suite 1100**

**McLean, Virginia 22102**

**Telephone: (703) 883-1000**

**(Address, including zip code, and telephone number, including area code, of registrants principal executive  
offices)**

**Kristin A. Campbell**

**Executive Vice President and General Counsel**

**Hilton Worldwide Holdings Inc.**

**7930 Jones Branch Drive, Suite 1100**

**McLean, Virginia 22102**

**Telephone: (703) 883-1000**

**(Name, address, including zip code, and telephone number, including area code, of agent for service)**

*With copies to:*

**Edward P. Tolley III**

**Edgar J. Lewandowski**

**Simpson Thacher & Bartlett LLP**

**425 Lexington Avenue**

**New York, New York 10017-3954**

**(212) 455-2000**

**Approximate date of commencement of proposed exchange offer: As soon as practicable after this Registration Statement is declared effective.**

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer " Accelerated filer "

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company "

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross Border Issuer Tender Offer) "

Exchange Act Rule 14d-1(d) (Cross Border Third Party Tender Offer) "

**CALCULATION OF REGISTRATION FEE**

Title of Each Class of Securities to be Registered	Amount	Proposed Maximum Offering Price	Proposed Maximum Offering Price(1)	Amount of Registration Fee
	to be Registered	Per Note		
5.625% Senior Notes due 2021 Guarantees of the 5.625% Senior Notes due 2021(2)	\$1,500,000,000 N/A(3)	100% (3)	\$1,500,000,000 (3)	\$193,200 (3)

- (1) Estimated solely for the purpose of calculating the registration fee under Rule 457(f) of the Securities Act of 1933, as amended (the Securities Act ).
- (2) See inside facing page for table of registrant guarantors.
- (3) Pursuant to Rule 457(n) under the Securities Act, no separate filing fee is required for the guarantees.

**The Registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrants shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

Table of Contents**TABLE OF REGISTRANT GUARANTORS**

<b>Exact Name of Registrant Guarantor as Specified in its Charter (or Other Organizational Document)</b>	<b>State or Other Jurisdiction of Incorporation or Organization</b>	<b>I.R.S. Employer Identification Number</b>	<b>Primary Standard Industrial Classification Code Number</b>	<b>Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant Guarantor's Principal Executive Offices</b>
Destination Resorts LLC	Arizona	26-1284226	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000
Doubletree Hotel Systems LLC	Arizona	26-1284504	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000
Doubletree Hotels LLC	Arizona	26-1284359	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000
DT Management LLC	Arizona	26-1284112	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000
DT Real Estate, Inc.	Arizona	86-0594278	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000
DTM Atlanta/Legacy, Inc.	Arizona	86-0803816	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000
DTM Coconut Grove, Inc.	Arizona	86-0582711	7011	7930 Jones Branch Drive, Suite 1100  Telephone: (703) 883-1000

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				McLean, Virginia 22102
DTM Largo, Inc.	Arizona	86-0522306	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
DTM Maryland, Inc.	Arizona	86-0636941	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
DTM Santa Clara LLC	Arizona	26-1287115	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
DTM Walnut Creek, Inc.	Arizona	86-0653973	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
DTR FCH Holdings, Inc.	Arizona	86-0506692	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
DTR PAH Holding, Inc.	Arizona	86-0843169	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
DTR San Antonio, Inc.	Arizona	86-0803669	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
DTR TM Holdings, Inc.	Arizona	86-0358342	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
				Telephone: (703) 883-1000

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HIC Gaming California, Inc.	California	93-1167073	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102
HIC San Pablo Limited, Inc.	California	93-1167074	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102
HIC San Pablo, L.P.	California	93-1167075	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102
Hilton San Diego Corporation	California	95-2395937	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102
90210 Biltmore Management, LLC	Delaware	34-1984747	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102
90210 Desert Resorts Management Co., LLC	Delaware	34-1984753	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000

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90210 Grand Wailea Management Co., LLC	Delaware	34-1984759	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000
90210 LLC	Delaware	95-4747695	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000
90210 Management Company, LLC	Delaware	20-4146308	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000
Andiamo's O Hare, LLC	Delaware	58-2669081	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000
Blue Bonnet Security, LLC	Delaware	20-5118750	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000
Compris Hotel LLC	Delaware	86-0471065	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000
Conrad Franchise LLC	Delaware	26-1094269	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000
	Delaware	26-1687344	7011	Telephone: (703) 883-1000



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Conrad International Manage (CIS) LLC				7930 Jones Branch Drive, Suite 1100 McLean, Virginia 22102
Conrad Management LLC	Delaware	26-1101184	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100 McLean, Virginia 22102
Doubletree DTWC LLC	Delaware	95-4887049	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100 McLean, Virginia 22102
Doubletree Franchise LLC	Delaware	26-1094339	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100 McLean, Virginia 22102
Doubletree LLC	Delaware	86-0762415	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100 McLean, Virginia 22102
Doubletree Management LLC	Delaware	26-1101270	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100 McLean, Virginia 22102
DTWC Spokane City Center SPE, LLC	Delaware	38-3657837	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100 McLean, Virginia 22102
EJP LLC	Delaware	62-1489071	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100 McLean, Virginia 22102
Embassy Development LLC	Delaware	74-2479161	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100

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				McLean, Virginia 22102
Embassy Equity Development LLC	Delaware	74-2479160	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
Embassy Suites (Isla Verde), Inc.	Delaware	62-1555786	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
Embassy Suites Franchise LLC	Delaware	26-1094388	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
Embassy Syracuse Development LLC	Delaware	62-1469277	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
EPAM Corporation	Delaware	62-1401630	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
Grand Vacations Realty, LLC	Delaware	45-3639356	7011	Telephone: (703) 883-1000 6355 Metrowest Blvd., Suite 180
				Orlando, Florida 32835
				Telephone: (407) 722-3100

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Grand Vacations Services LLC	Delaware	27-5173651	7011	6355 Metrowest Blvd., Suite 180  Orlando, Florida 32835  Telephone: (407) 722-3100
Grand Vacations Title, LLC	Delaware	45-3641303	7011	6355 Metrowest Blvd., Suite 180  Orlando, Florida 32835  Telephone: (407) 722-3100
Hampton Inns Franchise LLC	Delaware	26-1094464	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000
Hampton Inns LLC	Delaware	62-1194362	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000
Hampton Inns Management LLC	Delaware	26-1101242	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000
HHC BC Orlando, LLC	Delaware	36-2058176	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000
HHC One Park Boulevard, LLC	Delaware	56-2543378	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000
HIC First Corporation	Delaware	13-3210063	7011	Telephone: (703) 883-1000

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				7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
HIC Holdings Corporation	Delaware	13-3111964	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
HIC Hotels U.S.A. Corporation	Delaware	13-3435886	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
HIC Racing Corporation	Delaware	38-2697494	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
HIC Second Corporation	Delaware	13-3153590	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
Hilton Beverage LLC	Delaware	36-2058176	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
Hilton Chicago Beverage I LLC	Delaware	30-0800929	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
Hilton Chicago Beverage II LLC	Delaware	32-0422233	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
Hilton Chicago Beverage III LLC	Delaware	61-1724781	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100

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				McLean, Virginia 22102
Hilton Chicago Beverage IV LLC	Delaware	90-1028957	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
Hilton Corporate Director LLC	Delaware	26-3551072	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
Hilton El Con Management LLC	Delaware	26-3845802	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
Hilton El Con Operator LLC	Delaware	26-3845852	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
Hilton Electronic Distribution Systems, LLC	Delaware	47-0849436	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
Hilton Energy Investments, LLC	Delaware	20-1412970	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
				Telephone: (703) 883-1000

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Hilton Franchise Holding LLC	Delaware	26-1094575	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000
Hilton Franchise LLC	Delaware	26-1094534	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000
Hilton Garden Inns Franchise LLC	Delaware	26-1094420	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000
Hilton Garden Inns Management LLC	Delaware	26-1126091	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000
Hilton Grand Vacations Club, LLC	Delaware	59-3482975	7011	6355 Metrowest Blvd., Suite 180  Orlando, Florida 32835  Telephone: (407) 722-3100
Hilton Grand Vacations Company, LLC	Delaware	59-3482978	7011	6355 Metrowest Blvd., Suite 180  Orlando, Florida 32835  Telephone: (407) 722-3100
Hilton Grand Vacations Financing, LLC	Delaware	03-0398105	7011	6355 Metrowest Blvd., Suite 180  Orlando, Florida 32835  Telephone: (407) 722-3100
Hilton Hawaii Corporation	Delaware	99-6011945	7011	Telephone: (407) 722-3100

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				7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
Hilton HHonors Worldwide, L.L.C.	Delaware	95-4635505	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
Hilton Illinois Holdings LLC	Delaware	13-0980760	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
Hilton Inns LLC	Delaware	36-6114932	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
Hilton International Holding Corporation	Delaware	47-1062743	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
Hilton Kingsland 1, LLC	Delaware	20-2729807	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
Hilton Management LLC	Delaware	26-1101130	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
Hilton New Jersey Service Corp.	Delaware	95-4761288	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
Hilton OPB, LLC	Delaware	83-0440703	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100

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				McLean, Virginia 22102
Hilton Orlando Partners II, LLC	Delaware	20-0133281	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
Hilton Orlando Partners III, LLC	Delaware	20-1274261	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
Hilton Recreation LLC	Delaware	95-4439247	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
Hilton Resorts Corporation	Delaware	95-4349751	7011	Telephone: (703) 883-1000 6355 Metrowest Blvd., Suite 180
				Orlando, Florida 32835
Hilton Resorts Marketing Corp.	Delaware	20-0061226	7011	Telephone: 407-722-3100 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
Hilton Spring Corporation	Delaware	95-4818997	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
				Telephone: (703) 883-1000



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Hilton Supply Management LLC	Delaware	95-2502058	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000
Hilton Systems Solutions, LLC	Delaware	71-0907647	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000
Hilton Systems, LLC	Delaware	20-3659071	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000
Hilton Worldwide Holdings Inc.	Delaware	27-4384691	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000
Hilton Worldwide, Inc.	Delaware	36-2058176	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000
HLT Audubon LLC	Delaware	26-1292055	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000
HLT CA Hilton LLC	Delaware	26-1246396	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000
HLT Conrad Domestic LLC	Delaware	26-1211490	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000

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				7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
HLT Conrad GP LLC	Delaware	26-1251719	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
HLT Domestic JV Holdings LLC	Delaware	26-1262961	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
HLT Domestic Owner LLC	Delaware	26-1125973	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
HLT ESP Franchise LLC	Delaware	26-3750690	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
HLT ESP International Franchise LLC	Delaware	26-3750733	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
HLT ESP International Franchisor Corporation	Delaware	26-3750889	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
HLT ESP International Manage LLC	Delaware	26-3750974	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
HLT ESP International Management Corporation	Delaware	26-3751149	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100

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				McLean, Virginia 22102
HLT ESP Manage LLC	Delaware	26-3750936	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
HLT Franchise II Borrower LLC	Delaware	26-1291125	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
HLT HQ SPE LLC	Delaware	26-1211665	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
HLT HSM Holding LLC	Delaware	26-1274784	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
HLT HSS Holding LLC	Delaware	26-1274883	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
HLT JV Acquisition LLC	Delaware	26-1276349	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
				Telephone: (703) 883-1000

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HLT JV I Borrower LLC	Delaware	26-1263164	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000
HLT Lifestyle Franchise LLC	Delaware	26-3748252	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000
HLT Lifestyle International Franchise LLC	Delaware	26-3748344	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000
HLT Lifestyle International Franchisor Corporation	Delaware	26-3748409	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000
HLT Lifestyle International Manage LLC	Delaware	26-3748516	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000
HLT Lifestyle International Management Corporation	Delaware	26-3750638	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000
HLT Lifestyle Manage LLC	Delaware	26-3748470	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000
HLT Memphis Data LLC	Delaware	26-1339888	7011	Telephone: (703) 883-1000

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				7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
HLT O Hare LLC	Delaware	26-1125227	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
HLT Operate DTWC LLC	Delaware	26-1201440	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
HLT Owned II Holding LLC	Delaware	26-1254836	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
HLT Owned II-A Borrower LLC	Delaware	26-1336277	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
HLT Palmer LLC	Delaware	26-1211589	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
HLT Timeshare Borrower I LLC	Delaware	26-1270279	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
HLT Timeshare Borrower II LLC	Delaware	26-1274283	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
Homewood Suites Franchise LLC	Delaware	26-1094183	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100

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				McLean, Virginia 22102
Homewood Suites Management LLC	Delaware	26-1101306	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
Hotels Statler Company, Inc.	Delaware	36-2550119	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
HPP Hotels USA, Inc.	Delaware	95-4214076	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
HRC Islander LLC	Delaware	61-1647041	7011	Telephone: (703) 883-1000 6355 Metrowest Blvd., Suite 180
				Orlando, FL 32835
HTGV, LLC	Delaware	75-2970804	7011	Telephone: (407) 722-3100 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
Innvision, LLC	Delaware	36-2058176	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
				Telephone: (703) 883-1000

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<b>Exact Name of Registrant Guarantor as Specified in its Charter (or Other Organizational Document)</b>	<b>State or Other Jurisdiction of Incorporation or Organization</b>	<b>I.R.S. Employer Identification Number</b>	<b>Primary Standard Industrial Classification Code Number</b>	<b>Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant Guarantor's Principal Executive Offices</b>
Lockwood Palmer House, LLC	Delaware	58-2669075	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000
MeriTex, LLC	Delaware	13-3977538	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000
Potter's Bar Palmer House, LLC	Delaware	58-2669080	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000
Promus Hotel Services, Inc.	Delaware	62-1602738	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000
Promus Hotels Florida LLC	Delaware	62-1602737	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000
Promus Hotels LLC	Delaware	62-1602678	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000
Promus Hotels Minneapolis, Inc.	Delaware	62-1619978	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000
Promus Hotels Parent LLC	Delaware	95-4766449	7011	Telephone: (703) 883-1000

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				7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
Promus Operating LLC	Delaware	62-1596939	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
Promus/Kingston Development Corporation	Delaware	62-1763505	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
Samantha Hotel LLC	Delaware	04-3070970	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
Suite Life LLC	Delaware	75-2123392	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
Tex Holdings, Inc.	Delaware	94-3400909	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
WA Collection International, LLC	Delaware	95-4198421	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
Waldorf Astoria Franchise LLC	Delaware	26-1093977	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
Waldorf=Astoria Management LLC	Delaware	26-1101088	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100



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				McLean, Virginia 22102
Florida Conrad International Corp.	Florida	20-1145249	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
Hilton-OCCC Hotel, LLC	Florida	01-0697005	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
Hilton-OCCC Mezz Lender, LLC	Florida	36-2058176	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
Embassy Suites Club No. 1, Inc.	Kansas	75-1947366	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
Hotel Clubs of Corporate Woods, Inc.	Kansas	48-0930357	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
Embassy Suites Club No. Three, Inc.	Louisiana	62-1584888	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100
				McLean, Virginia 22102
				Telephone: (703) 883-1000

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<b>Exact Name of Registrant Guarantor as Specified in its Charter (or Other Organizational Document)</b>	<b>State or Other Jurisdiction of Incorporation or Organization</b>	<b>I.R.S. Employer Identification Number</b>	<b>Primary Standard Industrial Classification Code Number</b>	<b>Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant Guarantor's Principal Executive Offices</b>
International Rivercenter Lessee, L.L.C.	Louisiana	20-0384946	7011	7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102
DTM Cambridge, Inc.	Massachusetts	86-0678310	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102
Chesterfield Village Hotel, LLC	Missouri	36-4207568	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102
Bally's Grand Property Sub I, LLC	Nevada	88-0312339	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102
Conrad International (Belgium) LLC	Nevada	91-1930238	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102
Conrad International (Egypt) Resorts Corporation	Nevada	46-0468464	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102
Conrad International (Indonesia) Corporation	Nevada	95-4347974	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102
	Nevada	93-1221397	7011	Telephone: (703) 883-1000

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Conrad International Investment (Jakarta) Corporation				7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102
Hilton Grand Vacations Management, LLC	Nevada	58-2361323	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102
Hilton Holdings, LLC	Nevada	88-0096156	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102
Hilton Hospitality, LLC	Nevada	93-1218323	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102
Hilton Illinois, LLC	Nevada	88-0345656	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102
HPP International Corporation	Nevada	95-4198421	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102
Peacock Alley Service Company, LLC	New York	20-3470602	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102
Washington Hilton, L.L.C.	New York	36-2058176	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102
Embassy Memphis Corporation	Tennessee	62-1523545	7011	Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100

Embassy Suites Club No. Two, Inc.	Texas	75-1946866	7011	McLean, Virginia 22102 Telephone: (703) 883-1000 7930 Jones Branch Drive, Suite 1100  McLean, Virginia 22102  Telephone: (703) 883-1000
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**The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.**

**SUBJECT TO COMPLETION, DATED SEPTEMBER 11, 2014**

**PRELIMINARY 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 \_\_\_\_\_, 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 23 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 \_\_\_\_\_, 2014.**

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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, DoubleTree by Hilton®, Embassy Suites Hotels®, Hilton Garden Inn®, Hampton Inn®, Homewood Suites by Hilton®, Home2 Suites by Hilton®, Hilton Grand Vacations®, Hilton Grand Vacations



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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 June 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); (xv) Hilton New Orleans

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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); and (xxiv) Hilton Seattle Airport & Conference Center (Seattle, WA).

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 63, 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 101. 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 4,202 hotels, resorts and timeshare properties comprising 693,980 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 11 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 hotel brands, Waldorf Astoria Hotels & Resorts and Conrad Hotels & Resorts, 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 152 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 42 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 4,050 properties with 633,150 rooms, we manage hotels, resorts and timeshare properties owned by third parties and we license our brands to franchisees. Our ownership segment consists of 152 hotels with 60,830 rooms that we own or lease. Through our timeshare segment, which consists of 44 properties comprising 6,758 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 6.6 percent on a currency neutral basis for the six months ended June 30, 2014 compared to the six months ended June 30, 2013.

Adjusted EBITDA increased 13 percent for the year ended December 31, 2013 compared to the year ended December 31, 2012 and increased 15 percent for the six months ended June 30, 2014 compared to the six months ended June 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 76 percent and 70

percent, respectively, for the six months ended June 30, 2014 compared to the six months ended June 30, 2013.

Our capital light management and franchise segment experienced increases in Adjusted EBITDA of eight percent and 15 percent, respectively, for the year ended December 31, 2013 and the six months ended June 30, 2014 compared to the prior periods; and our capital light timeshare segment

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experienced increases in Adjusted EBITDA of 18 percent and 29 percent, respectively, for the year ended December 31, 2013 and the six months ended June 30, 2014 compared to the prior periods.

We have reduced our long-term debt by \$2.1 billion through voluntary prepayments from December 12, 2013, the date of our IPO, through September 10, 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 six months ended June 30, 2014, we opened an additional 17,000 rooms and achieved net unit growth of over 15,000 rooms.

We approved 72,000 new rooms for development during the year ended December 31, 2013 and another 36,000 new rooms during the six months ended June 30, 2014.

Our industry-leading pipeline has grown at an average of 12 percent for each of the last three years and includes 1,230 hotels, consisting of approximately 210,000 rooms as of June 30, 2014, of which more than half, or 117,000 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 June 30, 2014, we had over 106,000 rooms under construction, representing the largest number of rooms under construction in the industry in every major region of the world based on STR data, as illustrated by the table below:

<b>Market</b>	<b>Hilton Worldwide Rooms Under Construction</b>	
	<b>% of Total</b>	<b>Industry Rank</b>
Americas	20.4%	#1
Europe	19.7%	#1
Middle East and Africa	21.6%	#1
Asia Pacific	15.0%	#1
<b>Global</b>	<b>17.9%</b>	<b>#1</b>

*Source: STR Global New Development Pipeline (June 2014).*

We expect that our #1 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.

**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 June 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.

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***Leading Global Presence and Scale.*** We are one of the largest hospitality companies in the world with 4,202 properties and 693,980 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 360 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 133 million customer visits during the twelve months ended June 30, 2014, with members of our Hilton HHonors loyalty program contributing approximately 50 percent of the 175 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 June 30, 2014, there were approximately 42 million Hilton HHonors members, an 11 percent increase from June 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 30 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 six months ended June 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 June 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 nearly five 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 six months ended June 30, 2014, we further reduced our long-term debt by \$450 million through voluntary prepayments. Additionally, in July 2014, we made a \$150 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.

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***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 Paulo, 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.

***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 60 percent for the twelve months ended June 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

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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 June 30, 2014, 71 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 210,000 rooms as of June 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 88,000, or 82 percent of our total supply, as of June 30, 2014 and the percentage of sales of timeshare intervals developed by third parties has increased to 60 percent for the twelve months ended June 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 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

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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 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.



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**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. 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.
- (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 six months ended June 30, 2014, our Unrestricted U.S. Real Estate Subsidiaries represented \$984 million or 19.6 percent of our total revenues, \$64 million or 19.3 percent of net income attributable to Hilton stockholders and \$294 million or 24.6 percent of our Adjusted EBITDA, and as of June 30, 2014, represented \$8,640 million or 32.6 percent of our total assets and \$6,499 million or 29.9 percent of our total liabilities.



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- (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. Two of the Timeshare Entities were formed after June 30, 2013. 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 six months ended June 30, 2014, these entities represented \$45 million of our total revenues and \$40 million of our Adjusted EBITDA. As of June 30, 2014, these entities had restricted and unrestricted cash and cash equivalents of \$27 million, gross financing receivables of \$729 million and long-term debt of \$698 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 six months ended June 30, 2014, the non-wholly owned domestic subsidiary represented \$12 million or 0.2 percent of our total revenues and \$3 million or 0.3 percent of our Adjusted EBITDA. As of June 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 six months ended June 30, 2014, our foreign operations represented \$1,141 million or 22.7 percent of our total revenues and \$181 million or 15.1 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 June 30, 2014, we had \$150

million and \$548 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.

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**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 24 of our U.S. owned hotels as of June 30, 2014. The properties held by our PropCo entities secure our \$3.5 billion CMBS Loan and \$0.525 billion Waldorf Astoria Loan 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 June 30, 2014, we managed 24 hotels with approximately 20,046 rooms pursuant to management agreements with PropCo, and for the year ended December 31, 2013 and the six months ended June 30, 2014, revenues derived under PropCo management agreements totaled \$49 million and \$33 million, respectively.

**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.

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**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 \_\_\_\_\_, 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."

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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.

**Table of Contents****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 six months ended June 30, 2014 and 2013 and the summary balance sheet data as of June 30, 2014 from our unaudited condensed consolidated financial statements included elsewhere in this prospectus. We derived the summary balance sheet data as of June 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.

	<b>Six Months Ended June 30,</b>		<b>Year Ended December 31,</b>		
	<b>2014</b>	<b>2013</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
	<b>(dollars in millions, except per share data)</b>				
<b>Summary Statement of Operations Data:</b>					
<b>Revenues</b>					
Owned and leased hotels	\$ 2,062	\$ 1,984	\$ 4,046	\$ 3,979	\$ 3,898
Management and franchise fees and other	666	561	1,175	1,088	1,014
Timeshare	555	507	1,109	1,085	944
	3,283	3,052	6,330	6,152	5,856
Other revenues from managed and franchised properties	1,747	1,591	3,405	3,124	2,927
Total revenues	5,030	4,643	9,735	9,276	8,783

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Expenses					
Owled and leased hotels	1,604	1,547	3,147	3,230	3,213
Timeshare	365	351	730	758	668
Depreciation and amortization	311	309	603	550	564
Impairment losses				54	20
General, administrative and other	230	189	748	460	416
	2,510	2,396	5,228	5,052	4,881
Other expenses from managed and franchised properties	1,747	1,591	3,405	3,124	2,927
Total expenses	4,257	3,987	8,633	8,176	7,808

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	Six Months Ended June 30,		Year Ended December 31,		
	2014	2013	2013	2012	2011
	(dollars in millions, except per share data)				
Operating income	773	656	1,102	1,100	975
Net income attributable to Hilton stockholders	332	189	415	352	253
Earnings per share (basic and diluted)	\$ 0.34	\$ 0.20	\$ 0.45	\$ 0.38	\$ 0.27

	As of and for the Six Months Ended June 30,		As of and for the Year Ended December 31,		
	2014	2013	2013	2012	2011
	(dollars in millions, except Hotel RevPAR and ADR)				
<b>Summary Balance Sheet Data:</b>					
Cash and cash equivalents	\$ 545	\$ 661	\$ 594	\$ 755	\$ 781
Restricted cash and cash equivalents	284	625	266	550	658
Total assets	26,497	26,785	26,562	27,066	27,312
Long-term debt <sup>(1)</sup>	11,317	14,668	11,755	15,575	16,311
Non-recourse timeshare debt <sup>(1)(2)</sup>	698	400	672		
Non-recourse debt and capital lease obligations of consolidated variable interest entities <sup>(1)</sup>	299	319	296	420	481
Total equity	4,747	2,178	4,276	2,155	1,702

**Summary Statement of Cash Flows  
Data:**

Capital expenditures for property and equipment	\$ 110	\$ 121	\$ 254	\$ 433	\$ 389
Cash flow from operating activities	512	638	2,101	1,110	1,167
Cash flow from investing activities	(121)	(183)	(382)	(558)	(463)
Cash flow from financing activities	(441)	(534)	(1,863)	(576)	(714)

**Operational and Other Data:**

Number of hotels and timeshare properties	4,202	4,041	4,115	3,966	3,843
Number of rooms and units	693,980	665,667	678,630	652,957	633,238
Hotel RevPAR <sup>(3)</sup>	\$ 104.79	\$ 98.69	\$ 98.65	\$ 93.38	\$ 90.70
Hotel occupancy <sup>(3)</sup>	74.2%	72.3%	72.3%	71.1%	69.7%
Hotel ADR <sup>(3)</sup>	\$ 141.31	\$ 136.43	\$ 136.49	\$ 131.35	\$ 130.15
Ratio of earnings to fixed charges	2.4x	1.9x	1.9x	1.8x	1.4x
<b>Adjusted EBITDA:</b>					
Management and franchise	\$ 702	\$ 608	\$ 1,271	\$ 1,180	\$ 1,095
Ownership	470	445	926	793	725
Timeshare	154	119	297	252	207
Corporate and other	(131)	(135)	(284)	(269)	(274)

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Adjusted EBITDA<sup>(4)</sup> \$ 1,195 \$ 1,037 \$ 2,210 \$ 1,956 \$ 1,753

**Restricted Group Financial Data<sup>(5)</sup>:**

Owned and leased hotels revenue <sup>(6)</sup>	\$ 1,078	\$ 1,050	\$ 2,166	\$ 2,225	\$ 2,232
Total revenues	4,046	3,709	7,855	7,522	7,117
Ownership Adjusted EBITDA <sup>(7)</sup>	176	168	366	329	316
Adjusted EBITDA <sup>(8)</sup>	901	760	1,650	1,492	1,344
Cash and cash equivalents	490	627	552	740	781
Restricted cash and cash equivalents	231	625	225	550	658
Capital expenditures	48	57	120	169	138
Net secured debt, as adjusted <sup>(9)</sup>	5,606				
Net total debt, as adjusted <sup>(9)</sup>	7,160				
Ratio of net secured debt, as adjusted, to Adjusted EBITDA <sup>(10)</sup>	3.1x				
Ratio of net total debt, as adjusted, to Adjusted EBITDA <sup>(10)</sup>	4.0x				

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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:

	<b>Six Months</b>		<b>Year Ended December 31,</b>		
	<b>Ended June 30,</b>		<b>2013</b>		
	<b>2014</b>	<b>2013</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
	(dollars in millions)				
Net income attributable to Hilton stockholders	\$ 332	\$ 189	\$ 415	\$ 352	\$ 253
Interest expense	311	274	620	569	643
Interest expense included in equity in earnings (losses) from unconsolidated affiliates	6	6	13	13	12
Income tax expense (benefit)	204	122	238	214	(59)
Depreciation and amortization	311	309	603	550	564
Depreciation and amortization included in equity in earnings (losses) from unconsolidated affiliates	15	15	32	34	48
<b>EBITDA</b>	<b>1,179</b>	<b>915</b>	<b>1,921</b>	<b>1,732</b>	<b>1,461</b>
Net income attributable to noncontrolling interest	4	6	45	7	2
Loss (gain) on foreign currency transactions	(46)	82	45	(23)	21
FF&E replacement reserve <sup>(a)</sup>	23	17	46	68	57
Share-based compensation expense	19	3	313	50	19
Impairment losses				54	20
Impairment loss included in equity in earnings (losses) from unconsolidated affiliates				19	141
Gain on debt extinguishment <sup>(b)</sup>			(229)		
Other gain, net <sup>(c)</sup>	(14)	(6)	(7)	(15)	(19)
Other adjustment items <sup>(d)</sup>	30	20	76	64	51
<b>Adjusted EBITDA</b>	<b>\$ 1,195</b>	<b>\$ 1,037</b>	<b>\$ 2,210</b>	<b>\$ 1,956</b>	<b>\$ 1,753</b>

(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 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 and other items.
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- (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 \$10 million of Adjusted EBITDA, \$8 million and \$4 million of interest expense and \$3 million and \$2 million of depreciation and amortization expense for the year ended December 31, 2013 and the six months ended June 30, 2014, respectively. These entities also had property and equipment, net, of \$154 million, total debt of \$103 million, and non-recourse debt and capital lease obligations of consolidated variable interest entities, including current maturities, of \$12 million as of June 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:

	Six Months Ended June 30,		Year Ended December 31,		
	2014	2013	2013	2012	2011
	(in millions)				
Net income attributable to Hilton stockholders	\$ 268	\$ 88	\$ 229	\$ 193	\$ 127
Interest expense	228	274	589	569	643
Interest expense included in equity in earnings (losses) from unconsolidated affiliates	6	6	13	13	12
Income tax expense (benefit)	158	50	106	100	(149)
Depreciation and amortization	210	208	405	366	379
Depreciation and amortization included in equity in earnings (losses) from unconsolidated affiliates	15	15	32	34	47
<b>EBITDA</b>	<b>885</b>	<b>641</b>	<b>1,374</b>	<b>1,275</b>	<b>1,059</b>
Net income attributable to noncontrolling interests	4	6	45	7	2
Loss (gain) on foreign currency transactions	(46)	82	45	(23)	21
Gain on debt restructuring			(229)		
FF&E replacement reserve	23	17	46	68	57
Share-based compensation expense	19	3	313	50	19
Impairment losses				54	20
Impairment losses included in equity in earnings (losses) from unconsolidated affiliates				19	134
Other gain, net	(14)	(6)	(7)	(15)	(19)
Other adjustment items	30	17	63	57	51
<b>Adjusted EBITDA</b>	<b>\$ 901</b>	<b>\$ 760</b>	<b>\$ 1,650</b>	<b>\$ 1,492</b>	<b>\$ 1,344</b>

- (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 (\$264 million as of June 30, 2014) and (iii) net out \$721 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 June 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 June 30, 2014. Restricted group Adjusted EBITDA for the twelve months ended June 30, 2014 is calculated by adding restricted group Adjusted EBITDA for the six months ended June 30, 2014 to restricted group Adjusted EBITDA for the year ended December 31, 2013 and subtracting restricted group Adjusted EBITDA for the six months ended June 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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**Table of Contents****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 <i>Description of the Notes</i> .

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 June 30, 2014:

the Issuers and the guarantors had \$7,078 million of total indebtedness outstanding, none of which would be subordinated;

the Issuers and the guarantors had \$5,550 million of senior secured indebtedness outstanding, consisting of borrowings under our Senior Secured Credit Facilities;

the Issuers and the guarantors had \$952 million of availability to incur secured indebtedness under our Revolving Credit Facility (after giving effect to \$48 million of outstanding letters of credit); and

our non-guarantor subsidiaries and entities in which we own interests of 50 percent or less had \$115 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 24 owned properties, including The Waldorf Astoria in New York, as of June 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 six months ended June 30, 2014, such subsidiaries represented 23.8 percent of our total revenues and 18.7 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 six



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months ended June 30, 2014, our Unrestricted U.S. Real Estate Subsidiaries represented \$984 million or 19.6 percent of our total revenues, \$64 million or 19.3 percent of net income attributable to Hilton stockholders and \$294 million or 24.6 percent of our Adjusted EBITDA, and as of June 30, 2014, represented \$8,640 million or 32.6 percent of our total assets and \$6,499 million or 29.9 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 June 30, 2014, our total indebtedness was approximately \$12.3 billion, including \$997 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, 2015 and 2016, respectively, were \$61 million, \$109 million and \$363 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 June 30, 2014, we had approximately \$7.1 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

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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 June 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,

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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 six months ended June 30, 2014, the such subsidiaries represented 23.8 percent of our total revenues, and 18.7 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 six months ended June 30, 2014, our Unrestricted U.S. Real Estate Subsidiaries represented \$984 million or 19.6 percent of our total revenues, \$64 million or 19.3 percent of net income attributable to Hilton stockholders and \$294 million or 24.6 percent of our Adjusted EBITDA, and as of June 30, 2014, represented \$8,640 million or 32.6 percent of our total assets and \$6,499 million or 29.9 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 \$10 million of Adjusted EBITDA for the year ended December 31, 2013 and the six months ended June 30, 2014, respectively, \$8 million and \$4 million of interest expense and \$3 million and \$2 million of depreciation and amortization expense for the year December 31, 2013 and the six months ended June 30, 2014, respectively. These entities also had \$103 million of total debt, non-recourse debt and capital lease obligations of consolidated variable interest entities, including current maturities, of \$12 million, and property and equipment, net of \$154 million as of June 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 June 30, 2014, the Issuers and the guarantors had approximately \$5,550 million of senior secured indebtedness outstanding, and had an additional \$952 million (after giving effect to \$48 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;



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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;

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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 cyclicity 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;

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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

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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 June 30, 2014, we had approximately \$988 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 June 30, 2014, we had a total of 1,230 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 and introduced our newest brand, Curio A Collection by Hilton, in June 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 technical failures, costs and issues as we upgrade our website software and mobile applications. Additional risks



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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

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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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**Table of Contents*****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 26 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 10 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.



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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

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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.

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***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

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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 65.9 percent of Holdings' common stock as of September 5, 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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The following table sets forth our consolidated cash and capitalization as of June 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.

	<b>As of June 30, 2014</b> <b>(in millions)</b>	
	<b>Restricted</b>	
	<b>Group</b>	<b>Consolidated</b>
Cash and cash equivalents	\$ 490	\$ 545
Restricted cash and cash equivalents <sup>(1)</sup>	231	284
<b>Total</b>	<b>\$ 721</b>	<b>\$ 829</b>
	<b>Restricted</b>	
	<b>Group</b>	<b>Consolidated</b>
Total long-term debt and obligations under capital leases:		
Long-term debt, including current maturities	\$ 268	\$ 268
Senior Secured Credit Facilities <sup>(2)</sup>	5,550	5,550
5.625% Senior Notes due 2021	1,500	1,500
CMBS Loan		3,500
Waldorf Astoria Loan		525
Timeshare Facility <sup>(3)(4)</sup>	150	150
Securitized Timeshare Debt <sup>(3)(4)</sup>	548	548
Non-recourse debt and capital lease obligations of consolidated variable interest entities, including current maturities <sup>(5)</sup>	299	299
<b>Total debt</b>	<b>\$ 8,315</b>	<b>\$ 12,340</b>
Equity:		
Total stockholders' equity		4,834
Noncontrolling interests		(87)
<b>Total equity</b>		<b>4,747</b>
<b>Total capitalization</b>		<b>\$ 17,087</b>

(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) For a description of our Senior Secured Credit Facilities, see Description of Certain Other Indebtedness Senior Secured Credit Facilities.
- (3) 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.
- (4) 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.
- (5) Includes \$12 million associated with entities that hold two hotels in which we own interests of 50 percent or less that are not restricted subsidiaries.

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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 six months ended June 30, 2014 and 2013 and the selected balance sheet data as of June 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.

	Six Months Ended June 30,		Year Ended December 31,				
	2014	2013	2013	2012	2011	2010	2009
	(in millions, except per share data)						
<b>Statement of Operations Data:</b>							
Revenues							
Owned and leased hotels	\$ 2,062	\$ 1,984	\$ 4,046	\$ 3,979	\$ 3,898	\$ 3,667	\$ 3,540
Management and franchise fees and other	666	561	1,175	1,088	1,014	901	807
Timeshare	555	507	1,109	1,085	944	863	832
	3,283	3,052	6,330	6,152	5,856	5,431	5,179
Other revenues from managed and franchised properties	1,747	1,591	3,405	3,124	2,927	2,637	2,397
Total revenues	5,030	4,643	9,735	9,276	8,783	8,068	7,576
Expenses							
Owned and leased hotels	1,604	1,547	3,147	3,230	3,213	3,009	2,904
Timeshare	365	351	730	758	668	634	644
Depreciation and amortization	311	309	603	550	564	574	587
Impairment losses				54	20	24	475
General, administrative and other	230	189	748	460	416	637	423
	2,510	2,396	5,228	5,052	4,881	4,878	5,033
Other expenses from managed and franchised properties	1,747	1,591	3,405	3,124	2,927	2,637	2,394
Total expenses	4,257	3,987	8,633	8,176	7,808	7,515	7,427
Operating income	773	656	1,102	1,100	975	553	149
Net income (loss) attributable to Hilton stockholders	332	189	415	352	253	128	(532)
Basic and diluted earnings (losses) per share	\$ 0.34	\$ 0.20	\$ 0.45	\$ 0.38	\$ 0.27	\$ 0.14	\$ (0.58)

	June 30, 2014	2013	2012	December 31, 2011	2010	2009
	(in millions)					
<b>Selected Balance Sheet Data:</b>						
Cash and cash equivalents	\$ 545	\$ 594	\$ 755	\$ 781	\$ 796	\$ 738
Restricted cash and cash equivalents	284	266	550	658	619	394

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Total assets	26,497	26,562	27,066	27,312	27,750	29,140
Long-term debt <sup>(1)</sup>	11,317	11,755	15,575	16,311	16,995	21,125
Non-recourse timeshare debt <sup>(1)(2)</sup>	698	672				
Non-recourse debt and capital lease obligations of consolidated variable interest entities <sup>(1)</sup>	299	296	420	481	541	574
Total equity (deficit)	4,747	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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**Table of Contents****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 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 4,202 hotels, resorts and timeshare properties comprising 693,980 rooms in 93 countries and territories. Our premier brand portfolio includes 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 our newest brand, 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 42 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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**Table of Contents*****System Growth and Pipeline***

As of June 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 June 30, 2014, we had a total of 1,230 hotels in our development pipeline, representing approximately 210,000 rooms under construction or approved for development throughout 75 countries and territories. As of June 30, 2014, over 106,000 rooms, representing over half of our development pipeline, were under construction. Of the approximately 210,000 rooms in the pipeline, 117,000 rooms, or more than half of the pipeline, were located outside the U.S. All of the rooms in the pipeline and under construction are within our management and franchise segment. We do not consider any 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 Offering***

On June 27, 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 Brand***

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 June 30, 2014, three properties comprising 2,005 rooms, including the SLS Las Vegas Hotel & Casino, were in the pipeline and letters of intent were signed for an additional six properties comprising more than 2,100 rooms.

***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.

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**Table of Contents*****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.

**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

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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

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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 88,000, or 82 percent of our total supply, as of June 30, 2014. We 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.

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*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.

***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

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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 4,158 hotels in our system as of June 30, 2014, 3,598 were classified as comparable hotels. Our 560 non-comparable hotels included 37 properties, or less than 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.

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**Table of Contents*****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.

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;

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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*****Six Months Ended June 30, 2014 Compared with Six Months Ended June 30, 2013***

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

	<b>Six Months Ended June 30, 2014</b>	<b>Variance 2014 vs. 2013</b>
<b>Owned and leased hotels</b>		
Occupancy	76.9%	1.0% pts.
ADR	\$ 198.14	3.1%
RevPAR	\$ 152.39	4.5%
<b>Managed and franchised hotels</b>		
Occupancy	73.9%	2.1% pts.
ADR	\$ 135.30	3.9%
RevPAR	\$ 100.00	6.9%
<b>System-wide</b>		
Occupancy	74.2%	2.0% pts.
ADR	\$ 141.31	3.8%
RevPAR	\$ 104.79	6.6%

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

	<b>Six Months Ended June 30, 2014</b>	<b>Variance 2014 vs. 2013</b>
<b>Americas</b>		
Occupancy	75.2%	2.1% pts.
ADR	\$ 136.91	4.1%
RevPAR	\$ 102.92	7.1%
<b>Europe</b>		
Occupancy	72.1%	2.3% pts.
ADR	\$ 171.59	1.9%
RevPAR	\$ 123.74	5.2%
<b>MEA</b>		
Occupancy	61.7%	(2.8)% pts.
ADR	\$ 162.58	2.4%
RevPAR	\$ 100.38	(2.0)%
<b>Asia Pacific</b>		
Occupancy	66.6%	2.1% pts.
ADR	\$ 161.81	3.3%
RevPAR	\$ 107.69	6.7%

During the six months ended June 30, 2014, we experienced RevPAR increases in all segments of our business as a result of increased occupancy and increased rates in market segments where demand outpaced supply. We experienced increased RevPAR in all regions during the six months ended June 30, 2014, except for MEA, which despite favorable variances in ADR, experienced a decrease in occupancy due to continued political unrest in certain portions of the region that has limited travel and reduced demand.

**Revenues**

	<b>Six Months Ended June 30, 2014      2013</b>		<b>Percent Change 2014 vs. 2013</b>
	<b>(in millions)</b>		
Owned and leased hotels	\$ 2,062	\$ 1,984	3.9
Management and franchise fees and other	666	561	18.7
Timeshare	555	507	9.5
	\$ 3,283	\$ 3,052	7.6

Revenues as presented in this section excludes other revenues from managed and franchised properties of \$1,747 million and \$1,591 million during the six months ended June 30, 2014 and 2013, respectively.

*Owned and leased hotels*

During the six months ended June 30, 2014, the overall improved performance at our owned and leased hotels primarily was a result of improvement in RevPAR of 4.5 percent at our comparable owned and leased hotels.

As of June 30, 2014, we had 35 consolidated owned and leased hotels located in the U.S., comprising 24,061 rooms. Revenues at our U.S. owned and leased hotels totaled \$1,076 million and \$1,014 million for the six months ended June 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 5.7 percent, which was due to increases in ADR of



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4.5 percent and occupancy of 1.0 percentage point. 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 7.4 percent for the six months ended June 30, 2014, primarily due to increased spending by group customers.

As of June 30, 2014, we had 89 consolidated owned and leased hotels located outside of the U.S., comprising 25,775 rooms. Revenues from our international (non-U.S.) owned and leased hotels totaled \$986 million and \$970 million for the six months ended June 30, 2014 and 2013, respectively. The revenue increase included favorable movements in foreign currency rates of \$8 million for the six months ended June 30, 2014. On a currency neutral basis, revenues from our international owned and leased hotels increased \$8 million, primarily due to an increase in RevPAR at our international comparable owned and leased hotels of 3.0 percent during the six months ended June 30, 2014, compared to the same period in 2013.

*Management and franchise fees and other*

Management and franchise fee revenue for the six months ended June 30, 2014 and 2013 totaled \$624 million and \$536 million, respectively. The increase in our management and franchise fee business reflected increases in RevPAR of 6.5 percent and 7.1 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 June 30, 2013 to June 30, 2014 we added 38 managed properties on a net basis, contributing an additional 12,627 rooms to our system, as well as 125 franchised properties on a net basis, providing an additional 17,000 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 six months ended June 30, 2014 and 2013 were \$42 million and \$25 million, respectively. The increase was primarily driven by an increase in revenues earned by our purchasing operations.

*Timeshare*

Timeshare revenue for the six months ended June 30, 2014 increased \$48 million, compared to the same period in 2013. The increase was due to an increase of \$27 million in real estate sales, including sales of third-party developed intervals. The increase was also generated from the recognition of previously deferred revenues resulting from the completed construction and opening of one of our developed properties in 2014. Additionally, there was an increase of \$19 million in revenue from our resort operations due to increased transient rentals.

*Operating Expenses*

	<b>Six Months Ended June 30,</b>		<b>Percent Change</b>
	<b>2014</b>	<b>2013</b>	<b>2014 vs. 2013</b>
	<b>(in millions)</b>		
Owned and leased hotels	\$ 1,604	\$ 1,547	3.7
Timeshare	365	351	4.0
<i>Owned and leased hotels</i>			

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.

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U.S. owned and leased hotel expenses totaled \$726 million and \$698 million for the six months ended June 30, 2014 and 2013, respectively. The increase was primarily due to increases in payroll costs and other variable costs resulting from increased revenues.

International owned and leased hotel expenses totaled \$878 million and \$849 million for the six months ended June 30, 2014 and 2013, respectively. The increase included unfavorable movements in foreign currency rates of \$11 million. On a currency neutral basis, international owned and leased hotel expenses increased \$18 million. The increase in currency neutral expenses was primarily due to a benefit of \$11 million recognized as a reduction in rent expense during the six months ended June 30, 2013 relating to a termination payment received for one of our properties with a ground lease.

*Timeshare*

Timeshare expense increased \$14 million for the six months ended June 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 both our owned properties and third-party developed properties.

	<b>Six Months Ended June 30,</b>		<b>Percent Change</b>
	<b>2014</b>	<b>2013</b>	<b>2014 vs. 2013</b>
	<b>(in millions)</b>		
Depreciation and amortization	\$ 311	\$ 309	0.6

Depreciation expense decreased \$10 million during the six months ended June 30, 2014, compared to the same period in 2013. The decrease was primarily due to \$10 million in accelerated depreciation as a result of a lease termination at one of our properties recognized during the six months ended June 30, 2013. Amortization expense increased \$12 million primarily due to an increase in capitalized software costs placed in service during and after the six months ended June 30, 2013.

	<b>Six Months Ended June 30,</b>		<b>Percent Change</b>
	<b>2014</b>	<b>2013</b>	<b>2014 vs. 2013</b>
	<b>(in millions)</b>		
General, administrative and other	\$ 230	\$ 189	21.7

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 \$193 million and \$165 million for the six months ended June 30, 2014 and 2013, respectively. The increase was primarily due to share-based compensation expense of \$17 million for awards under the 2013 Omnibus Incentive Plan and an increase of \$16 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. The increase for the six months ended June 30, 2014 was partially offset by the reversal of accruals related to the termination of a cash-based, long-term incentive plan that was replaced with a share-based compensation plan in the first quarter of 2014 resulting in an \$18 million reduction in general and administrative expense.

Other expenses for the six months ended June 30, 2014 and 2013 were \$37 million and \$24 million, respectively. The increase was primarily due to our purchasing operations, which is in line with the increase in other revenues.

**Table of Contents*****Non-operating Income and Expenses***

	<b>Six Months Ended June 30, 2014          2013 (in millions)</b>		<b>Percent Change 2014 vs. 2013</b>
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Interest expense	\$ 311	\$ 274	13.5
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Interest expense increased \$37 million for the six months ended June 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.

	<b>Six Months Ended June 30, 2014          2013 (in millions)</b>		<b>Percent Change 2014 vs. 2013</b>
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Equity in earnings from unconsolidated affiliates	\$ 12	\$ 8	50.0
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The increase in equity in earnings from unconsolidated affiliates was primarily due to improved performance of our unconsolidated affiliates.

	<b>Six Months Ended June 30, 2014          2013 (in millions)</b>		<b>Percent Change 2014 vs. 2013</b>
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Gain (loss) on foreign currency transactions	\$ 46	\$ (82)	NM <sup>(1)</sup>
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<sup>(1)</sup> 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.

	<b>Six Months Ended June 30, 2014          2013 (in millions)</b>		<b>Percent Change 2014 vs. 2013</b>
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Other gain, net	\$ 14	\$ 6	NM <sup>(1)</sup>
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<sup>(1)</sup> Fluctuation in terms of percentage change is not meaningful.

The other gain, net for the six months ended June 30, 2014 was primarily related to pre-tax gains of \$12 million resulting from the sale of an owned hotel and a vacant parcel of land that occurred in the second quarter of 2014.

The other gain, net for the six months ended June 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.

	<b>Six Months Ended June 30,</b>		<b>Percent Change</b>
	<b>2014</b>	<b>2013</b>	<b>2014 vs. 2013</b>
	<b>(in millions)</b>		
Income tax expense	\$ 204	\$ 122	67.2

The increase in income tax expense was primarily the result of an increase in U.S. federal taxes as a result of higher taxable income.

**Table of Contents*****Segment Results***

We evaluate our business segment operating performance using segment Adjusted EBITDA, as described in Note 15:

Business Segments in our unaudited condensed 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 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:

	<b>Six Months Ended June 30,</b>		<b>Percent Change</b>
	<b>2014</b>	<b>2013</b>	<b>2014 vs. 2013</b>
	<b>(in millions)</b>		
<b>Revenues</b>			
Ownership	\$ 2,078	\$ 1,998	4.0
Management and franchise	702	608	15.5
Timeshare	555	507	9.5
Segment revenues	3,335	3,113	7.1
Other revenues from managed and franchised properties	1,747	1,591	9.8
Other revenues	46	30	53.3
Intersegment fees elimination	(98)	(91)	7.7
<b>Total revenues</b>	<b>\$ 5,030</b>	<b>\$ 4,643</b>	<b>8.3</b>
<b>Adjusted EBITDA</b>			
Ownership	\$ 470	\$ 445	5.6
Management and franchise	702	608	15.5
Timeshare	154	119	29.4
Corporate and other	(131)	(135)	(3.0)
<b>Adjusted EBITDA</b>	<b>\$ 1,195</b>	<b>\$ 1,037</b>	<b>15.2</b>

***Ownership***

Ownership segment revenues increased \$80 million for the six months ended June 30, 2014, compared to the same period in 2013, primarily due to an improvement in RevPAR of 4.5 percent at our comparable owned and leased hotels. Our ownership segment's Adjusted EBITDA increased \$25 million, primarily as a result of an increase in ownership segment revenues, offset by an increase in owned and leased operating expenses of \$57 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 \$94 million for the six months ended June 30, 2014, compared to the same period in 2013, primarily as a result of an increase in RevPAR of 6.9 percent at our comparable managed and franchised properties, 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.



**Table of Contents***Timeshare*

Our timeshare segment's Adjusted EBITDA increased \$35 million for the six months ended June 30, 2014, compared to the same period in 2013, as a result of an increase in timeshare revenues of \$48 million, offset by an increase in timeshare operating expenses of \$14 million. Refer to Revenues Timeshare and Operating Expenses Timeshare for a discussion of the increases 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:

	<b>Year Ended December 31, 2013</b>	<b>Variance 2013 vs. 2012</b>
<b>Owned and leased hotels</b>		
Occupancy	75.9%	0.9% pts
ADR	\$ 191.15	3.4%
RevPAR	\$ 145.00	4.6%
<b>Managed and franchised hotels</b>		
Occupancy	71.9%	1.4% pts
ADR	\$ 130.68	3.3%
RevPAR	\$ 94.02	5.3%
<b>System-wide</b>		
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***

	<b>Year Ended December 31,</b>		<b>Percent Change 2013 vs. 2012</b>
	<b>2013</b>	<b>2012</b>	
	<b>(in millions)</b>		
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.

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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,**

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

**Table of Contents***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.

	<b>Year Ended December 31,</b>		<b>Percent Change</b>
	<b>2013</b>	<b>2012</b>	<b>2013 vs. 2012</b>
	<b>(in millions)</b>		
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.

	<b>Year Ended December 31,</b>		<b>Percent Change</b>
	<b>2013</b>	<b>2012</b>	<b>2013 vs. 2012</b>
	<b>(in millions)</b>		
Impairment losses	\$	\$ 54	NM <sup>(1)</sup>

<sup>(1)</sup> 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.

	<b>Year Ended December 31,</b>		<b>Percent Change</b>
	<b>2013</b>	<b>2012</b>	<b>2013 vs. 2012</b>
	<b>(in millions)</b>		
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**

	<b>Year Ended December 31,</b>		<b>Percent Change</b>
	<b>2013</b>	<b>2012</b>	<b>2013 vs. 2012</b>
	<b>(in millions)</b>		

Interest expense	\$ 620	\$ 569	9.0
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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.

	<b>Year Ended December 31,</b>		<b>Percent Change</b>
	<b>2013</b>	<b>2012</b>	<b>2013 vs. 2012</b>
	<b>(in millions)</b>		

Equity in earnings (losses) from unconsolidated affiliates	\$ 16	\$ (11)	NM <sup>(1)</sup>
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<sup>(1)</sup> 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.

	<b>Year Ended December 31,</b>		<b>Percent Change</b>
	<b>2013</b>	<b>2012</b>	<b>2013 vs. 2012</b>
	<b>(in millions)</b>		

Gain (loss) on foreign currency transactions	\$ (45)	\$ 23	NM <sup>(1)</sup>
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(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 vs. 2012
	2013	2012	
	(in millions)		
Gain on debt extinguishment	\$ 229	\$	NM <sup>(1)</sup>

(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.

	<b>Year Ended December 31,</b>		<b>Percent Change</b>
	<b>2013</b>	<b>2012</b>	<b>2013 vs. 2012</b>
	<b>(in millions)</b>		
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.

	<b>Year Ended December 31,</b>		<b>Percent Change</b>
	<b>2013</b>	<b>2012</b>	<b>2013 vs. 2012</b>
	<b>(in millions)</b>		
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,		Percent Change 2013 vs. 2012
	2013	2012	
	(in millions)		
<b>Revenues:</b>			
Ownership <sup>(1)(4)</sup>	\$ 4,075	\$ 4,006	1.7
Management and franchise <sup>(2)</sup>	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 <sup>(3)</sup>	69	66	4.5
Intersegment fees elimination <sup>(1)(2)(3)(4)</sup>	(194)	(185)	4.9
<b>Total revenues</b>	<b>\$ 9,735</b>	<b>\$ 9,276</b>	<b>4.9</b>
<b>Adjusted EBITDA:</b>			
Ownership <sup>(1)(2)(3)(4)(5)</sup>	\$ 926	\$ 793	16.8
Management and franchise <sup>(2)</sup>	1,271	1,180	7.7
Timeshare <sup>(1)(2)</sup>	297	252	17.9
Corporate and other <sup>(3)(4)</sup>	(284)	(269)	5.6
<b>Adjusted EBITDA</b>	<b>\$ 2,210</b>	<b>\$ 1,956</b>	<b>13.0</b>

- (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.

**Table of Contents***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:

	<b>Year Ended December 31, 2012</b>	<b>Variance 2012 vs. 2011</b>
<b>Owned and leased hotels</b>		
Occupancy	74.5%	2.3% pts
ADR	\$ 183.29	1.0%
RevPAR	\$ 136.55	4.2%
<b>Managed and franchised hotels</b>		
Occupancy	70.8%	1.9% pts
ADR	\$ 126.17	3.0%
RevPAR	\$ 89.34	5.8%
<b>System-wide</b>		
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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	<b>Year Ended December 31,</b>		<b>Percent Change 2012 vs. 2011</b>
	<b>2012</b>	<b>2011</b>	
	<b>(in millions)</b>		
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*

	<b>Year Ended December 31,</b>		<b>Percent Change 2012 vs. 2011</b>
	<b>2012</b>	<b>2011</b>	
	<b>(in millions)</b>		
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.



	<b>Year Ended December 31,</b>		<b>Percent Change 2012 vs. 2011</b>
	<b>2012</b>	<b>2011</b>	
	<b>(in millions)</b>		
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.

	<b>Year Ended December 31,</b>		<b>Percent Change 2012 vs. 2011</b>
	<b>2012</b>	<b>2011</b>	
	<b>(in millions)</b>		
Impairment losses	\$ 54	\$ 20	NM <sup>(1)</sup>

<sup>(1)</sup> 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.

	<b>Year Ended December 31,</b>		<b>Percent Change 2012 vs. 2011</b>
	<b>2012</b>	<b>2011</b>	
	<b>(in millions)</b>		
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. 2011
	2012	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.

	<b>Year Ended December 31,</b>		<b>Percent Change 2012 vs. 2011</b>
	<b>2012</b>	<b>2011</b>	
	<b>(in millions)</b>		
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.

	<b>Year Ended December 31,</b>		<b>Percent Change 2012 vs. 2011</b>
	<b>2012</b>	<b>2011</b>	
	<b>(in millions)</b>		
Gain (loss) on foreign currency transactions	\$ 23	\$ (21)	NM <sup>(1)</sup>

<sup>(1)</sup> 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.

	<b>Year Ended December 31,</b>		<b>Percent Change 2012 vs. 2011</b>
	<b>2012</b>	<b>2011</b>	
	<b>(in millions)</b>		
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.

	<b>Year Ended December 31,</b>		<b>Percent Change 2012 vs. 2011</b>
	<b>2012</b>	<b>2011</b>	
	<b>(in millions)</b>		
Income tax benefit (expense)	\$ (214)	\$ 59	NM <sup>(1)</sup>

<sup>(1)</sup> 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:

	<b>Year Ended December 31,</b>		<b>Percent Change 2012 vs. 2011</b>
	<b>2012</b>	<b>2011</b>	
	<b>(in millions)</b>		
<b>Revenues:</b>			
Ownership <sup>(1)(4)</sup>	\$ 4,006	\$ 3,926	2.0
Management and franchise <sup>(2)</sup>	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 <sup>(3)</sup>	66	58	13.8
Intersegment fees elimination <sup>(1)(2)(3)(4)</sup>	(185)	(167)	10.8
<b>Total revenues</b>	<b>\$ 9,276</b>	<b>\$ 8,783</b>	<b>5.6</b>
<b>Adjusted EBITDA</b>			
Ownership <sup>(1)(2)(3)(4)(5)</sup>	\$ 793	\$ 725	9.4
Management and franchise <sup>(2)</sup>	1,180	1,095	7.8
Timeshare <sup>(1)(2)</sup>	252	207	21.7
Corporate and other <sup>(3)(4)</sup>	(269)	(274)	(1.8)
<b>Adjusted EBITDA</b>	<b>\$ 1,956</b>	<b>\$ 1,753</b>	<b>11.6</b>

(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.

**Table of Contents***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 June 30, 2014, we owned a majority or controlling financial interest in 48 hotels, representing 27,060 rooms. See *Business Properties* for more information on each of our owned hotels. Of these owned hotels, 24 hotels, representing an aggregate of 20,046 rooms as of June 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 the \$525 million Waldorf Astoria Loan, 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 six months ended June 30, 2014, the *Unrestricted U.S. Real Estate Subsidiaries* represented 19.6 percent of our total revenues, 19.3 percent of net income attributable to Hilton stockholders and 24.6 percent of our Adjusted EBITDA, and as of June 30, 2014, represented 32.6 percent of our total assets and 29.9 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:

	Six Months Ended		Year Ended December 31,		
	2014	2013	2013	2012	2011
			(in millions)		
Revenues	\$ 984	\$ 934	\$ 1,880	\$ 1,754	\$ 1,666
Net income attributable to Hilton stockholders	64	101	186	159	126
Capital expenditures for property and equipment	62	64	134	264	251
Adjusted EBITDA <sup>(1)</sup>	294	277	560	464	409
Assets <sup>(2)</sup>	8,640	8,595	8,649	8,562	8,460
Liabilities <sup>(2)</sup>	6,499	2,458	6,496	2,453	2,445
Cash provided by (used in):					
Operating activities	125	192	364	343	371
Investing activities	(62)	(92)	(162)	(264)	(263)
Financing activities	(50)	(81)	(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:

	Six Months Ended		Year Ended December 31,		
	2014	2013	2013	2012	2011
			(in millions)		
<b>Adjusted EBITDA</b>	\$ 294	\$ 277	\$ 560	\$ 464	\$ 409
Impairment losses included in equity in earnings (losses) from unconsolidated affiliates					(7)
Other adjustment items		(3)	(13)	(7)	
<b>EBITDA</b>	294	274	547	457	402
Interest expense <sup>(1)</sup>	(83)		(31)		
Income tax expense	(46)	(72)	(132)	(114)	(90)
Depreciation and amortization	(101)	(101)	(198)	(184)	(185)
Depreciation and amortization included in equity in earnings (losses) from unconsolidated affiliates					(1)
<b>Net income attributable to Hilton stockholders</b>	\$ 64	\$ 101	\$ 186	\$ 159	\$ 126

- (1) Interest expense on the Unrestricted U.S. Real Estate Subsidiaries reflects \$4,025 million of long-term debt securing these properties which was entered into in October 2013. 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.

## **Liquidity and Capital Resources**

### *Overview*

As of June 30, 2014, we had total cash and cash equivalents of \$829 million, including \$284 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.

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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. 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 six months ended June 30, 2014, we made voluntary prepayments of \$450 million on our Term Loans.

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.

**Table of Contents****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 six months ended June 30,		Percent Change 2014 vs. 2013
	2014	2013	
	(in millions)		
Net cash provided by operating activities	\$ 512	\$ 638	(19.7)
Net cash used in investing activities	(121)	(183)	(33.9)
Net cash used in financing activities	(441)	(534)	(17.4)
Working capital surplus <sup>(2)</sup>	297	503	(41.0)

	As of and for the year ended December 31,			Percent Change	
	2013	2012	2011	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 <sup>(1)</sup>	(19.3)
Working capital surplus <sup>(2)</sup>	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 1.14, 1.11 and 1.20 as of June 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.

Net cash provided by operating activities was \$512 million for the six months ended June 30, 2014, compared to \$638 million for the six months ended June 30, 2013. The \$126 million decrease was primarily due to an increase in cash paid for taxes of \$101 million due to larger estimated payments for 2014 as a result of an increase in our estimated taxable income for 2014.

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.

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**Table of Contents*****Investing Activities***

Net cash used in investing activities was \$121 million for the six months ended June 30, 2014, compared to \$183 million for the six months ended June 30, 2013. The \$62 million decrease was primarily attributable to \$30 million in cash used for acquisitions during the six months ended June 30, 2013, as compared to no cash used for acquisitions during the six months ended June 30, 2014. Additionally, we received proceeds of \$35 million from asset dispositions during the six months ended June 30, 2014, as compared to no proceeds received during the six months ended June 30, 2013. We also had a decrease in capital expenditures of \$11 million during the six months ended June 30, 2014, compared to the same period in 2013. These were offset by increases in contract acquisition costs and software capitalization costs of \$11 million and \$6 million, respectively, during the six months ended June 30, 2014, compared to the same period in 2013. For the six months ended June 30, 2014 and 2013, we capitalized labor costs relating to capital expenditures and software development of \$3 million and \$7 million, respectively.

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.

For the years ended December 31, 2013, 2012 and 2011, we capitalized labor costs relating to our investing activities, including capital expenditures and software development, of \$15 million, \$14 million and \$14 million, respectively.

***Financing Activities***

Net cash used in financing activities was \$441 million for the six months ended June 30, 2014, compared to \$534 million for the six months ended June 30, 2013. The \$93 million decrease in cash used in financing activities was primarily attributable to the decrease in debt repayments of \$169 million, offset by a decrease in borrowings of \$101 million. Additionally, 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 second quarter of 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



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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 \$110 million and \$121 million during the six months ended June 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 \$32 million and \$26 million during the six months ended June 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 June 30, 2014 and December 31, 2013, we had outstanding commitments under construction contracts of approximately \$144 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 June 30, 2014, we had \$48 million of letters of credit outstanding under our Revolving Credit Facility, and a borrowing capacity of \$952 million. We are currently required to pay a commitment fee of 0.125 percent per annum under the Revolving Credit Facility in respect of the unused commitments thereunder. The commitment fee can be reduced upon achievement of certain leverage ratios. 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 June 30, 2014, our total indebtedness, excluding \$264 million of our share of debt of our investments in affiliates, was approximately \$12.3 billion, including \$997 million of non-recourse debt. For further information on our total indebtedness and debt repayments, refer to Note 7: *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.

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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 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 \$48 million and \$51 million in letters of credit outstanding as of June 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 June 30, 2014.

**Contractual Obligations**

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

	Total	Payments Due by Period			More Than 5 Years
		Less Than 1 Year	1-3 Years (in millions)	3-5 Years	
Long-term debt <sup>(1)(2)</sup>	\$ 14,685	\$ 479	\$ 1,087	\$ 4,993	\$ 8,126
Non-recourse debt <sup>(2)</sup>	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, 2014 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 16: Commitments and Contingencies in our unaudited condensed consolidated financial statements included elsewhere in this prospectus for discussion of our off-balance sheet arrangements.

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**Table of Contents****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 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 \$9,036 million of property and equipment, net and \$2,117 million of intangible assets with finite lives as of June 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

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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.

***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 \$257 million of investments in affiliates as of June 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 unit's 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.



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We had \$6,227 million of goodwill as of June 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 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 \$5,016 million of brand intangible assets as of June 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 \$1,033 million of guest loyalty liability as of June 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 \$91 million of allowance for loan losses as of June 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 \$37 million.

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**Table of Contents*****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 six months ended June 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 12:

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:

	2014	2015	Maturities by Period (in millions, excluding average interest rates)				Carrying Value	Fair Value
			2016	2017	2018	Thereafter		
<b>Assets:</b>								
Fixed-rate timeshare financing receivables	\$ 135	\$ 116	\$ 120	\$ 122	\$ 119	\$ 382	\$ 994	\$ 996
Average interest rate <sup>(1)</sup>							11.97%	
<b>Liabilities:</b>								
Fixed-rate long-term debt <sup>(2)</sup>	\$ 1	\$	\$ 132	\$ 53	\$ 2,625	\$ 1,500	\$ 4,311	\$ 4,575
Average interest rate <sup>(1)</sup>							4.96%	
Fixed-rate non-recourse debt <sup>(3)</sup>	\$ 33	\$ 26	\$ 28	\$ 28	\$ 28	\$ 79	\$ 222	\$ 220
Average interest rate <sup>(1)</sup>							2.28%	
Variable-rate long-term debt <sup>(4)</sup>	\$	\$	\$	\$	\$ 1,400	\$ 6,000	\$ 7,400	\$ 7,400
Average interest rate <sup>(1)</sup>							3.54%	
Variable-rate non-recourse debt <sup>(5)</sup>	\$	\$	\$ 450	\$	\$	\$	\$ 450	\$ 450
Average interest rate <sup>(1)</sup>							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 June 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 4,202 hotels, resorts and timeshare properties comprising 693,980 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 11 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 hotel brands, Waldorf Astoria Hotels & Resorts and Conrad Hotels & Resorts, 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 152 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 42 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 4,050 properties with 633,150 rooms, we manage hotels, resorts and timeshare properties owned by third parties and we license our brands to franchisees. Our ownership segment consists of 152 hotels with 60,830 rooms that we own or lease. Through our timeshare segment, which consists of 44 properties comprising 6,758 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 210,000 rooms scheduled to be opened in the future, all of which are in our management and franchise segment. As of June 30, 2014, over 106,000 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 42 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 6.6 percent on a currency



neutral basis for the six months ended June 30, 2014 compared to the six months ended June 30, 2013.

Adjusted EBITDA increased 13 percent for the year ended December 31, 2013 compared to the year ended December 31, 2012 and increased 15 percent for the six months ended June 30, 2014 compared to the six months ended June 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

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76 percent and 70 percent, respectively, for the six months ended June 30, 2014 compared to the six months ended June 30, 2013.

Our capital light management and franchise segment experienced increases in Adjusted EBITDA of eight percent and 15 percent, respectively, for the year ended December 31, 2013 and the six months ended June 30, 2014 compared to the prior year periods; and our capital light timeshare segment experienced increases in Adjusted EBITDA of 18 percent and 29 percent, respectively, for the year ended December 31, 2013 and the six months ended June 30, 2014 compared to the prior year periods.

We have reduced our long-term debt by \$2.1 billion through voluntary prepayments from December 12, 2013, the date of our IPO, through September 10, 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 six months ended June 30, 2014, we opened an additional 17,000 rooms and achieved net unit growth of over 15,000 rooms.

We approved 72,000 new rooms for development during the year ended December 31, 2013 and another 36,000 new rooms during the six months ended June 30, 2014.

Our industry-leading pipeline has grown at an average of 12 percent for each of the last three years and includes 1,230 hotels, consisting of approximately 210,000 rooms as of June 30, 2014, of which more than half, or 117,000 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 June 30, 2014, we had over 106,000 rooms under construction, representing the largest number of rooms under construction in the industry in every major region of the world based on STR data, as illustrated by the table below:

<b>Market</b>	<b>Hilton Worldwide Rooms Under Construction</b>	
	<b>% of Total</b>	<b>Industry Rank</b>
Americas	20.4%	#1
Europe	19.7%	#1
Middle East and Africa	21.6%	#1
Asia Pacific	15.0%	#1
<b>Global</b>	<b>17.9%</b>	<b>#1</b>

*Source: STR Global New Development Pipeline (June 2014).*

We expect that our #1 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 June 30, 2014, based on STR data. This means that our brands achieve on average 15 percent more

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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 4,202 properties and 693,980 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 360 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 133 million customer visits during the twelve months ended June 30, 2014, with members of our Hilton HHonors loyalty program contributing approximately 50 percent of the 175 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 June 30, 2014, there were approximately 42 million Hilton HHonors members, an 11 percent increase from June 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 30 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 six months ended June 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 June 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 nearly five 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 six months ended June 30, 2014, we further reduced our long-term debt by \$450 million through voluntary prepayments. Additionally, in July 2014, we made a \$150 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.

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***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 Paulo, 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.

***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 60 percent for the twelve months ended June 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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**Table of Contents****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 June 30, 2014, 71 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 210,000 rooms as of June 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 88,000, or 82 percent of our total supply, as of June 30, 2014 and the percentage of sales of timeshare intervals developed by third parties has increased to 60 percent for the twelve months ended June 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 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.

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***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.

Brand <sup>(1)</sup>	Segment	June 30, 2014		Percentage of		Selected Competitors <sup>(2)</sup>
		Countries/ Territories	Hotels	Rooms	Total Rooms	
	Luxury	12	27	11,126	1.6%	Ritz Carlton, Four Seasons, Peninsula, St. Regis, Mandarin Oriental
	Luxury	17	23	7,811	1.1%	Park Hyatt, Sofitel, Intercontinental, JW Marriott, Fairmont
	Upper Upscale	81	553	198,203	28.6%	Marriott, Sheraton, Hyatt, Radisson Blu, Renaissance, Westin, Sofitel, Swissotel, Mövenpick
	Upscale	34	387	96,297	13.9%	Sheraton, Marriott, Crowne Plaza, Wyndham, Radisson, Mövenpick, Hotel Nikko, Holiday Inn, Renaissance
	Upper Upscale	6	218	51,970	7.5%	Renaissance, Sheraton, Hyatt, Residence Inn by Marriott
	Upscale	21	598	83,097	12.0%	Courtyard by Marriott, Holiday Inn, Hyatt Place, Novotel, Aloft, Four Points by Sheraton
	Upper Midscale	15	1,964	194,305	28.0%	Fairfield Inn by Marriott, Holiday Inn Express, Comfort Inn, Quality Inn, La Quinta Inns, Wyngate by Wyndham
	Upscale	3	346	38,566	5.5%	Residence Inn by Marriott, Hyatt House, Staybridge Suites, Candlewood Suites

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Upper Midscale	2	34	3,631	0.5%	Candlewood Suites, AmericInn, Towne Place Suites
Timeshare	4	44	6,758	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 27 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.

*Hilton Hotels & Resorts:* Hilton is our global flagship brand and ranks number one for global brand awareness in the hospitality industry, with 553 hotels and resorts in 81 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:* 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 our Hilton HHonors guest loyalty program. As of June 30, 2014, three properties comprising 2,005 rooms, including the SLS Las Vegas Hotel & Casino, were in the pipeline and letters of intent were signed for an additional six properties comprising more than 2,100 rooms.

*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.

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*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 11 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 42 million members. Our Hilton HHonors members represented approximately 50 percent of our system-wide occupancy and contributed hotel-level revenues of over \$12 billion during the twelve months ended June 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 June 30, 2014, our system included the following properties and rooms, by type, brand and region:

	Owned / Leased <sup>(1)</sup>		Managed		Franchised		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
<b>Waldorf Astoria Hotels &amp; Resorts</b>								
U.S.	2	1,601	12	5,798			14	7,399
Americas (excluding U.S.)			1	248	1	984	2	1,232
Europe	2	463	4	898			6	1,361
MEA			3	703			3	703
Asia Pacific			2	431			2	431
<b>Conrad Hotels &amp; Resorts</b>								
U.S.			4	1,335			4	1,335
Americas (excluding U.S.)					1	294	1	294
Europe	1	191	2	705			3	896
MEA	1	587	2	641			3	1,228
Asia Pacific			11	3,422	1	636	12	4,058
<b>Hilton Hotels &amp; Resorts</b>								
U.S.	23	21,107	41	24,659	176	52,932	240	98,698
Americas (excluding U.S.)	3	1,836	22	7,599	18	5,489	43	14,924
Europe	73	18,922	58	16,993	20	5,237	151	41,152
MEA	6	2,276	44	13,992	1	410	51	16,678
Asia Pacific	8	3,952	52	19,819	8	2,980	68	26,751
<b>DoubleTree by Hilton</b>								
U.S.	12	4,456	27	8,057	244	59,754	283	72,267
Americas (excluding U.S.)			3	637	12	2,301	15	2,938
Europe			12	3,676	38	6,308	50	9,984
MEA			7	1,464	3	429	10	1,893
Asia Pacific			27	8,250	2	965	29	9,215
<b>Embassy Suites Hotels</b>								
U.S.	15	3,747	38	10,115	157	36,185	210	50,047
Americas (excluding U.S.)			3	653	5	1,270	8	1,923
<b>Hilton Garden Inn</b>								
U.S.	2	290	5	635	525	71,651	532	72,576
Americas (excluding U.S.)			5	685	24	3,683	29	4,368
Europe			19	3,474	12	1,751	31	5,225
MEA			1	180			1	180
Asia Pacific			5	748			5	748
<b>Hampton Hotels</b>								
U.S.	1	130	50	6,238	1,822	175,811	1,873	182,179
Americas (excluding U.S.)			6	729	55	6,821	61	7,550
Europe			6	974	23	3,530	29	4,504
Asia Pacific					1	72	1	72
<b>Homewood Suites by Hilton</b>								
U.S.			37	4,267	293	32,473	330	36,740
Americas (excluding U.S.)			2	224	14	1,602	16	1,826

**Home2 Suites by Hilton**

U.S.					33	3,534	33	3,534
Americas (excluding U.S.)			1	97			1	97
<b>Other</b>	3	1,272	5	944			8	2,216
<i>Lodging</i>	152	60,830	517	149,290	3,489	477,102	4,158	687,222
<b>Hilton Grand Vacations</b>			44	6,758			44	6,758
<i>Total</i>	152	60,830	561	156,048	3,489	477,102	4,202	693,980

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



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**Table of Contents*****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 June 30, 2014, we managed 517 hotels with 149,290 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 152 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 June 30, 2014, there were 3,489 franchised hotels with 477,102 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

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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 Paulo, 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 June 30, 2014, HGV managed a global system of 44 resorts and the HGV Club and the Hilton Club had more than 221,000 members in total.

**Hotel Properties*****Owned or Controlled Hotels***

As of June 30, 2014, we owned a majority or controlling financial interest in the following 48 hotels, representing 27,060 rooms.

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

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Hilton Blackpool	Blackpool, United Kingdom	274	100%
Hilton Rotterdam	Rotterdam, Netherlands	254	100%
Hilton Suites Chicago/Oak Brook <sup>(1)</sup>	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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<b>Property</b>	<b>Location</b>	<b>Rooms</b>	<b>Ownership</b>
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%
Hilton Portsmouth	Portsmouth, United Kingdom	119	100%
<b>DoubleTree by Hilton</b>			
DoubleTree Hotel Crystal City National Airport <sup>(1)</sup>	Arlington, VA, USA	631	100%
DoubleTree Hotel San Jose <sup>(1)</sup>	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%
<b>Embassy Suites Hotels</b>			
Embassy Suites Washington D.C. <sup>(1)</sup>	Washington, D.C., USA	318	100%
Embassy Suites Austin Downtown/Town Lake	Austin, TX, USA	259	100%
Embassy Suites Phoenix Airport at 24th Street	Phoenix, AZ, USA	182	100%
<b>Hilton Garden Inn</b>			
Hilton Garden Inn LAX/El Segundo <sup>(1)</sup>	El Segundo, CA, USA	162	100%
Hilton Garden Inn Chicago/Oak Brook <sup>(1)</sup>	Oakbrook Terrace, IL, USA	128	100%
<b>Hampton Hotels</b>			
Hampton Inn & Suites Memphis Shady Grove <sup>(1)</sup>	Memphis, TN, USA	130	100%

<sup>(1)</sup> Property that is included in PropCo group of entities that are unrestricted subsidiaries.

**Joint Venture Hotels**

As of June 30, 2014, we had a minority or noncontrolling financial interest in and operated the following 28 properties, representing 10,994 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.

<b>Property</b>	<b>Location</b>	<b>Rooms</b>	<b>Ownership</b>
<b>Waldorf Astoria Hotels &amp; Resorts</b>			
The Waldorf Astoria Chicago	Chicago, IL, USA	188	15%
<b>Conrad Hotels &amp; Resorts</b>			
Conrad Cairo	Cairo, Egypt	587	10%
Conrad Dublin	Dublin, Ireland	191	25%
<b>Hilton Hotels &amp; Resorts</b>			
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	544	25%
Hilton Nagoya	Nagoya, Japan	448	24%

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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%
<b>DoubleTree by Hilton</b>			
DoubleTree Las Vegas Airport	Las Vegas, NV, USA	190	50%
DoubleTree Guest Suites Austin	Austin, TX, USA	188	10%
DoubleTree Hotel Missoula/Edgewater	Missoula, MT, USA	171	50%



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<b>Property</b>	<b>Location</b>	<b>Rooms</b>	<b>Ownership</b>
<b>Embassy Suites Hotels</b>			
Embassy Suites Alexandria Old Town	Alexandria, VA, USA	288	50%
Embassy Suites Parsippany	Parsippany, NJ, USA	274	50%
Embassy Suites Kansas City Plaza	Kansas City, MO, USA	266	50%
Embassy Suites Chicago Lombard/Oak Brook	Lombard, IL, USA	262	50%
Embassy Suites Secaucus Meadowlands	Secaucus, NJ, USA	261	50%
Embassy Suites San Antonio International Airport	San Antonio, TX, USA	261	50%
Embassy Suites Austin Central	Austin, TX, USA	260	50%
Embassy Suites Atlanta Perimeter Center	Atlanta, GA, USA	241	50%
Embassy Suites San Rafael Marin County	San Rafael, CA, USA	235	50%
Embassy Suites Raleigh Crabtree	Raleigh, NC, USA	225	50%
Embassy Suites San Antonio NW I-10	San Antonio, TX, USA	216	50%
Embassy Suites Kansas City Overland Park	Overland Park, KS, USA	199	50%
<b>Other</b>			
Myrtle Beach Kingston Plantation (condo management company)	Myrtle Beach, SC, USA	740	50%
<b>Leased Hotels</b>			

As of June 30, 2014, we leased the following 76 hotels, representing 22,776 rooms.

<b>Property</b>	<b>Location</b>	<b>Rooms</b>
<b>Waldorf Astoria Hotels &amp; Resorts</b>		
Waldorf Astoria Rome Cavalieri	Rome, Italy	370
Waldorf Astoria Amsterdam	Amsterdam, Netherlands	93
<b>Hilton Hotels &amp; Resorts</b>		
Hilton Tokyo <sup>(1)</sup>	(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 <sup>(1)</sup>	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

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<b>Property</b>	<b>Location</b>	<b>Rooms</b>
Hilton Adana	Adana, Turkey	308
Hilton Waldorf	London, United Kingdom	298
Hilton Cologne	Cologne, Germany	296
Hilton Slussen	Stockholm, Sweden	289
Hilton Nairobi <sup>(1)</sup>		