

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

Form 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2018

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File No. 001-34521

HYATT HOTELS CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of
Incorporation or Organization)

20-1480589

(I.R.S. Employer
Identification No.)

150 North Riverside Plaza 8th Floor, Chicago, Illinois

(Address of Principal Executive Offices)

60606

(Zip Code)

(312) 750-1234

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

At October 26, 2018, there were 42,768,452 shares of the registrant's Class A common stock, \$0.01 par value, outstanding and 67,119,482 shares of the registrant's Class B common stock, \$0.01 par value, outstanding.

HYATT HOTELS CORPORATION
QUARTERLY REPORT ON FORM 10-Q
FOR THE PERIOD ENDED SEPTEMBER 30, 2018

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

HYATT HOTELS CORPORATION AND SUBSIDIARIES **CONDENSED CONSOLIDATED STATEMENTS OF INCOME** (In millions of dollars, except per share amounts) (Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
REVENUES:				
Owned and leased hotels	\$ 450	\$ 516	\$ 1,450	\$ 1,661
Management, franchise, and other fees	133	123	407	367
Amortization of management and franchise agreement assets constituting payments to customers	(5)	(4)	(15)	(13)
Net management, franchise, and other fees	128	119	392	354
Other revenues	7	6	27	28
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	489	429	1,447	1,302
Total revenues	1,074	1,070	3,316	3,345
DIRECT AND SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES:				
Owned and leased hotels	354	406	1,095	1,258
Depreciation and amortization	81	88	243	261
Other direct costs	8	3	23	20
Selling, general, and administrative	82	89	260	278
Costs incurred on behalf of managed and franchised properties	487	425	1,447	1,313
Direct and selling, general, and administrative expenses	1,012	1,011	3,068	3,130
Net gains and interest income from marketable securities held to fund rabbi trusts	10	11	19	35
Equity earnings (losses) from unconsolidated hospitality ventures	(6)	1	(17)	(1)
Interest expense	(19)	(20)	(57)	(61)
Gains on sales of real estate	239	—	769	60
Asset impairments	(21)	—	(21)	—
Other income (loss), net	(9)	(16)	(22)	32
INCOME BEFORE INCOME TAXES	256	35	919	280
PROVISION FOR INCOME TAXES	(19)	(16)	(194)	(103)
NET INCOME	237	19	725	177
NET INCOME AND ACCRETION ATTRIBUTABLE TO NONCONTROLLING INTERESTS	—	(1)	—	(1)
NET INCOME ATTRIBUTABLE TO HYATT HOTELS CORPORATION	\$ 237	\$ 18	\$ 725	\$ 176
EARNINGS PER SHARE — Basic				
Net income	\$ 2.12	\$ 0.15	\$ 6.31	\$ 1.40
Net income attributable to Hyatt Hotels Corporation	\$ 2.12	\$ 0.14	\$ 6.31	\$ 1.39
EARNINGS PER SHARE — Diluted				
Net income	\$ 2.09	\$ 0.15	\$ 6.21	\$ 1.39
Net income attributable to Hyatt Hotels Corporation	\$ 2.09	\$ 0.14	\$ 6.21	\$ 1.38
CASH DIVIDENDS DECLARED PER SHARE	\$ 0.15	\$ —	\$ 0.45	\$ —

See accompanying Notes to condensed consolidated financial statements.

HYATT HOTELS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions of dollars)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Net income	\$ 237	\$ 19	\$ 725	\$ 177
Other comprehensive income (loss), net of taxes:				
Foreign currency translation adjustments, net of tax (benefit) of \$- and \$(1) for the three and nine months ended September 30, 2018 and \$- for the three and nine months ended September 30, 2017	71	11	48	71
Unrealized gains on available-for-sale debt securities, net of tax expense of \$- for the three and nine months ended September 30, 2018 and September 30, 2017, and unrealized (losses) gains on available-for-sale equity securities, net of tax (benefit) expense of \$(7) and \$21 for the three and nine months ended September 30, 2017	—	(12)	—	33
Unrealized gains on derivative activity, net of tax expense of \$1 for the three and nine months ended September 30, 2018 and \$- for the three and nine months ended September 30, 2017	3	1	3	1
Other comprehensive income	74	—	51	105
COMPREHENSIVE INCOME	311	19	776	282
COMPREHENSIVE INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	—	(1)	—	(1)
COMPREHENSIVE INCOME ATTRIBUTABLE TO HYATT HOTELS CORPORATION	\$ 311	\$ 18	\$ 776	\$ 281

See accompanying Notes to condensed consolidated financial statements.

HYATT HOTELS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions of dollars, except share and per share amounts)
(Unaudited)

	September 30, 2018	December 31, 2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,014	\$ 503
Restricted cash	23	234
Short-term investments	217	49
Receivables, net of allowances of \$25 and \$21 at September 30, 2018 and December 31, 2017, respectively	436	350
Inventories	13	14
Prepays and other assets	140	153
Prepaid income taxes	56	24
Assets held for sale	44	—
Total current assets	1,943	1,327
Investments	225	212
Property and equipment, net	3,570	4,034
Financing receivables, net of allowances	14	19
Goodwill	132	150
Intangibles, net	296	305
Deferred tax assets	149	141
Other assets	1,395	1,384
TOTAL ASSETS	\$ 7,724	\$ 7,572
LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST, AND EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	\$ 11	\$ 11
Accounts payable	127	136
Accrued expenses and other current liabilities	296	352
Current contract liabilities	332	348
Accrued compensation and benefits	130	145
Liabilities held for sale	1	—
Total current liabilities	897	992
Long-term debt	1,622	1,440
Long-term contract liabilities	433	424
Other long-term liabilities	837	863
Total liabilities	3,789	3,719
Commitments and contingencies (see Note 12)		
Redeemable noncontrolling interest in preferred shares of a subsidiary	—	10
EQUITY:		
Preferred stock, \$0.01 par value per share, 10,000,000 shares authorized and none outstanding at September 30, 2018 and December 31, 2017	—	—
Class A common stock, \$0.01 par value per share, 1,000,000,000 shares authorized, 43,625,629 issued and outstanding at September 30, 2018, and Class B common stock, \$0.01 par value per share, 400,064,055 shares authorized, 67,119,482 shares issued and outstanding at September 30, 2018. Class A common stock, \$0.01 par value per share, 1,000,000,000 shares authorized, 48,231,149 issued and outstanding at December 31, 2017, and Class B common stock, \$0.01 par value per share, 402,748,249 shares authorized, 70,753,837 shares issued and outstanding at December 31, 2017	1	1
Additional paid-in capital	339	967
Retained earnings	3,791	3,054
Accumulated other comprehensive loss	(202)	(185)
Total stockholders' equity	3,929	3,837
Noncontrolling interests in consolidated subsidiaries	6	6
Total equity	3,935	3,843
TOTAL LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST, AND EQUITY	\$ 7,724	\$ 7,572

HYATT HOTELS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions of dollars)
(Unaudited)

	Nine Months Ended	
	September 30, 2018	September 30, 2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 725	\$ 177
Adjustments to reconcile net income to net cash provided by operating activities:		
Gains on sales of real estate	(769)	(60)
Depreciation and amortization	243	261
Deferred income taxes	(7)	(9)
Impairment of assets	43	—
Equity losses from unconsolidated hospitality ventures	17	1
Amortization of management and franchise agreement assets constituting payments to customers	15	13
Realized losses	2	41
Distributions from unconsolidated hospitality ventures	10	26
Working capital changes and other	(147)	(22)
Net cash provided by operating activities	132	428
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of marketable securities and short-term investments	(572)	(365)
Proceeds from marketable securities and short-term investments	426	364
Contributions to equity method and other investments	(52)	(67)
Return of equity method and other investments	24	200
Acquisitions, net of cash acquired	(263)	(259)
Capital expenditures	(195)	(212)
Proceeds from sales of real estate, net of cash disposed	1,334	296
Other investing activities	10	(11)
Net cash provided by (used in) investing activities	712	(54)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from debt, net of issuance costs of \$4 and \$-, respectively	416	620
Repayments of debt	(230)	(391)
Repurchases of common stock	(654)	(555)
Proceeds from redeemable noncontrolling interest in preferred shares in a subsidiary	—	9
Repayments of redeemable noncontrolling interest in preferred shares in a subsidiary	(10)	—
Dividends paid	(52)	—
Other financing activities	(13)	(7)
Net cash used in financing activities	(543)	(324)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	3	—
NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	304	50
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH—BEGINNING OF YEAR	752	573
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH—END OF PERIOD	\$ 1,056	\$ 623

See accompanying Notes to condensed consolidated financial statements.

Supplemental disclosure of cash flow information:

	September 30, 2018	September 30, 2017
Cash and cash equivalents	\$ 1,014	\$ 383
Restricted cash (1)	23	224
Restricted cash included in other assets (1)	19	16
Total cash, cash equivalents, and restricted cash	<u>\$ 1,056</u>	<u>\$ 623</u>

(1) Restricted cash generally represents sales proceeds pursuant to like-kind exchanges, captive insurance subsidiary requirements, debt service on bonds, escrow deposits, and other arrangements.

	Nine Months Ended September 30,	
	2018	2017
Cash paid during the period for interest	\$ 72	\$ 77
Cash paid during the period for income taxes	\$ 267	\$ 125
Non-cash investing and financing activities are as follows:		
Non-cash contributions to equity method investments (see Note 6, Note 12)	\$ 53	\$ 4
Non-cash issuance of financing receivables (see Note 5, Note 6)	\$ 45	\$ —
Change in accrued capital expenditures	\$ 7	\$ 19
Non-cash management and franchise agreement assets constituting payments to customers	\$ —	\$ 3

See accompanying Notes to condensed consolidated financial statements.

HYATT HOTELS CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(amounts in millions of dollars, unless otherwise indicated)
(Unaudited)

1. ORGANIZATION

Hyatt Hotels Corporation, a Delaware corporation, and its consolidated subsidiaries (collectively "Hyatt Hotels Corporation") provide hospitality and other services on a worldwide basis through the development, ownership, operation, management, franchising, and licensing of hospitality and wellness-related businesses. We develop, own, operate, manage, franchise, license, or provide services to a portfolio of properties consisting of full service hotels, select service hotels, resorts, and other properties, including branded spas and fitness studios, and timeshare, fractional, and other forms of residential or vacation properties. At September 30, 2018, (i) we operated or franchised 347 full service hotels, comprising 133,402 rooms throughout the world, (ii) we operated or franchised 407 select service hotels, comprising 57,576 rooms, of which 358 hotels are located in the United States, and (iii) our portfolio included 6 franchised all-inclusive Hyatt-branded resorts, comprising 2,401 rooms, and 3 destination wellness resorts, comprising 399 rooms. At September 30, 2018, our portfolio of properties operated in 59 countries around the world. Additionally, through strategic relationships, we provide certain reservation and/or loyalty program services to hotels that are unaffiliated with our hotel portfolio and which operate under other tradenames or marks owned by such hotel or licensed by third parties.

As used in these Notes and throughout this Quarterly Report on Form 10-Q, (i) the terms "Hyatt," "Company," "we," "us," or "our" mean Hyatt Hotels Corporation and its consolidated subsidiaries and (ii) the term "portfolio of properties" refers to hotels and other properties, including branded spas and fitness studios and residential vacation ownership units, that we develop, own, operate, manage, franchise, license, or provide services to, including under our Park Hyatt, Miraval, Grand Hyatt, Hyatt Regency, Hyatt, Andaz, Hyatt Centric, The Unbound Collection by Hyatt, Hyatt Place, Hyatt House, Hyatt Ziva, Hyatt Zilara, exhale, and Hyatt Residence Club brands.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information, the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all information or footnotes required by GAAP for complete annual financial statements. As a result, this Quarterly Report on Form 10-Q should be read in conjunction with the Consolidated Financial Statements and accompanying Notes in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 (the "2017 Form 10-K").

We have eliminated all intercompany accounts and transactions in our condensed consolidated financial statements. We consolidate entities under our control, including entities where we are deemed to be the primary beneficiary.

Management believes the accompanying condensed consolidated financial statements reflect all adjustments, which are all of a normal recurring nature, considered necessary for a fair presentation of the interim periods.

2. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Summary of Significant Accounting Policies

Our significant accounting policies are detailed in Part IV, Item 15, "Exhibits and Financial Statement Schedule—Note 2 to our Consolidated Financial Statements" within the 2017 Form 10-K. Upon adoption of Accounting Standards Update No. 2014-09 ("ASU 2014-09"), *Revenue from Contracts with Customers (Topic 606)* and Accounting Standards Update No. 2016-01 ("ASU 2016-01"), *Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, our accounting policies have been revised as follows:

Revenue Recognition —Our revenues are primarily derived from the following products and services and are generally recognized when control of the product or service has transferred to the customer:

- Owned and leased hotels revenues:
 - Owned and leased hotels revenues are derived from room rentals and services provided at our owned and leased properties and are recognized over time as rooms are occupied and when

services are rendered. We present revenues net of sales, occupancy, and other taxes. Taxes collected on behalf of and remitted to governmental taxing authorities are excluded from the transaction price of the underlying products and services. In relation to the loyalty program, a portion of our owned and leased hotels revenues is deferred upon initial stay as points are earned by program members at an owned or leased hotel, and revenues are recognized upon redemption at an owned or leased hotel.

- Management, franchise, and other fees:
 - Management fees primarily consist of a base fee, which is generally calculated as a percentage of gross revenues, and an incentive fee, which is generally computed based on a hotel profitability measure. Management fees are recognized over time as services are performed. Additionally, included within our management fees are royalty fees that we recognize as owners derive value from access to Hyatt's intellectual property ("IP"), including our brand names. Incentive fees may be subject to minimum profitability thresholds, and we recognize incentive fee revenues over time as services are rendered only to the extent that a significant reversal is not probable.
 - Franchise fees consist of an initial fee and ongoing royalty fees computed as a percentage of gross room revenues and, as applicable, food and beverage revenues. Royalty fees are recognized over time as franchisees derive value from the license to Hyatt's IP. Initial fees are deferred and recognized over the expected customer life, which is typically the initial term of the franchise agreement.
 - Management, franchise, and other fees include license fee revenues associated with the licensing of the Hyatt brand names through our co-branded credit card program. License fee revenues are recognized over time as the licensee derives value from access to Hyatt's brand names.
- Net management, franchise, and other fees are reduced by the amortization of management and franchise agreement assets constituting payments to customers ("Contra revenue"). Consideration provided to customers is recognized in other assets and amortized over the expected customer life, which is typically the initial term of the management or franchise agreement.
- Other revenues:
 - Other revenues include revenues from the sale of promotional awards through our co-branded credit card and spa and fitness revenues from exhale. We recognize the revenue from our co-branded credit card upon the fulfillment or expiration of a card member's promotional awards. Revenue is recognized net of expenses incurred to fulfill the promotional award as we are deemed the agent in the transaction. Spa and fitness revenues are recognized at the point in time the products or services are provided to the customer.
- Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties:
 - Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties represent the reimbursement of costs incurred on behalf of the owners of properties. These costs relate primarily to payroll costs at managed properties where we are the employer, as well as costs associated with reservations, sales, marketing, technology (collectively, "system-wide services"), and the loyalty program operated on behalf of owners. Hyatt is reimbursed for costs incurred based on the terms of the contracts, and revenue is recognized as the underlying performance obligations are satisfied.

Revenue is adjusted for the effects of a significant financing component when the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year.

Gains on Sales of Real Estate —Gains on sales of real estate are generally recognized when control of the property transfers to the buyer.

Equity Method Investments —We have investments in unconsolidated hospitality ventures accounted for under the equity method. These investments are an integral part of our business and are strategically and operationally important to our overall results. When we receive a distribution from an investment, we determine whether it is a return on our investment or a return of our investment based on the underlying nature of the distribution. We assess investments in unconsolidated hospitality ventures for impairment quarterly.

Debt and Equity Securities —Excluding equity securities classified as equity method investments, debt and equity securities consist of various investments:

- Equity securities consist of interest-bearing money market funds, mutual funds, common shares, and preferred shares. Equity securities with a readily determinable fair value are recorded at fair value on our condensed consolidated balance sheets based on listed market prices or dealer quotations where available. Equity securities without a readily determinable fair value are recognized at cost less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for the identical or similar investment of the same issuer.
- Debt securities consist of various types including preferred shares, time deposits, and fixed income securities, including U.S. government obligations, obligations of other government agencies, corporate debt, mortgage-backed and asset-backed securities, and municipal and provincial notes and bonds. Debt securities are classified as either trading, available-for-sale ("AFS"), or held-to-maturity ("HTM").
 - Trading securities—recognized at fair value based on listed market prices or dealer price quotations, where available. Net gains and losses, both realized and unrealized, on trading securities are reflected in net gains and interest income from marketable securities held to fund rabbi trusts or other income (loss), net, depending on the nature of the investment, on our condensed consolidated statements of income.
 - AFS securities—recognized at fair value based on listed market prices or dealer price quotations, where available. Unrealized gains and losses on AFS debt securities are recognized in accumulated other comprehensive loss on our condensed consolidated balance sheets. Realized gains and losses on debt securities are recognized in other income (loss), net on our condensed consolidated statements of income.
 - HTM securities—debt security investments which we have the ability to hold until maturity and are recorded at amortized cost.

AFS and HTM debt securities are assessed for impairment quarterly.

Loyalty Program —We administer the loyalty program for the benefit of Hyatt's portfolio of properties during the period of their participation in the loyalty program. The loyalty program is primarily funded through contributions based on eligible revenues from loyalty program members, and the funds are used for the redemption of member awards and payment of operating expenses.

The costs of operating the loyalty program, including the estimated cost of award redemption, are charged to the participating properties based on members' qualified expenditures. The revenues received from the properties are deferred, and revenues are recognized as loyalty points are redeemed, net of redemption expense, through revenues for the reimbursement of costs incurred on behalf of managed and franchised properties. Operating costs are expensed as incurred through costs incurred on behalf of managed and franchised properties.

We actuarially determine the amount to recognize as revenue based on statistical formulas that estimate the timing of future point redemptions based on historical experience, including an estimate of breakage for points that will not be redeemed, and an estimate of the points that will eventually be redeemed. Any revenues in excess of the anticipated future redemptions are used to fund the operational expenses of the program.

The loyalty program is funded by payments from the properties and returns on marketable securities. The program invests amounts received from the properties in marketable securities which are included in other current and noncurrent assets (see Note 4). The current and noncurrent deferred revenue liabilities of the loyalty program are classified as contract liabilities (see Note 3).

Adopted Accounting Standards

Revenue from Contracts with Customers —In May 2014, the Financial Accounting Standards Board ("FASB") released ASU 2014-09. ASU 2014-09 supersedes the requirements in Topic 605, *Revenue Recognition*, and provides a single, comprehensive revenue recognition model for contracts with customers. Subsequently, the FASB issued several related ASUs which further clarified the application of the standard including ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, which delayed the effective date by one year making it effective for interim and fiscal years beginning after December 14, 2017.

We adopted ASU 2014-09, and all related ASUs, utilizing the full retrospective transition method on January 1, 2018, which required us to adjust each prior reporting period presented. The adoption of ASU 2014-09 impacts the timing of the recognition of gains on sales of real estate subject to a long-term management agreement, and the associated impact to deferred tax assets (see Note 11), the classification of Contra revenue, and the timing of revenue recognition related to incentive fees. However, we do not expect the new standard to have a significant impact on incentive fee revenue on a full-year basis. The adoption of ASU 2014-09 also impacts the timing of revenue recognition related to the loyalty program and as a result of the change, we recognized a \$116 million increase to the contract liability related to the loyalty program at January 1, 2018. Upon adoption of ASU 2014-09, we recognized a cumulative effect of a change in accounting principle through retained earnings, including a \$523 million reclassification related to deferred gains at January 1, 2018. We also reclassified certain management and franchise agreement assets from intangibles, net to other assets and certain current and long-term liabilities to current and long-term contract liabilities.

Financial Instruments - Recognition, Measurement, Presentation, and Disclosure —In January 2016, the FASB released ASU 2016-01. ASU 2016-01 revised the accounting for equity investments, excluding those accounted for under the equity method, and the presentation and disclosure requirements for financial instruments. ASU 2016-01 superseded the guidance to classify equity securities with readily determinable fair values into different categories (i.e., trading versus AFS) and requires all equity securities to be measured at fair value on a recurring basis unless an equity security does not have a readily determinable fair value. Equity securities without a readily determinable fair value are remeasured at fair value only in periods in which an observable price change is available or upon identification of an impairment. All changes in fair value are recognized in net income on our condensed consolidated statements of income.

On January 1, 2018, we adopted the provisions of ASU 2016-01 on a modified retrospective basis through a cumulative-effect adjustment to our opening condensed consolidated balance sheet. Upon adoption, \$68 million of unrealized gains, net of tax, were reclassified from accumulated other comprehensive loss to opening retained earnings.

Accounting for Income Taxes - Intra-Entity Asset Transfers —In October 2016, the FASB released Accounting Standards Update No. 2016-16 ("ASU 2016-16"), *Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory*. ASU 2016-16 requires an entity to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. We adopted ASU 2016-16 on January 1, 2018 on a modified retrospective basis resulting in a \$4 million decrease to retained earnings.

Statement of Cash Flows - Restricted Cash —In November 2016, the FASB released Accounting Standards Update No. 2016-18 ("ASU 2016-18"), *Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force)*. ASU 2016-18 requires amounts generally described as restricted cash to be included within cash and cash equivalents when reconciling the total beginning and ending amounts for the periods shown on the condensed consolidated statements of cash flows. We adopted the provisions of ASU 2016-18 on January 1, 2018 on a retrospective basis. Upon adoption of ASU 2016-18, restricted cash of \$249 million, including \$15 million which is recognized within other assets on our condensed consolidated balance sheet at December 31, 2017, is included within the beginning balance of cash, cash equivalents, and restricted cash on our condensed consolidated statements of cash flows for the nine months ended September 30, 2018. The table below summarizes the changes on our condensed consolidated statements of cash flows for the nine months ended September 30, 2017:

	Nine Months Ended September 30,	
	2017	
Operating activities	\$	(11)
Investing activities		163
Financing activities		(3)
Cash, cash equivalents, and restricted cash - beginning of year		91
Cash, cash equivalents, and restricted cash - end of period	\$	240

Business Combinations - Definition of a Business —In January 2017, the FASB released Accounting Standards Update No. 2017-01 ("ASU 2017-01"), *Business Combinations (Topic 805): Clarifying the Definition of a Business*. ASU 2017-01 clarifies the definition of a business to assist entities with evaluating whether transactions should be accounted for as acquisitions or dispositions of assets or businesses. Generally, our acquisitions and dispositions of

individual hotels were previously accounted for as business combinations, however, upon adoption of ASU 2017-01, there is an increased likelihood that certain acquisitions and dispositions of individual hotels will be accounted for as asset transactions. We adopted ASU 2017-01 on January 1, 2018 on a prospective basis and evaluate the impact of the standard on acquisitions and dispositions based on the relevant facts and circumstances.

Derivatives and Hedging - Accounting for Hedging Activities —In August 2017, the FASB released Accounting Standards Update No. 2017-12 ("ASU 2017-12"), *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*. ASU 2017-12 improves the financial reporting of hedging relationships to better portray the economic results by making improvements to simplify the application of the hedge accounting guidance in current GAAP. ASU 2017-12 is effective for interim periods and fiscal years beginning after December 15, 2018, with early adoption permitted. We early adopted ASU 2017-12 on April 1, 2018 on a modified retrospective basis, which did not impact our condensed consolidated financial statements upon adoption.

The impact of the changes made to our condensed consolidated financial statements as a result of the adoption of ASU 2014-09, ASU 2016-01, and ASU 2016-16 were as follows:

	Three Months Ended September 30, 2017			Nine Months Ended September 30, 2017		
	As Reported	Effect of the adoption of ASU 2014-09	As Adjusted	As Reported	Effect of the adoption of ASU 2014-09	As Adjusted
REVENUES:						
Owned and leased hotels	\$ 518	\$ (2)	\$ 516	\$ 1,667	\$ (6)	\$ 1,661
Management, franchise, and other fees	122	1	123	374	(7)	367
Amortization of management and franchise agreement assets constituting payments to customers	—	(4)	(4)	—	(13)	(13)
Net management, franchise, and other fees	122	(3)	119	374	(20)	354
Other revenues	16	(10)	6	53	(25)	28
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	463	(34)	429	1,407	(105)	1,302
Total revenues	1,119	(49)	1,070	3,501	(156)	3,345
DIRECT AND SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES:						
Owned and leased hotels	409	(3)	406	1,266	(8)	1,258
Depreciation and amortization	92	(4)	88	274	(13)	261
Other direct costs	9	(6)	3	34	(14)	20
Selling, general, and administrative	89	—	89	278	—	278
Costs incurred on behalf of managed and franchised properties	463	(38)	425	1,407	(94)	1,313
Direct and selling, general, and administrative expenses	1,062	(51)	1,011	3,259	(129)	3,130
Net gains and interest income from marketable securities held to fund rabbi trusts	12	(1)	11	37	(2)	35
Equity earnings (losses) from unconsolidated hospitality ventures	1	—	1	(1)	—	(1)
Interest expense	(20)	—	(20)	(61)	—	(61)
Gains on sales of real estate	—	—	—	34	26	60
Other income (loss), net	(19)	3	(16)	23	9	32
INCOME BEFORE INCOME TAXES	31	4	35	274	6	280
PROVISION FOR INCOME TAXES	(14)	(2)	(16)	(100)	(3)	(103)
NET INCOME	17	2	19	174	3	177
NET INCOME AND ACCRETION ATTRIBUTABLE TO NONCONTROLLING INTERESTS	(1)	—	(1)	(1)	—	(1)
NET INCOME ATTRIBUTABLE TO HYATT HOTELS CORPORATION	\$ 16	\$ 2	\$ 18	\$ 173	\$ 3	\$ 176
EARNINGS PER SHARE—Basic						
Net income	\$ 0.14	\$ 0.01	\$ 0.15	\$ 1.38	\$ 0.02	\$ 1.40
Net income attributable to Hyatt Hotels Corporation	\$ 0.13	\$ 0.01	\$ 0.14	\$ 1.37	\$ 0.02	\$ 1.39
EARNINGS PER SHARE—Diluted						
Net income	\$ 0.14	\$ 0.01	\$ 0.15	\$ 1.37	\$ 0.02	\$ 1.39
Net income attributable to Hyatt Hotels Corporation	\$ 0.13	\$ 0.01	\$ 0.14	\$ 1.36	\$ 0.02	\$ 1.38

	December 31, 2017			January 1, 2018	
	As Reported	Effect of the adoption of ASU 2014-09	As Adjusted	Effect of the adoption of ASU 2016-01 and ASU 2016-16	As Adjusted
ASSETS					
Investments	\$ 211	\$ 1	\$ 212	\$ (27)	\$ 185
Intangibles, net	683	(378)	305	—	305
Deferred tax assets	242	(101)	141	1	142
Other assets	1,006	378	1,384	22	1,406
TOTAL ASSETS	7,672	(100)	7,572	(4)	7,568
LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST, AND EQUITY					
Accounts payable	\$ 175	\$ (39)	\$ 136	\$ —	\$ 136
Accrued expenses and other current liabilities	635	(283)	352	—	352
Current contract liabilities	—	348	348	—	348
Long-term contract liabilities	—	424	424	—	424
Other long-term liabilities	1,725	(862)	863	—	863
Total liabilities	4,131	(412)	3,719	—	3,719
Retained earnings	2,742	312	3,054	64	3,118
Accumulated other comprehensive loss	(185)	—	(185)	(68)	(253)
Total equity	3,531	312	3,843	(4)	3,839
TOTAL LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST, AND EQUITY	7,672	(100)	7,572	(4)	7,568

The adoption of ASU 2014-09 resulted in an \$11 million reclassification from investing into operating activities during the nine months ended September 30, 2017 related to cash outflows representing payments to customers. There were no impacts to cash provided by or used in financing activities on our condensed consolidated statements of cash flows.

Future Adoption of Accounting Standards

Leases —In February 2016, the FASB released Accounting Standards Update No. 2016-02 ("ASU 2016-02"), *Leases (Topic 842)*. ASU 2016-02 requires lessees to record lease contracts on the balance sheet by recognizing a right-of-use asset and lease liability with certain practical expedients available. The accounting for lessors remains largely unchanged. In July 2018, the FASB released Accounting Standards Update No. 2018-11 ("ASU 2018-11"), *Leases (Topic 842): Targeted Improvements*, providing entities with an additional optional transition method. The provisions of ASU 2016-02, and all related ASUs, are effective for interim periods and fiscal years beginning after December 15, 2018, with early adoption permitted. The real estate leases for a majority of our owned and leased hotels include contingent lease payments, which will be excluded from the impact of ASU 2016-02. We expect to adopt ASU 2016-02 utilizing the optional transition approach allowed under ASU 2018-11 and applying the package of practical expedients beginning January 1, 2019. We continue to evaluate the impact of adopting ASU 2016-02 and expect this ASU may have a material effect to our condensed consolidated financial statements.

Financial Instruments - Credit Losses —In June 2016, the FASB released Accounting Standards Update No. 2016-13 ("ASU 2016-13"), *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 replaces the existing impairment model for most financial assets from an incurred loss impairment model to a current expected credit loss model, which requires an entity to recognize an impairment allowance equal to its current estimate of all contractual cash flows the entity does not expect to collect. ASU 2016-13 also requires credit losses relating to AFS debt securities to be recognized through an allowance for credit losses. The provisions of ASU 2016-13 are to be applied using a modified retrospective approach and are effective for interim periods and fiscal years beginning after December 15, 2019, with early adoption permitted. We are currently evaluating the impact of adopting ASU 2016-13.

Fair Value Measurement —In August 2018, the FASB released Accounting Standards Update No. 2018-13 ("ASU 2018-13"), *Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement*. ASU 2018-13 modifies the disclosure requirements on fair value measurements. The provisions of ASU 2018-13 are to be applied using a prospective or retrospective approach, depending on the amendment, and are effective for interim periods and fiscal years beginning after December 15, 2019, with early adoption permitted. We are currently evaluating the impact of adopting ASU 2018-13.

Intangibles - Goodwill and Other - Internal-Use Software —In August 2018, the FASB released Accounting Standards Update No. 2018-15 ("ASU 2018-15"), *Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. ASU 2018-15 aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The provisions of ASU 2018-15 are to be applied using a prospective or retrospective approach and are effective for interim periods and fiscal years beginning after December 15, 2019, with early adoption permitted. We are currently evaluating the impact of adopting ASU 2018-15.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

Performance Obligations

We provide products and services to our customers including third-party hotel owners, guests at owned and leased hotels and spa and fitness centers, and a third-party partner through our co-branded credit card program. The products and services offered are comprised of the following performance obligations:

- **Management and Franchise Agreements:**
 - **License to Hyatt's IP, including the Hyatt brand names** —We receive variable consideration from third-party hotel owners in exchange for providing access to our IP, including the Hyatt brand names. The license represents a license of symbolic IP and in exchange for providing the license, Hyatt receives sales-based royalty fees. Royalty fees are generally determined based on a percentage of gross revenues for managed hotels and are generally included in the hotel management fee. Royalty fees for franchised hotels are based on a percentage of gross room revenues and, as applicable, food and beverage revenues. Fees generally are payable on a monthly basis as the third-party hotel owners derive value from access to our IP. Royalty fees are recognized over time through management, franchise, and other fees as services are rendered. Under our franchise agreements, we also receive initial fees from third-party hotel owners. The initial fees do not represent a distinct performance obligation and, therefore, are combined with the royalty fees and recognized through management, franchise, and other fees over the expected customer life.
 - **System-wide services** —We provide sales, reservations, technology, and marketing services on behalf of owners of managed and franchised properties. The promise to provide system-wide services is not a distinct performance obligation because it is attendant to the license of our IP. Therefore, the promise to provide system-wide services is combined with the license of our IP to form a single performance obligation. We have two accounting models depending on the terms of the agreements:
 - **Cost reimbursement model** —Third-party hotel owners are required to reimburse us for all costs incurred to operate the system-wide programs with no added margin. The reimbursements are recognized over time within revenues for the reimbursement of costs incurred on behalf of managed and franchised properties. We have discretion over how we spend program revenues and, therefore, we are the principal with respect to the promise to provide system-wide services. Expenses incurred related to the system-wide programs are recognized within costs incurred on behalf of managed and franchised properties. The reimbursement of system-wide services is billed on a monthly basis based upon an annual estimate of costs to be incurred and is recognized as revenue commensurate with incurring the cost. To the extent that actual costs vary from estimated costs, a true-up billing or refund is issued to the hotels. Any amounts collected and not yet recognized as revenues are deferred and classified as contract liabilities. Any costs incurred in excess of revenues collected are classified as receivables.

- **Fund model** —Third-party hotel owners are invoiced a system-wide assessment fee primarily based on a percentage of hotel revenues on a monthly basis. We recognize the revenues over time as services are provided through revenues for the reimbursement of costs incurred on behalf of managed and franchised properties. We have discretion over how we spend program revenues and, therefore, we are the principal with respect to system-wide services. Expenses related to the system-wide programs are recognized as incurred through costs incurred on behalf of managed and franchised properties. Over time, we manage the system-wide programs to break-even, but the timing of the revenue received from the owners may not align with the timing of the expenses to operate the programs. Therefore, the difference between the revenues and expenses may impact our net income.
- **Hotel management agreement services** —We provide hotel management agreement services, which form a single performance obligation that qualifies as a series, under the terms of our management agreements. In exchange for providing these services, we receive variable consideration in the form of management fees, which are comprised of base and incentive fees. Incentive fees are typically subject to the achievement of certain profitability targets, and therefore, we apply judgment in determining the amount of incentive fees recognized each period. Incentive fees revenue is recognized to the extent it is probable that we will not reverse a significant portion of the fees in a subsequent period. We rely on internal financial forecasts and historical trends to estimate the amount of incentive fees revenue recognized and the probability that incentive fees will reverse in the future. Generally, base management fees are due and payable on a monthly basis as services are provided, and incentive fees are due and payable based on the terms of the agreement, but at a minimum, incentive fees are billed and collected annually. Revenue is recognized over time through management, franchise, and other fees.

Under the terms of certain management agreements, primarily within the United States, we are the employer of hotel employees. When we are the employer, we are reimbursed for costs incurred related to the employee management services with no added margin, and the reimbursements are recognized over time as services are rendered within revenues for the reimbursement of costs incurred on behalf of managed and franchised properties. In jurisdictions in which we are the employer, we have discretion over how employee management services are provided and, therefore, we are the principal and revenues are recognized on a gross basis.

- **Loyalty program administration** —We administer the loyalty program for the benefit of the Hyatt portfolio of properties. Under the program, members earn loyalty points that can be redeemed for future products and services. Points earned by loyalty program members represent a material right to free or discounted goods or services in the future.

The loyalty program has one performance obligation that consists of marketing and managing the program and arranging for award redemptions by members. The costs of operating the loyalty program are charged to the properties through an assessment fee based on members' qualified expenditures. The assessment fee is billed and collected monthly, and the revenue received by the program is deferred until a member redeems points. Upon redemption of points at managed and franchised properties, we recognize the previously deferred revenue through revenues for the reimbursement of costs incurred on behalf of managed and franchised properties, net of redemption expense paid to managed and franchised hotels. We are responsible for arranging for the redemption of promotional awards, but we do not directly fulfill the award night obligation except at owned and leased hotels. Therefore, we are the agent with respect to this performance obligation for managed and franchised hotels, and we are the principal with respect to owned and leased hotels. When loyalty points are redeemed at owned and leased hotels, we recognize revenue through owned and leased hotels revenues.

The revenue recognized each period includes an estimate of breakage for the loyalty points that will not be redeemed. Determining breakage involves significant judgment, and we engage third-party actuaries to estimate the ultimate redemption ratios used in the breakage calculations and the amount of revenue recognized upon redemption. Changes to the expected ultimate redemption assumptions are reflected in the current period.

- **Room rentals and other services provided at owned and leased hotels** —We provide room rentals and other services to our guests, including but not limited to spa, laundry, and parking. These products and services each represent individual performance obligations and, in exchange for these services, we receive fixed amounts based on published rates or negotiated contracts. Payment is due in full at the time the services are rendered or the goods are provided. If a guest enters into a package including multiple goods or services, the fixed price is allocated to each distinct good or service based on the stand-alone selling price for each item. Revenue is recognized over time within owned and leased hotels revenues when we transfer control of the good or service to the customer. Room rental revenue is recognized on a daily basis as the guest occupies the room, and revenue related to other products and services is recognized when the product or service is provided to the guest.

Hotels commonly enter into arrangements with online travel agencies, trade associations, and other entities. As part of these arrangements, Hyatt may pay the other party a commission or rebate based on the revenue generated through that channel. The determination of whether to recognize revenues gross or net of rebates and commission is made based on the terms of each contract.

- **Spa and fitness services** —Exhale spa and fitness studios provide guests with spa and fitness services as well as retail products in exchange for fixed consideration. Each spa and fitness service represents an individual performance obligation. Payment is due in full and revenue is recognized at the point in time the services are rendered or the products are delivered. If a guest purchases a spa or fitness package, the fixed price is allocated to each distinct product or service based on the published stand-alone selling price for each item, and revenues are recognized as the services are rendered.
- **Co-branded credit card** —We have a co-branded credit card agreement with a third party and under the terms of the agreement, we have various performance obligations: granting a license to the Hyatt name, arranging for the fulfillment of points issued to cardholders through the loyalty program, and awarding cardholders with free room nights upon achievement of certain program milestones. The loyalty points and free room nights represent material rights that can be redeemed for free or discounted services in the future.

In exchange for the products and services provided, we receive fixed and variable consideration which is allocated between the performance obligations based upon the relative stand-alone selling prices. Significant judgment is involved in determining the relative stand-alone selling prices, and therefore, we engaged a third-party valuation specialist to assist us. We utilize a relief from royalty method to determine the revenue allocated to the license, which is recognized over time. We utilize observable transaction prices and adjusted market assumptions to determine the stand-alone selling price of a loyalty point, and we utilize a cost plus margin approach to determine the stand-alone selling price of the free room nights. The revenues allocated to loyalty program points and free night awards are deferred and recognized upon redemption, net of redemption expense, as we are deemed to be the agent in the transaction. We are responsible for arranging for the redemption of promotional awards, but we do not directly fulfill the award night obligation except at owned and leased hotels. Therefore, we are the agent for managed and franchised hotels, and we are the principal with respect to owned and leased hotels. When loyalty points and free nights are redeemed at owned and leased hotels, we recognize revenue through owned and leased hotels revenues.

We satisfy the following performance obligations over time: the license of Hyatt's symbolic IP, hotel management agreement services, administration of the loyalty program, and the license to our brand name through our co-branded credit card agreement. Each of these performance obligations is considered a sales-based royalty or a series of distinct services, and although the activities to fulfill each of these promises may vary from day to day, the nature of each promise is the same and the customer benefits from the services every day.

For each performance obligation satisfied over time, we recognize revenue using an output method based on the value transferred to the customer. Revenue is recognized based on the transaction price and the observable outputs related to each performance obligation. We deem the following to be a faithful depiction of our progress in satisfying these performance obligations:

- revenues and operating profits earned by the hotels during the reporting period for access to Hyatt's IP, as it is indicative of the value third-party owners derive;
- underlying revenues and operating profits of the hotels for the promise to provide management agreement services to the hotels;

- award night redemptions for the administration of the loyalty program performance obligation; and
- cardholder spend for the license to the Hyatt name through our co-branded credit card, as it is indicative of the value our partner derives from the use of our name.

Within our management agreements, we have two performance obligations: providing a license to Hyatt's IP and providing management agreement services. Although these constitute two separate performance obligations, both obligations represent services that are satisfied over time, and Hyatt recognizes revenue using an output method based on the performance of the hotel. Therefore, we have not allocated the transaction price between these two performance obligations as the allocation would result in the same pattern of revenue recognition.

Disaggregated Revenues

The following tables present our revenues disaggregated by the nature of the product or service:

Disaggregated revenue stream	Three months ended September 30, 2018							Total
	Owned and leased hotels	Americas management and franchising	ASPAC management and franchising	EAME/SW Asia management and franchising	Corporate and other	Eliminations		
Rooms revenues	\$ 276	\$ —	\$ —	\$ —	\$ 5	\$ (7)	\$	274
Food and beverage	133	—	—	—	2	—		135
Other	34	—	—	—	7	—		41
Owned and leased hotels	443	—	—	—	14	(7)		450
Base management fees	—	48	11	9	—	(13)		55
Incentive management fees	—	14	16	10	—	(7)		33
Franchise fees	—	32	1	—	—	—		33
Other fees	—	1	2	2	2	—		7
License fees	—	—	—	—	5	—		5
Management, franchise, and other fees	—	95	30	21	7	(20)		133
Contra revenue	—	(4)	—	(1)	—	—		(5)
Net management, franchise, and other fees	—	91	30	20	7	(20)		128
Other revenues	—	—	—	—	5	2		7
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	—	447	24	16	2	—		489
Total	\$ 443	\$ 538	\$ 54	\$ 36	\$ 28	\$ (25)	\$	1,074

	Nine months ended September 30, 2018							
Disaggregated revenue stream	Owned and leased hotels	Americas management and franchising	ASPAC management and franchising	EAME/SW Asia management and franchising	Corporate and other	Eliminations	Total	
Rooms revenues	\$ 848	\$ —	\$ —	\$ —	\$ 18	\$ (26)	\$	840
Food and beverage	474	—	—	—	7	—		481
Other	106	—	—	—	23	—		129
Owned and leased hotels	1,428	—	—	—	48	(26)		1,450
Base management fees	—	150	32	25	—	(40)		167
Incentive management fees	—	47	50	29	—	(21)		105
Franchise fees	—	94	2	—	—	—		96
Other fees	—	10	6	4	4	—		24
License fees	—	—	—	—	15	—		15
Management, franchise, and other fees	—	301	90	58	19	(61)		407
Contra revenue	—	(10)	(1)	(4)	—	—		(15)
Net management, franchise, and other fees	—	291	89	54	19	(61)		392
Other revenues	—	—	—	—	22	5		27
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	—	1,328	67	49	3	—		1,447
Total	\$ 1,428	\$ 1,619	\$ 156	\$ 103	\$ 92	\$ (82)	\$	3,316

Disaggregated revenue stream	Three months ended September 30, 2017						
	Owned and leased hotels	Americas management and franchising	ASPAC management and franchising	EAME/SW Asia management and franchising	Corporate and other	Eliminations	Total
Rooms revenues	\$ 312	\$ —	\$ —	\$ —	\$ 6	\$ (10)	\$ 308
Food and beverage	152	—	—	—	3	—	155
Other	46	—	—	—	7	—	53
Owned and leased hotels	510	—	—	—	16	(10)	516
Base management fees	—	47	10	8	—	(14)	51
Incentive management fees	—	15	15	8	—	(7)	31
Franchise fees	—	30	—	—	—	—	30
Other fees	—	2	2	1	1	—	6
License fees	—	—	—	—	5	—	5
Management, franchise, and other fees	—	94	27	17	6	(21)	123
Contra revenue	—	(3)	—	(1)	—	—	(4)
Net management, franchise, and other fees	—	91	27	16	6	(21)	119
Other revenues	—	—	—	—	3	3	6
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	—	395	19	15	—	—	429
Total	\$ 510	\$ 486	\$ 46	\$ 31	\$ 25	\$ (28)	\$ 1,070

Disaggregated revenue stream	Nine months ended September 30, 2017							Total
	Owned and leased hotels	Americas management and franchising	ASPAC management and franchising	EAME/SW Asia management and franchising	Corporate and other	Eliminations		
Rooms revenues	\$ 969	\$ —	\$ —	\$ —	\$ 18	\$ (29)		\$ 958
Food and beverage	544	—	—	—	9	—		553
Other	128	—	—	—	22	—		150
Owned and leased hotels	1,641	—	—	—	49	(29)		1,661
Base management fees	—	147	28	22	—	(47)		150
Incentive management fees	—	46	44	24	—	(19)		95
Franchise fees	—	84	2	—	—	—		86
Other fees	—	12	5	3	2	—		22
License fees	—	—	—	—	14	—		14
Management, franchise, and other fees	—	289	79	49	16	(66)		367
Contra revenue	—	(9)	(1)	(3)	—	—		(13)
Net management, franchise, and other fees	—	280	78	46	16	(66)		354
Other revenues	13	—	—	—	8	7		28
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	—	1,205	56	41	—	—		1,302
Total	\$ 1,654	\$ 1,485	\$ 134	\$ 87	\$ 73	\$ (88)		\$ 3,345

Contract Balances

Our payments from customers are based on the billing terms established in our contracts. Customer billings are classified as accounts receivable when our right to consideration is unconditional. If our right to consideration is conditional on future performance under the contract, the balance is classified as a contract asset. Under the terms of our management agreements, we earn incentive management fees based on a percentage of hotel profitability. The incentive fee may be contingent on the hotel achieving certain profitability targets. We recognize an incentive fee receivable each month to the extent it is probable that we will not reverse a significant portion of the fees in a subsequent period. However, due to the profitability hurdles in the contract, incentive fees are considered contract assets until the risk related to the achievement of the profitability metric no longer exists. Once the profitability hurdle has been met, the incentive fee receivable balance will be reflected within accounts receivable.

Our contract assets were \$1 million and insignificant at September 30, 2018 and December 31, 2017, respectively. At September 30, 2018, the contract assets were included in receivables, net. As our profitability hurdles are generally calculated on a full-year basis, we expect our contract asset balance to be insignificant at year end.

Payments received in advance of performance under the contract are classified as contract liabilities and recognized as revenue as we perform under the contract.

	September 30, 2018	December 31, 2017	\$ Change	% Change
Current contract liabilities	\$ 332	\$ 348	\$ (16)	(4.6)%
Long-term contract liabilities	433	424	9	2.4 %
Total contract liabilities	\$ 765	\$ 772	\$ (7)	(0.8)%

The contract liabilities balances above are comprised of the following:

	September 30, 2018	December 31, 2017
Advanced deposits	\$ 55	\$ 59
Deferred revenue related to the loyalty program	584	561
Deferred revenue related to system-wide services	14	9
Initial fees received from franchise owners	33	27
Other deferred revenue	79	116
Total contract liabilities	\$ 765	\$ 772

Revenue recognized during the three months ended September 30, 2018 and September 30, 2017 included in the contract liability balance at the beginning of each year was \$222 million and \$216 million, respectively. Revenue recognized during the nine months ended September 30, 2018 and September 30, 2017 included in the contract liability balance at the beginning of each year was \$663 million and \$639 million, respectively. This revenue was primarily related to advanced deposits and the loyalty program, which is recognized net of redemption reimbursements paid to third parties.

Revenue Allocated to Remaining Performance Obligations

Revenue allocated to remaining performance obligations represents contracted revenue that has not yet been recognized, which includes deferred revenue and amounts that will be invoiced and recognized as revenue in future periods. Contracted revenue expected to be recognized in future periods was approximately \$110 million at September 30, 2018, of which we expect to recognize approximately 20% as revenue over the next 12 months and the remainder thereafter.

We did not estimate revenues expected to be recognized related to our unsatisfied performance obligations for the following:

- Deferred revenue related to the loyalty program and revenue from base and incentive management fees as the revenue is allocated to a wholly unperformed performance obligation in a series;
- Revenues related to royalty fees as they are considered sales-based royalty fees;
- Revenues received for free nights granted through our co-branded credit card as the awards are required to be redeemed within 12 months; and
- Revenues related to advanced bookings at owned and leased hotels as each stay has a duration of 12 months or less.

We elected to apply the practical expedient that permits the omission of prior-period information about revenue allocated to future performance obligations under ASU 2014-09.

4. DEBT AND EQUITY SECURITIES

We make investments in debt and equity securities that we believe are strategically and operationally important to our business. These investments take the form of (i) equity method investments where we have the ability to significantly influence the operations of the entity, (ii) marketable securities held to fund operating programs and for investment purposes, and (iii) other types of investments.

Equity Method Investments

	September 30, 2018	December 31, 2017
Equity method investments	\$ 225	\$ 185

During the three and nine months ended September 30, 2018, we recognized \$1 million and \$11 million, respectively, of net gains in equity earnings (losses) from unconsolidated hospitality ventures on our condensed consolidated statements of income resulting from sales activity related to certain equity method investments within our owned and leased hotels segment. During the three and nine months ended September 30, 2018, we received \$ 7 million and \$17 million, respectively, of related sales proceeds.

During the nine months ended September 30, 2018, we completed an asset acquisition of our partner's interest in certain unconsolidated hospitality ventures in Brazil for a net purchase price of approximately \$4 million. During the nine months ended September 30, 2018, we recognized \$16 million of impairment charges related to these investments in equity earnings (losses) from unconsolidated hospitality ventures on our condensed consolidated statements of income as the carrying value was in excess of fair value. The fair value was determined to be a Level Three fair value measure, and the impairment was deemed other-than-temporary.

During the nine months ended September 30, 2017, an unconsolidated hospitality venture within our owned and leased hotels segment sold a hotel. We received \$4 million of proceeds and recognized a \$2 million gain in equity earnings (losses) from unconsolidated hospitality ventures on our condensed consolidated statements of income.

During the three and nine months ended September 30, 2017, we recognized \$3 million of impairment charges in equity earnings (losses) from unconsolidated hospitality ventures on our condensed consolidated statements of income.

The following table presents summarized financial information for all unconsolidated hospitality ventures in which we hold an investment accounted for under the equity method:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Total revenues	\$ 135	\$ 196	\$ 399	\$ 649
Gross operating profit	53	80	141	225
Income (loss) from continuing operations	(12)	38	(15)	36
Net income (loss)	(12)	38	(15)	36

Marketable Securities

We hold marketable securities with readily determinable fair values to fund certain operating programs and for investment purposes. Additionally, we periodically transfer available cash and cash equivalents to purchase marketable securities for investment purposes.

Marketable Securities Held to Fund Operating Programs—Marketable securities held to fund operating programs, which are recorded at fair value and included on our condensed consolidated balance sheets, were as follows:

	September 30, 2018	December 31, 2017
Deferred compensation plans held in rabbi trusts (Note 8 and 10)	\$ 413	\$ 402
Loyalty program	391	403
Captive insurance companies	114	111
Total marketable securities held to fund operating programs	\$ 918	\$ 916
Less: current portion of marketable securities held to fund operating programs included in cash and cash equivalents, short-term investments, and prepaids and other assets	(157)	(156)
Marketable securities held to fund operating programs included in other assets	\$ 761	\$ 760

Net realized and unrealized gains (losses) and interest income from marketable securities held to fund the loyalty program are recognized in other income (loss), net on our condensed consolidated statements of income:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Loyalty program (Note 18)	\$ 1	\$ 2	\$ (2)	\$ 9

Net realized and unrealized gains and interest income from marketable securities held to fund rabbi trusts are recognized in net gains and interest income from marketable securities held to fund rabbi trusts on our condensed consolidated statements of income:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Unrealized gains	\$ 5	\$ 8	\$ 7	\$ 24
Realized gains	5	3	12	11
Net gains and interest income from marketable securities held to fund rabbi trusts	\$ 10	\$ 11	\$ 19	\$ 35

Our captive insurance companies hold marketable securities which are classified as AFS debt securities and are invested in U.S. government agencies, time deposits, and corporate debt securities. We classify these investments as current or long-term, based on their contractual maturity dates, which range from 2018 through 2023.

Marketable Securities Held for Investment Purposes —Marketable securities held for investment purposes, which are recorded at fair value and included on our condensed consolidated balance sheets, were as follows:

	September 30, 2018	December 31, 2017
Interest-bearing money market funds	\$ 38	\$ 26
Time deposits	200	37
Common shares	117	131
Total marketable securities held for investment purposes	\$ 355	\$ 194
Less: current portion of marketable securities held for investment purposes included in cash and cash equivalents and short-term investments	(238)	(63)
Marketable securities held for investment purposes included in other assets	\$ 117	\$ 131

During 2013, we invested in the common shares of Playa Hotels & Resorts B.V. ("Playa"), and we accounted for our common share investment as an equity method investment. In March 2017, Playa completed a business combination, and Playa Hotels & Resorts N.V. ("Playa N.V.") is now publicly traded on the NASDAQ. Our investment is accounted for as an equity security with a readily determinable fair value as we do not have the ability to significantly influence the operations of the entity. The fair value of the common shares is classified as Level One in the fair value hierarchy as we are able to obtain market available pricing information. The remeasurement of our investment at fair value resulted in \$14 million of unrealized losses recognized in other income (loss), net on our condensed consolidated statements of income for the three and nine months ended September 30, 2018, respectively (see Note 18). We did not sell any shares of common stock during the nine months ended September 30, 2018.

Other Investments

Preferred shares—During 2013, we also invested \$271 million in Playa for convertible redeemable preferred shares which were classified as an AFS debt security. The fair value of the preferred shares was:

	2017
Fair value at January 1	\$ 290
Gross unrealized losses	(54)
Realized losses (1) (Note 18)	(40)
Interest income (Note 18)	94
Cash redemption	(290)
Fair value at September 30	\$ —

(1) The realized losses were the result of a difference between the fair value of the initial investment and the contractual redemption price of \$8.40 per share.

HTM Debt Securities—At September 30, 2018 and December 31, 2017, we held \$48 million and \$47 million, respectively, of investments in HTM debt securities, which are investments in third-party entities that own certain of our hotels and are recorded within other assets in our condensed consolidated balance sheets. The securities are mandatorily redeemable between 2020 and 2025. The amortized cost of our investments approximate fair value. We estimated the fair value of our investments using internally developed discounted cash flow models based on current market inputs for similar types of arrangements. Based upon the lack of available market data, our investments are classified as Level Three within the fair value hierarchy. The primary sensitivity in these calculations is based on the selection of appropriate discount rates. Fluctuations in these assumptions could result in different estimates of fair value.

Equity Securities Without a Readily Determinable Fair Value—At September 30, 2018 and December 31, 2017, we had \$9 million and \$27 million, respectively, of investments in equity securities without a readily determinable fair value, which represent investments in entities where we do not have the ability to significantly influence the operations of the entity. At December 31, 2017, the securities were included in investments on our condensed consolidated balance sheets. As a result of the adoption of ASU 2016-01 on January 1, 2018, we have reclassified these investments to other assets on our condensed consolidated balance sheet at September 30, 2018.

Due to ongoing operating cash flow shortfalls in the business underlying an equity security during the nine months ended September 30, 2018, we recognized a \$22 million impairment charge of our full investment balance in other income (loss), net on our condensed consolidated statements of income (see Note 18) as we deemed that the carrying value was in excess of the fair value. The fair value was determined to be a Level Three fair value measure. During the three months ended September 30, 2018, the entity in which we hold our investment disposed of its assets and is in the process of winding down.

Fair Value —We measured the following financial assets at fair value on a recurring basis:

	September 30, 2018	Cash and cash equivalents	Short-term investments	Prepays and other assets	Other assets
Level One - Quoted Prices in Active Markets for Identical Assets					
Interest-bearing money market funds	\$ 88	\$ 88	\$ —	\$ —	\$ —
Mutual funds	413	—	—	—	413
Common shares	117	—	—	—	117
Level Two - Significant Other Observable Inputs					
Time deposits	212	—	204	—	8
U.S. government obligations	158	—	—	37	121
U.S. government agencies	46	—	1	6	39
Corporate debt securities	168	—	12	30	126
Mortgage-backed securities	22	—	—	5	17
Asset-backed securities	46	—	—	11	35
Municipal and provincial notes and bonds	3	—	—	1	2
Total	\$ 1,273	\$ 88	\$ 217	\$ 90	\$ 878
	December 31, 2017	Cash and cash equivalents	Short-term investments	Prepays and other assets	Other assets
Level One - Quoted Prices in Active Markets for Identical Assets					
Interest-bearing money market funds	\$ 75	\$ 75	\$ —	\$ —	\$ —
Mutual funds	402	—	—	—	402
Common shares	131	—	—	—	131
Level Two - Significant Other Observable Inputs					
Time deposits	50	—	39	—	11
U.S. government obligations	158	—	—	38	120
U.S. government agencies	47	—	2	7	38
Corporate debt securities	179	—	8	33	138
Mortgage-backed securities	25	—	—	6	19
Asset-backed securities	40	—	—	10	30
Municipal and provincial notes and bonds	3	—	—	1	2
Total	\$ 1,110	\$ 75	\$ 49	\$ 95	\$ 891

During the three and nine months ended September 30, 2018 and September 30, 2017 , there were no transfers between levels of the fair value hierarchy. We do not have non-financial assets or non-financial liabilities required to be measured at fair value on a recurring basis.

5. FINANCING RECEIVABLES

	September 30, 2018	December 31, 2017
Unsecured financing to hotel owners	\$ 158	\$ 127
Less: current portion of financing receivables, included in receivables, net	(45)	—
Less: allowance for losses	(99)	(108)
Total long-term financing receivables, net of allowances	\$ 14	\$ 19

Allowance for Losses and Impairments —The following table summarizes the activity in our unsecured financing receivables allowance:

	2018	2017
Allowance at January 1	\$ 108	\$ 100
Provisions	3	4
Other adjustments	(2)	1
Allowance at June 30	\$ 109	\$ 105
Provisions	2	1
Write-offs	(12)	—
Other adjustments	—	1
Allowance at September 30	\$ 99	\$ 107

Credit Monitoring —Our unsecured financing receivables were as follows:

	September 30, 2018			
	Gross loan balance (principal and interest)	Related allowance	Net financing receivables	Gross receivables on non-accrual status
Loans	\$ 58	\$ —	\$ 58	\$ —
Impaired loans (1)	50	(50)	—	50
Total loans	108	(50)	58	50
Other financing arrangements	50	(49)	1	49
Total unsecured financing receivables	\$ 158	\$ (99)	\$ 59	\$ 99

(1) The unpaid principal balance was \$36 million and the average recorded loan balance was \$54 million at September 30, 2018 .

	December 31, 2017			
	Gross loan balance (principal and interest)	Related allowance	Net financing receivables	Gross receivables on non-accrual status
Loans	\$ 13	\$ —	\$ 13	\$ —
Impaired loans (2)	59	(59)	—	59
Total loans	72	(59)	13	59
Other financing arrangements	55	(49)	6	49
Total unsecured financing receivables	\$ 127	\$ (108)	\$ 19	\$ 108

(2) The unpaid principal balance was \$44 million and the average recorded loan balance was \$58 million at December 31, 2017 .

Fair Value —We estimated the fair value of financing receivables, which are classified as Level Three in the fair value hierarchy, to be \$60 million at September 30, 2018 and \$20 million at December 31, 2017 .

6. ACQUISITIONS AND DISPOSITIONS

Acquisitions

Hyatt Regency Phoenix —During the three months ended September 30, 2018, we completed an asset acquisition of Hyatt Regency Phoenix from an unrelated third party for a purchase price of approximately \$139 million, net of \$1 million of proration adjustments. Assets acquired and recorded in our owned and leased hotels segment consist primarily of \$136 million of property and equipment. The purchase of Hyatt Regency Phoenix was designated as replacement property in a like-kind exchange (see "Like-Kind Exchange Agreements" below).

Hyatt Regency Indian Wells Resort & Spa —During the three months ended September 30, 2018, we completed an asset acquisition of Hyatt Regency Indian Wells Resort & Spa from an unrelated third party for a net purchase price of approximately \$120 million. Assets acquired and recorded in our owned and leased hotels segment consist primarily of \$119 million of property and equipment. The purchase of Hyatt Regency Indian Wells Resort & Spa was designated as replacement property in a like-kind exchange (see "Like-Kind Exchange Agreements" below).

Exhale —During the nine months ended September 30, 2017, we acquired the equity of Exhale Enterprises, Inc. ("exhale") from an unrelated third party for a purchase price of \$16 million, net of \$1 million cash acquired. Assets acquired and recorded within corporate and other primarily include a \$9 million brand indefinite-lived intangible and \$4 million of goodwill, of which \$3 million is deductible for tax purposes.

Miraval —During the nine months ended September 30, 2017, we acquired Miraval Group ("Miraval") from an unrelated third party. The transaction included the Miraval Life in Balance Spa brand, Miraval Arizona Resort & Spa in Tucson, Arizona, Travaasa Resort in Austin, Texas, and the option to acquire Cranwell Spa & Golf Resort ("Cranwell") in Lenox, Massachusetts. We subsequently exercised our option and acquired the majority of Cranwell during the nine months ended September 30, 2017. Total cash consideration for Miraval was \$237 million.

The following table summarizes the fair value of the identifiable net assets acquired in the acquisition of Miraval, which is recorded within corporate and other:

Current assets, net of cash acquired	\$	1
Property and equipment		172
Indefinite-lived intangibles (1)		37
Management agreement intangibles (2)		14
Goodwill (3)		21
Other definite-lived intangibles (4)		7
Total assets	\$	252
Current liabilities	\$	13
Deferred tax liabilities		3
Total liabilities		16
Total net assets acquired attributable to Hyatt Hotels Corporation		236
Total net assets acquired attributable to noncontrolling interests		1
Total net assets acquired	\$	237

(1) Includes an intangible attributable to the Miraval brand.

(2) Amortized over a 20 year useful life.

(3) The goodwill, of which \$10 million is deductible for tax purposes, is attributable to Miraval's reputation as a renowned provider of wellness and mindfulness experiences, the extension of the Hyatt brand beyond traditional hotel stays, and the establishment of deferred tax liabilities.

(4) Amortized over useful lives ranging from two to seven years.

In conjunction with the acquisition of Miraval, a consolidated hospitality venture for which we are the managing partner (the "Miraval Venture") issued \$9 million of redeemable preferred shares to unrelated third-party investors. The preferred shares were non-voting, except as required by applicable law and certain contractual approval rights, and had liquidation preference over all other classes of securities within the Miraval Venture. The redeemable

preferred shares earned a return of 12% . The shares were classified as a redeemable noncontrolling interest in preferred shares of a subsidiary, which were presented between liabilities and equity on our condensed consolidated balance sheets and carried at the redemption value. During the nine months ended September 30, 2018 , the preferred shares were redeemed for \$10 million .

Dispositions

Hyatt Regency Mexico City —During the three months ended September 30, 2018 , we sold the shares of the entity which owns Hyatt Regency Mexico City, an investment in an unconsolidated hospitality venture, and adjacent land, a portion of which will be developed as Park Hyatt Mexico City, ("HRMC transaction") to an unrelated third party for approximately \$405 million and accounted for the transaction as an asset disposition. We entered into long-term management agreements for the properties upon sale. We received \$360 million of proceeds and issued a \$45 million unsecured financing receivable with a maturity date of less than one year (see Note 5). The sale resulted in a pre-tax gain of approximately \$240 million which was recognized in gains on sales of real estate on our condensed consolidated statements of income during the three and nine months ended September 30, 2018 . In connection with the disposition, we recognized a \$21 million goodwill impairment charge in asset impairments on our condensed consolidated statements of income during the three and nine months ended September 30, 2018 . As we disposed of the assets within the reporting unit, there were no future cash flows to support the related goodwill which was therefore impaired. The operating results and financial position prior to the sale remain within our owned and leased hotels segment. At June 30, 2018, we classified the assets and liabilities as held for sale on our condensed consolidated balance sheets.

Grand Hyatt San Francisco, Andaz Maui at Wailea Resort, and Hyatt Regency Coconut Point Resort and Spa —During the nine months ended September 30, 2018 , we sold Grand Hyatt San Francisco, Andaz Maui at Wailea Resort together with adjacent land, and Hyatt Regency Coconut Point Resort and Spa to an unrelated third party as a portfolio for approximately \$992 million , net of closing costs and proration adjustments, and entered into long-term management agreements for the properties upon sale. The sale resulted in a \$531 million pre-tax gain which was recognized in gains on sales of real estate on our condensed consolidated statements of income during the nine months ended September 30, 2018 . The operating results and financial position of these hotels prior to the sale remain within our owned and leased hotels segment. Although we concluded the disposal of these properties does not qualify as discontinued operations, the disposal is considered to be material. Pre-tax net income attributable to the three properties was \$15 million during the nine months ended September 30, 2018 and \$5 million and \$20 million during the three and nine months ended September 30, 2017, respectively.

Land Held for Development— A wholly owned subsidiary held undeveloped land in Los Cabos, Mexico. During the nine months ended September 30, 2018 , an unrelated third party invested in the subsidiary in exchange for a 50% ownership interest resulting in derecognition of the subsidiary. Our remaining interest was recorded at a fair value of \$45 million as an equity method investment.

Hyatt Regency Grand Cypress— During the nine months ended September 30, 2017, we sold Hyatt Regency Grand Cypress to an unrelated third party for \$202 million , net of closing costs and proration adjustments, and entered into a long-term management agreement with the owner of the property. The sale resulted in a \$26 million pre-tax gain which was recognized in gains on sales of real estate on our condensed consolidated statements of income during the nine months ended September 30, 2017. The operating results and financial position of this hotel prior to the sale remain within our owned and leased hotels segment.

Hyatt Regency Louisville —During the nine months ended September 30, 2017, we sold Hyatt Regency Louisville to an unrelated third party for \$65 million , net of closing costs and proration adjustments, and entered into a long-term franchise agreement with the owner of the property. The sale resulted in a \$35 million pre-tax gain which was recognized in gains on sales of real estate on our condensed consolidated statements of income during the nine months ended September 30, 2017. The operating results and financial position of this hotel prior to the sale remain within our owned and leased hotels segment.

Land Held for Development— During the nine months ended September 30, 2017, we sold land and construction in progress for \$29 million to an unconsolidated hospitality venture in which we have a 50% ownership interest, with the intent to complete the development of a hotel in Glendale, California.

Like-Kind Exchange Agreements

Periodically, we enter into like-kind exchange agreements upon the disposition or acquisition of certain properties. Pursuant to the terms of these agreements, the proceeds from the sales are placed into an escrow account administered by a qualified intermediary. The proceeds are recognized as restricted cash on our condensed consolidated balance sheets and released (i) if they are utilized as part of a like-kind exchange agreement, (ii) if we do not identify a suitable replacement property within 45 days after the agreement date, or (iii) when a like-kind exchange agreement is not completed within the remaining allowable time period.

In conjunction with the sale of Hyatt Regency Coconut Point Resort and Spa during the nine months ended September 30, 2018, proceeds of \$221 million were held as restricted for use in a potential like-kind exchange. During the three months ended September 30, 2018, \$198 million of these proceeds were utilized to acquire Hyatt Regency Phoenix and Hyatt Regency Indian Wells Resort & Spa and the remaining \$23 million were released.

In conjunction with the sale of Hyatt Regency Scottsdale Resort & Spa at Gainey Ranch during the year ended December 31, 2017, proceeds of \$207 million were initially held as restricted for use in a potential like-kind exchange. However, we did not acquire an identified replacement property within the specified 180 day period and the proceeds were released during the nine months ended September 30, 2018.

Assets Held For Sale

During the nine months ended September 30, 2018, we signed a purchase and sale agreement to sell a Hyatt House hotel. The assets and liabilities are classified as held for sale and related operating results remain within our owned and leased hotels segment at September 30, 2018. Assets held for sale primarily consist of \$44 million of property and equipment, net, and liabilities held for sale are insignificant. In October 2018, we sold the hotel (see Note 19).

7. INTANGIBLES, NET

	September 30, 2018		Weighted-average useful lives in years	December 31, 2017	
Management and franchise agreement intangibles	\$	178	23	\$	178
Lease related intangibles		123	110		127
Brand and other indefinite-lived intangibles		53	—		53
Advanced bookings intangibles		15	5		9
Other definite-lived intangibles		8	6		9
		377			376
Accumulated amortization		(81)			(71)
Intangibles, net	\$	296		\$	305

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Amortization expense	\$ 3	\$ 3	\$ 10	\$ 10

8. OTHER ASSETS

	September 30, 2018	December 31, 2017
Marketable securities held to fund rabbi trusts (Note 4)	\$ 413	\$ 402
Management and franchise agreement assets constituting payments to customers (1)	385	378
Loyalty program marketable securities (Note 4)	293	298
Common shares of Playa N.V. (Note 4)	117	131
Long-term investments	112	109
Other	75	66
Total other assets	\$ 1,395	\$ 1,384

(1) Includes cash consideration as well as other forms of consideration provided, such as debt repayment or performance guarantees.

9. DEBT

Long-term debt, net of current maturities was \$1,622 million and \$ 1,440 million at September 30, 2018 and December 31, 2017 , respectively.

Senior Notes —During the three months ended September 30, 2018 , we issued \$400 million of 4.375% senior notes due 2028, at an issue price of 99.866% (the "2028 Notes"). We received \$396 million of net proceeds from the sale of the 2028 Notes, after deducting \$4 million of underwriting discounts and other offering expenses. We used a portion of the proceeds from the issuance of the 2028 Notes to redeem our 6.875% senior notes due 2019 (the "2019 Notes") and intend to use the remainder for general corporate purposes. Interest on the 2028 Notes is payable semi-annually on March 15 and September 15 of each year, beginning on March 15, 2019.

The 2019 Notes and 2028 Notes, together with our \$250 million of 5.375% senior notes due 2021 (the "2021 Notes"), \$350 million of 3.375% senior notes due 2023 (the "2023 Notes"), and \$400 million of 4.850% senior notes due 2026 (the "2026 Notes"), are collectively referred to as the "Senior Notes."

Debt Redemption —During the three months ended September 30, 2018 , we redeemed all of our outstanding 2019 Notes, of which there was \$196 million of aggregate principal outstanding, at a redemption price of approximately \$203 million , which was calculated in accordance with the terms of the 2019 Notes and included principal and accrued interest plus a make-whole premium. The \$7 million loss on extinguishment of debt was recognized in other income (loss), net on our condensed consolidated statements of income (see Note 18).

Revolving Credit Facility —During the nine months ended September 30, 2018 , we refinanced our \$1.5 billion senior unsecured revolving credit facility with a syndicate of lenders, extending the maturity of the facility to January 2023. During the nine months ended September 30, 2018 , we had \$20 million of borrowings and repayments on our revolving credit facility, resulting in no outstanding balance and an available line of credit of \$1.5 billion at September 30, 2018 . The weighted-average interest rate on these borrowings was 4.85% at September 30, 2018 . At December 31, 2017 , we had no outstanding balance.

Fair Value —We estimated the fair value of debt, excluding capital leases, which consists of our Senior Notes, bonds, and other long-term debt. Our Senior Notes and bonds are classified as Level Two due to the use and weighting of multiple market inputs in the final price of the security. We estimated the fair value of other debt instruments using a discounted cash flow analysis based on current market inputs for similar types of arrangements. Based upon the lack of available market data, we have classified our revolving credit facility and other debt instruments as Level Three. The primary sensitivity in these calculations is based on the selection of appropriate discount rates. Fluctuations in these assumptions will result in different estimates of fair value.

September 30, 2018					
	Carrying value	Fair value	Quoted prices in active markets for identical assets (level one)	Significant other observable inputs (level two)	Significant unobservable inputs (level three)
Debt (1)	\$ 1,636	\$ 1,656	\$ —	\$ 1,591	\$ 65

(1) Excludes \$13 million of capital lease obligations and \$16 million of unamortized discounts and deferred financing fees.

December 31, 2017					
	Carrying value	Fair value	Quoted prices in active markets for identical assets (level one)	Significant other observable inputs (level two)	Significant unobservable inputs (level three)
Debt (2)	\$ 1,452	\$ 1,546	\$ —	\$ 1,459	\$ 87

(2) Excludes \$13 million of capital lease obligations and \$14 million of unamortized discounts and deferred financing fees.

Interest Rate Locks —During the nine months ended September 30, 2018, we entered into two interest rate locks with a \$425 million total notional value and mandatory settlement dates in 2019 and 2021. The interest rate locks hedge a portion of the risk of changes in the benchmark interest rate associated with long-term debt we anticipate issuing in the future. These derivative instruments were designated as cash flow hedges and deemed highly effective at inception.

During the three months ended September 30, 2018, we settled one of the aforementioned interest rate locks with a \$225 million notional value upon issuance of the 2028 Notes. The outstanding interest rate lock with a \$200 million notional value remains highly effective at September 30, 2018.

10. OTHER LONG-TERM LIABILITIES

	September 30, 2018	December 31, 2017
Deferred compensation plans held to fund rabbi trusts (Note 4)	\$ 413	\$ 402
Guarantee liabilities (Note 12)	79	104
Self-insurance liabilities (Note 12)	76	69
Deferred income taxes	42	62
Other	227	226
Total other long-term liabilities	\$ 837	\$ 863

11. INCOME TAXES

The effective income tax rates for the three months ended September 30, 2018 and September 30, 2017 were 7.7% and 45.2%, respectively. The effective income tax rates for the nine months ended September 30, 2018 and September 30, 2017 were 21.2% and 36.7%, respectively. Our effective tax rate decreased for the three and nine months ended September 30, 2018, compared to the three and nine months ended September 30, 2017, primarily due to the Tax Cuts and Jobs Act ("Tax Act") enacted on December 22, 2017, which reduced the U.S. corporate income tax rate from 35% to 21% effective January 1, 2018, as well as a low effective tax rate on the HRMC transaction during the three months ended September 30, 2018.

During the three months ended September 30, 2018, we substantially completed our 2017 U.S. Federal Consolidated Income Tax Return. As such, we have refined our initial provisional amounts in relation to Staff Accounting Bulletin No. 118 ("SAB 118"), *Income Tax Accounting Implications of the Tax Cuts and Jobs Act*, and recognized measurement period adjustments during the three months ended September 30, 2018 related to our net deferred tax revaluation, deemed repatriation tax, and valuation allowance on certain foreign tax credits. We have not changed our indefinite reinvestment assertion, nor have we made a policy election with respect to our global intangible low-tax income. We continue to evaluate new guidance and legislation as it is issued, as well as the impact of state taxes on our provisional amounts upon completion of the 2017 state tax returns during the remainder of 2018. Our accounting for the Tax Act is incomplete, however, we expect to complete our accounting within the measurement period prescribed by SAB 118. During the three months ended September 30, 2018, we revised our provisional amounts and recognized adjustments as follows:

- We recognized a \$1 million decrease to our provisional expense related to our net deferred tax revaluation. During the year ended December 31, 2017, we recognized a provisional expense of \$97 million;

- We recognized an additional \$2 million of provisional deemed repatriation tax expense, including state tax impacts. During the year ended December 31, 2017, we recorded a provisional expense of \$13 million ; and
- We recognized a \$2 million decrease to our provisional valuation allowance related to foreign tax credits that are not expected to be utilized in the future. During the year ended December 31, 2017, we recorded a provisional valuation allowance of \$15 million .

As a result of the adoption of ASU 2014-09, our deferred tax asset related to deferred gains on sales of real estate was no longer required. The reversal of this deferred tax asset was recognized through opening equity resulting in a \$52 million reduction in deferred tax expense on our full-year 2017 adjusted financial statements originally recognized as a result of the Tax Act.

Unrecognized tax benefits were \$93 million at September 30, 2018 and \$94 million at December 31, 2017, of which \$33 million would impact the effective tax rate, if recognized in either period.

During the first quarter of 2017, the Internal Revenue Service ("IRS") issued a "Notice of Deficiency" for our 2009 through 2011 tax years. We disagree with the IRS' assessment related to the inclusion of loyalty program contributions as taxable income to the Company. In the second quarter of 2017, we filed a petition with the U.S. Tax Court for redetermination of the tax liability asserted by the IRS related to the loyalty program. During the three months ended September 30, 2018, the IRS issued a Revenue Agent's Report for the subsequent audit period covering tax years 2012 through 2014, which reflected the carryover effect of the issue described above currently in U.S. Tax Court. We filed a formal protest with the IRS in October of 2018. If the IRS' position is upheld, it would result in an income tax payment of \$177 million (including \$33 million of estimated interest, net of federal tax benefit) for all assessed years that would be partially offset by a deferred tax asset. Future tax benefits will be recognized at the reduced U.S. corporate income tax rate, therefore, \$59 million of the payment and related interest would have an impact on the effective tax rate, if recognized. We believe we have an adequate uncertain tax position recorded in connection with this matter.

12. COMMITMENTS AND CONTINGENCIES

In the ordinary course of business, we enter into various commitments, guarantees, surety bonds, and letter of credit agreements, which are discussed below:

Commitments —At September 30, 2018 , we are committed, under certain conditions, to lend or invest up to \$370 million , net of any related letters of credit, in various business ventures.

Performance Guarantees —Certain of our contractual agreements with third-party hotel owners require us to guarantee payments to the owners if specified levels of operating profit are not achieved by their hotels.

Our most significant performance guarantee relates to four managed hotels in France that we began managing in the second quarter of 2013 ("the four managed hotels in France"), which has a term of seven years and approximately one and three-quarter years remaining. This guarantee has a maximum cap, but does not have an annual cap. The remaining maximum exposure related to our performance guarantees at September 30, 2018 was \$319 million , of which €231 million (\$268 million using exchange rates at September 30, 2018) related to the four managed hotels in France.

We had \$37 million and \$71 million of total net performance guarantee liabilities at September 30, 2018 and December 31, 2017 , respectively, which included \$30 million and \$45 million recorded in other long-term liabilities, \$7 million and \$26 million in accrued expenses and other current liabilities, and insignificant receivables on our condensed consolidated balance sheets, respectively.

	The four managed hotels in France		Other performance guarantees		All performance guarantees	
	2018	2017	2018	2017	2018	2017
Beginning balance, January 1	\$ 58	\$ 66	\$ 13	\$ 13	\$ 71	\$ 79
Initial guarantee obligation liability	—	—	—	3	—	3
Amortization of initial guarantee obligation liability into income	(8)	(7)	(2)	(2)	(10)	(9)
Performance guarantee expense (income), net	36	41	(1)	(1)	35	40
Net payments during the period	(50)	(49)	(5)	(1)	(55)	(50)
Foreign currency exchange, net	—	6	—	—	—	6
Ending balance, June 30	\$ 36	\$ 57	\$ 5	\$ 12	\$ 41	\$ 69
Amortization of initial guarantee obligation liability into income	(3)	(4)	(1)	(1)	(4)	(5)
Performance guarantee expense	3	13	3	1	6	14
Net (payments) receipts during the period	(9)	(16)	2	1	(7)	(15)
Foreign currency exchange, net	1	3	—	—	1	3
Ending balance, September 30	\$ 28	\$ 53	\$ 9	\$ 13	\$ 37	\$ 66

Additionally, we enter into certain management contracts where we have the right, but not an obligation, to make payments to certain hotel owners if their hotels do not achieve specified levels of operating profit. If we choose not to fund the shortfall, the hotel owner has the option to terminate the management contract. At September 30, 2018 and December 31, 2017, there were no amounts recognized on our condensed consolidated balance sheets related to these performance test clauses.

Debt Repayment and Other Guarantees —We enter into various debt repayment and other guarantees in order to assist property owners in obtaining third-party financing or to obtain more favorable borrowing terms. Included within debt repayment and other guarantees are the following:

Property description	Maximum potential future payments	Maximum exposure net of recoverability from third parties	Other long-term liabilities recorded at September 30, 2018	Other long-term liabilities recorded at December 31, 2017	Year of guarantee expiration
Hotel property in Washington State (1), (3), (4), (5)	\$ 215	\$ —	\$ 19	\$ 26	2020
Hotel properties in India (2), (3)	166	166	11	17	2020
Hotel property in Massachusetts (6)	102	102	1	1	2020
Hotel and residential properties in Brazil (1), (4)	95	40	3	4	various, through 2021
Hotel property in Oregon (1), (5)	61	10	4	—	various, through 2022
Hotel properties in California (1)	31	13	4	6	various, through 2021
Hotel property in Minnesota	25	25	1	2	2021
Hotel property in Arizona (1), (4)	25	—	1	1	2019
Other (1)	30	19	5	2	various, through 2022
Total	\$ 750	\$ 375	\$ 49	\$ 59	

(1) We have agreements with our unconsolidated hospitality venture partners, the respective hotel owners, or other third parties to recover certain amounts funded under the debt repayment guarantee; the recoverability mechanism may be in the form of cash, financing receivable, or HTM debt security.

(2) Debt repayment guarantee is denominated in Indian rupees and translated using exchange rates at September 30, 2018. We have the contractual right to recover amounts funded from the unconsolidated hospitality venture, which is a related party. We expect our maximum exposure to be \$83 million, taking into account our partner's 50% ownership interest in the unconsolidated hospitality venture.

(3) Under certain events or conditions, we have the right to force the sale of the property(ies) in order to recover amounts funded.

(4) If certain funding thresholds are met or if certain events occur, we have the ability to assume control of the property . With respect to properties in Brazil, this right only exists for the residential property.

(5) We are subject to a completion guarantee whereby the parties agree to substantially complete the construction of the project by a specified date. In the event of default, we are obligated to complete construction using the funds available from the outstanding loan. Any additional funds paid by us are subject to partial recovery in the form of cash or HTM debt security. At September 30, 2018 , the maximum potential future payments and maximum exposure net of recoverability from third parties under the completion guarantees are \$45 million and \$4 million , respectively.

(6) We are subject to a completion guarantee whereby the parties agree to substantially complete the construction of the project by a specified date. In the event of default, we are obligated to complete construction and any additional funds paid by us are not recoverable.

At September 30, 2018 , we are not aware of, nor have we received notification that hotel owners are not current on their debt service obligations where we have provided a debt repayment guarantee.

Guarantee Liabilities Fair Value —We estimated the fair value of our guarantees to be \$151 million and \$177 million at September 30, 2018 and December 31, 2017 , respectively. Based upon the lack of available market data, we have classified our guarantees as Level Three in the fair value hierarchy.

Insurance —We obtain commercial insurance for potential losses for general liability, workers' compensation, automobile liability, employment practices, crime, property, cyber risk, and other miscellaneous coverages. A portion of the risk is retained on a self-insurance basis primarily through U.S.-based and licensed captive insurance companies that are wholly owned subsidiaries of Hyatt and generally insure our deductibles and retentions. Reserve requirements are established based on actuarial projections of ultimate losses. Losses estimated to be paid within 12 months are \$37 million and \$32 million at September 30, 2018 and December 31, 2017 , respectively, and are classified within accrued expenses and other current liabilities on our condensed consolidated balance sheets, while losses expected to be payable in future periods are \$76 million and \$69 million at September 30, 2018 and December 31, 2017 , respectively, and are included in other long-term liabilities on our condensed consolidated balance sheets. At September 30, 2018 , \$9 million of standby letters of credit were issued to provide collateral for the estimated claims, which are guaranteed by us.

Collective Bargaining Agreements —At September 30, 2018 , approximately 24% of our U.S.-based employees were covered by various collective bargaining agreements, generally providing for basic pay rates, working hours, other conditions of employment, and orderly settlement of labor disputes. Certain employees are covered by union-sponsored, multi-employer pension and health plans pursuant to agreements between us and various unions. Generally, labor relations have been maintained in a normal and satisfactory manner, and we believe our employee relations are good.

Surety Bonds —Surety bonds issued on our behalf were \$26 million at September 30, 2018 and primarily relate to workers' compensation, taxes, licenses, and utilities related to our lodging operations.

Letters of Credit —Letters of credit outstanding on our behalf at September 30, 2018 were \$297 million , which relate to our ongoing operations, hotel properties under development in the U.S., including one unconsolidated hospitality venture, collateral for estimated insurance claims, and securitization of our performance under our debt repayment guarantees associated with the hotel properties in India and the residential property in Brazil, which are only called upon if we default on our guarantees. The letters of credit outstanding do not reduce the available capacity under our revolving credit facility (see Note 9).

Capital Expenditures —As part of our ongoing business operations, significant expenditures are required to complete renovation projects that have been approved.

Other —We act as general partner of various partnerships owning hotel properties that are subject to mortgage indebtedness. These mortgage agreements generally limit the lender's recourse to security interests in assets financed and/or other assets of the partnership(s) and/or the general partner(s) thereof.

In conjunction with financing obtained for our unconsolidated hospitality ventures, certain managed hotels, and other properties, we may provide standard indemnifications to the lender for loss, liability, or damage occurring as a result of our actions or actions of the other unconsolidated hospitality venture partners, respective hotel owners, or other third parties.

As a result of certain dispositions, we have agreed to provide customary indemnifications to third-party purchasers for certain liabilities incurred prior to sale and for breach of certain representations and warranties made during the sales process, such as representations of valid title, authority, and environmental issues that may not be limited by a contractual monetary amount. These indemnification agreements survive until the applicable statutes of limitation expire or until the agreed upon contract terms expire.

We are subject, from time to time, to various claims and contingencies related to lawsuits, taxes, and environmental matters, as well as commitments under contractual obligations. Many of these claims are covered under our current insurance programs, subject to deductibles. Although the ultimate liability for these matters cannot be determined at this point, based on information currently available, we do not expect the ultimate resolution of such claims and litigation to have a material effect on our condensed consolidated financial statements.

During the nine months ended September 30, 2018, we received a notice from the Indian tax authorities assessing additional service tax on our operations in India. We appealed this decision and do not believe a loss is probable, and therefore, we have not recognized a liability in connection with this matter. Our maximum exposure is not expected to exceed \$17 million.

13. EQUITY

	Stockholders' equity	Noncontrolling interests in consolidated subsidiaries	Total equity
Balance at January 1, 2018	\$ 3,833	\$ 6	\$ 3,839
Net income attributable to Hyatt Hotels Corporation	725	—	725
Other comprehensive income	51	—	51
Repurchase of common stock	(654)	—	(654)
Dividends	(52)	—	(52)
Directors compensation	2	—	2
Employee stock plan issuance	3	—	3
Share-based payment activity	21	—	21
Balance at September 30, 2018	\$ 3,929	\$ 6	\$ 3,935

	Stockholders' equity	Noncontrolling interests in consolidated subsidiaries	Total equity
Balance at January 1, 2017 (a)	\$ 4,075	\$ 5	\$ 4,080
Net income attributable to Hyatt Hotels Corporation	176	—	176
Other comprehensive income	105	—	105
Contributions from noncontrolling interests	—	1	1
Repurchase of common stock	(555)	—	(555)
Directors compensation	2	—	2
Employee stock plan issuance	3	—	3
Share-based payment activity	20	—	20
Balance at September 30, 2017	\$ 3,826	\$ 6	\$ 3,832

(a) Balances have been adjusted for the adoption of ASU 2014-09 with an opening adjustment to retained earnings of \$172 million.

Accumulated Other Comprehensive Loss

	Balance at July 1, 2018	Current period other comprehensive income (loss) before reclassification	Amount reclassified from accumulated other comprehensive loss (a)	Balance at September 30, 2018
Foreign currency translation adjustments	\$ (266)	\$ 9	\$ 62	\$ (195)
Unrecognized pension cost	(7)	—	—	(7)
Unrealized losses on derivative instruments	(3)	3	—	—
Accumulated other comprehensive loss	<u>\$ (276)</u>	<u>\$ 12</u>	<u>\$ 62</u>	<u>\$ (202)</u>

(a) The amounts reclassified from accumulated other comprehensive loss include the gain recognized in gains on sales of real estate related to the HRMC transaction (see Note 6).

	Balance at January 1, 2018	Current period other comprehensive income (loss) before reclassification	Amount reclassified from accumulated other comprehensive loss (b)	Balance at September 30, 2018
Foreign currency translation adjustments	\$ (243)	\$ (29)	\$ 77	\$ (195)
Unrecognized pension cost	(7)	—	—	(7)
Unrealized losses on derivative instruments	(3)	3	—	—
Accumulated other comprehensive loss	<u>\$ (253)</u>	<u>\$ (26)</u>	<u>\$ 77</u>	<u>\$ (202)</u>

(b) The amounts reclassified from accumulated other comprehensive loss include the net gain recognized in gains on sales of real estate related to the derecognition of a wholly owned subsidiary and the HRMC transaction (see Note 6).

	Balance at July 1, 2017	Current period other comprehensive income (loss) before reclassification	Amount reclassified from accumulated other comprehensive loss	Balance at September 30, 2017
Foreign currency translation adjustments	\$ (239)	\$ 11	\$ —	\$ (228)
Unrealized gains on AFS securities	78	(12)	—	66
Unrecognized pension cost	(7)	—	—	(7)
Unrealized losses on derivative instruments	(4)	1	—	(3)
Accumulated other comprehensive loss	<u>\$ (172)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (172)</u>

	Balance at January 1, 2017	Current period other comprehensive income (loss) before reclassification	Amount reclassified from accumulated other comprehensive loss	Balance at September 30, 2017
Foreign currency translation adjustments	\$ (299)	\$ 71	\$ —	\$ (228)
Unrealized gains on AFS securities (c)	33	8	25	66
Unrecognized pension cost	(7)	—	—	(7)
Unrealized losses on derivative instruments	(4)	1	—	(3)
Accumulated other comprehensive loss	<u>\$ (277)</u>	<u>\$ 80</u>	<u>\$ 25</u>	<u>\$ (172)</u>

(c) The presentation above was revised to reflect the gross impact of the redemption of certain Playa securities (see Note 4), which was previously presented on a net basis within current period other comprehensive income (loss) before reclassification. The revised presentation above reflects the \$40 million realized loss (\$25 million net of tax) recognized in other income (loss), net (see Note 18) in the period of redemption as an amount reclassified from accumulated other comprehensive loss.

Share Repurchase — During 2017 and 2016, our board of directors authorized the repurchase of up to \$1,250 million and \$500 million, respectively, of our common stock. In October 2018, our board of directors authorized the additional repurchase of up to \$750 million of our common stock (see Note 19). These repurchases may be made

from time to time in the open market, in privately negotiated transactions, or otherwise, including pursuant to a Rule 10b5-1 plan or an accelerated share repurchase transaction, at prices we deem appropriate and subject to market conditions, applicable law, and other factors deemed relevant in our sole discretion. The common stock repurchase program applies to our Class A common stock and our Class B common stock. The common stock repurchase program does not obligate us to repurchase any dollar amount or number of shares of common stock and the program may be suspended or discontinued at any time.

We entered into the following accelerated share repurchase ("ASR") programs with third-party financial institutions to repurchase Class A shares:

	Total number of shares repurchased (1)	Weighted-average price per share	Total cash paid
May 2018 ASR	2,481,341	\$ 80.60	\$ 200
August 2017 ASR (2) (3)	1,401,787	\$ 57.07	\$ 100
March 2017 ASR (2)	5,393,669	\$ 55.62	\$ 300

(1) The delivery of shares resulted in a reduction in weighted-average common shares outstanding for basic and diluted earnings per share.

(2) The August 2017 ASR and the March 2017 ASR are collectively referred to as the "2017 ASR Agreements."

(3) At September 30, 2017, the remaining yet to be delivered shares totaled \$20 million and were accounted for as an equity-classified forward contract. The August 2017 ASR was settled subsequent to the nine months ended September 30, 2017 for 264,697 shares. Overall, we repurchased 1,666,484 shares at a weighted-average price per share of \$60.01.

During the nine months ended September 30, 2018, we repurchased 8,560,012 shares of common stock, including settlement of the May 2018 ASR and 244,260 shares representing the settlement of an ASR program entered into during the fourth quarter of 2017 ("November 2017 ASR"). The shares of common stock were repurchased at a weighted-average price of \$78.42 per share and an aggregate purchase price of \$674 million, excluding related insignificant expenses. The aggregate purchase price includes \$20 million of shares delivered in the settlement of the November 2017 ASR in 2018, for which payment was made during 2017. Total shares repurchased during the nine months ended September 30, 2018 represented approximately 7% of our total shares of common stock outstanding at December 31, 2017.

During the nine months ended September 30, 2017, we repurchased 9,492,729 shares of common stock, including shares repurchased pursuant to the 2017 ASR Agreements. The shares of common stock were repurchased at a weighted-average price of \$56.37 per share for an aggregate purchase price of \$535 million, excluding related insignificant expenses. The shares repurchased during the nine months ended September 30, 2017 represented approximately 7% of our total shares of common stock outstanding at December 31, 2016.

The shares of Class A common stock repurchased on the open market were retired and returned to the status of authorized and unissued shares, while the shares of Class B common stock repurchased were retired and the total number of authorized Class B shares was reduced by the number of shares retired during the three months ended September 30, 2018 (see Note 15). At September 30, 2018, we had \$210 million remaining under the share repurchase authorization.

Dividend — During the nine months ended September 30, 2018, we paid cash dividends to Class A and Class B shareholders of record as follows:

Date Declared	Dividend per share amount	Date of record	Date paid
February 14, 2018	\$ 0.15	March 22, 2018	March 29, 2018
May 16, 2018	\$ 0.15	June 19, 2018	June 28, 2018
July 31, 2018	\$ 0.15	September 6, 2018	September 20, 2018

14. STOCK-BASED COMPENSATION

As part of our Long-Term Incentive Plan, we award Stock Appreciation Rights ("SARs"), Restricted Stock Units ("RSUs"), and Performance Share Units ("PSUs") to certain employees. Compensation expense and unearned compensation presented below exclude amounts related to employees of our managed hotels and other employees whose payroll is reimbursed, as this expense has been and will continue to be reimbursed by our third-party hotel owners and is recognized within revenues for the reimbursement of costs incurred on behalf of managed and franchised properties and costs incurred on behalf of managed and franchised properties on our condensed consolidated statements of income. Stock-based compensation expense included in selling, general, and administrative expense on our condensed consolidated statements of income related to these awards was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
SARs	\$ 1	\$ 1	\$ 10	\$ 10
RSUs	2	3	14	14
PSUs	2	1	4	2
Total	\$ 5	\$ 5	\$ 28	\$ 26

SARs —During the nine months ended September 30, 2018, we granted 504,760 SARs to employees with a weighted-average grant date fair value of \$21.18. During the nine months ended September 30, 2017, we granted 625,740 SARs to employees with a weighted-average grant date fair value of \$16.42.

RSUs — During the nine months ended September 30, 2018, we granted 272,549 RSUs to employees with a weighted-average grant date fair value of \$79.90. During the nine months ended September 30, 2017, we granted 483,302 RSUs to employees with a weighted-average grant date fair value of \$ 53.77.

PSUs —During the nine months ended September 30, 2018, we granted 89,441 PSUs to our executive officers, with a weighted-average grant date fair value of \$82.10. The performance period applicable to such PSUs is a three year period beginning January 1, 2018 and ending December 31, 2020. During the nine months ended September 30, 2017, we granted 102,115 PSUs to our executive officers, with a weighted-average grant date fair value of \$52.65.

Our total unearned compensation for our stock-based compensation programs at September 30, 2018 was \$5 million for SARs, \$17 million for RSUs, and \$7 million for PSUs, which will primarily be recognized in stock-based compensation expense over a weighted-average period of three years with respect to SARs and RSUs, and two years with respect to PSUs.

15. RELATED-PARTY TRANSACTIONS

In addition to those included elsewhere in the Notes to our condensed consolidated financial statements, related-party transactions entered into by us are summarized as follows:

Legal Services —A partner in a law firm that provided services to us throughout the nine months ended September 30, 2018 and September 30, 2017 is the brother-in-law of our Executive Chairman. We incurred \$ 2 million of legal fees with this firm during each of the three months ended September 30, 2018 and September 30, 2017. We incurred \$5 million and \$ 3 million of legal fees with this firm during the nine months ended September 30, 2018 and September 30, 2017, respectively. At September 30, 2018 and December 31, 2017, we had \$2 million and insignificant amounts due to the law firm, respectively.

Equity Method Investments —We have equity method investments in entities that own properties for which we receive management or franchise fees. We recognized \$5 million and \$ 6 million of fees for the three months ended September 30, 2018 and September 30, 2017, respectively. We recognized \$ 15 million and \$ 18 million of fees for the nine months ended September 30, 2018 and September 30, 2017, respectively. In addition, in some cases we provide loans (see Note 5) or guarantees (see Note 12) to these entities. During the three months ended September 30, 2018 and September 30, 2017, we recognized \$2 million and \$ 1 million, respectively, of income related to these guarantees. During the nine months ended September 30, 2018 and September 30, 2017, we recognized \$ 5 million and \$ 4 million, respectively, of income related to these guarantees. At September 30, 2018 and December 31, 2017, we had \$ 14 million and \$ 11 million, respectively, of receivables due from these properties.

At September 30, 2018, our ownership interest in these unconsolidated hospitality ventures varies from 24% to 50% . See Note 4 for further details regarding these investments.

Class B Share Conversion —During the three and nine months ended September 30, 2018 , 950,161 shares and 1,207,355 shares of Class B common stock, respectively, were converted on a share-for-share basis into shares of our Class A common stock, \$0.01 par value per share. During the three and nine months ended September 30, 2017 , 10,154,050 shares and 14,926,420 shares of Class B common stock, respectively, were converted on a share-for-share basis into shares of our Class A common stock, \$0.01 par value per share. Of the shares of Class B common stock that were converted into shares of Class A common stock, 257,194 shares have been retired. The retirements thereby reduce the shares of Class B common stock authorized and outstanding. The remaining 950,161 shares of Class B common stock were retired subsequent to September 30, 2018.

Class B Share Repurchase —During the nine months ended September 30, 2018 , we repurchased 2,427,000 shares of Class B common stock for a weighted average price of \$ 78.11 per share, for an aggregate purchase price of approximately \$ 190 million . The shares repurchased represented approximately 2% of our total shares of common stock outstanding prior to the repurchase. During the three and nine months ended September 30, 2017 , we repurchased 1,813,459 shares of Class B common stock for a weighted average price of \$ 59.29 per share, for an aggregate purchase price of approximately \$ 107 million . The shares repurchased represented approximately 2% of our total shares of common stock outstanding prior to the repurchase. The shares of Class B common stock were repurchased in privately negotiated transactions from trusts for the benefit of certain Pritzker family members and limited partnerships owned indirectly by trusts for the benefit of certain Pritzker family members and were retired, thereby reducing the shares of Class B common stock authorized and outstanding by the repurchased share amount.

16 . SEGMENT INFORMATION

Our reportable segments are components of the business which are managed discretely and for which discrete financial information is reviewed regularly by the chief operating decision maker ("CODM") to assess performance and make decisions regarding the allocation of resources. Our CODM is our President and Chief Executive Officer. We define our reportable segments as follows:

- **Owned and leased hotels** —This segment derives its earnings from owned and leased hotel properties located predominantly in the United States but also in certain international locations and for purposes of segment Adjusted EBITDA, includes our pro rata share of the Adjusted EBITDA of our unconsolidated hospitality ventures, based on our ownership percentage of each venture. Adjusted EBITDA includes intercompany expenses related to management fees paid to the Company's management and franchising segments, which are eliminated in consolidation. Intersegment revenues relate to promotional award redemptions earned by our owned and leased hotels related to our co-branded credit card and revenues earned under the loyalty program for stays at our owned and leased hotels and are eliminated in consolidation.
- **Americas management and franchising** —This segment derives its earnings primarily from a combination of hotel management and licensing of our portfolio of brands to franchisees located in the United States, Latin America, Canada, and the Caribbean. This segment's revenues also include the reimbursement of costs incurred on behalf of managed and franchised properties. These costs relate primarily to payroll costs at managed properties where the Company is the employer, as well as costs associated with reservations, sales, marketing, technology, and the loyalty program operated on behalf of owners of managed and franchised properties. The intersegment revenues relate to management fees earned from the Company's owned and leased hotels and are eliminated in consolidation.
- **ASPAC management and franchising** —This segment derives its earnings primarily from a combination of hotel management and licensing of our portfolio of brands to franchisees located in Southeast Asia, Greater China, Australia, South Korea, Japan, and Micronesia. This segment's revenues also include the reimbursement of costs incurred on behalf of managed and franchised properties. These costs relate primarily to reservations, sales, marketing, technology, and the loyalty program operated on behalf of owners of managed and franchised properties. The intersegment revenues relate to management fees earned from the Company's owned hotel and are eliminated in consolidation.
- **EAME/SW Asia management and franchising** —This segment derives its earnings primarily from a combination of hotel management and licensing of our portfolio of brands to franchisees located in Europe, Africa, the Middle East, India, Central Asia, and Nepal. This segment's revenues also include the

reimbursement of costs incurred on behalf of managed and franchised properties. These costs relate primarily to reservations, sales, marketing, technology, and the loyalty program operated on behalf of owners of managed and franchised properties. The intersegment revenues relate to management fees earned from the Company's owned and leased hotels and are eliminated in consolidation.

Our CODM evaluates performance based on owned and leased hotels revenues, management, franchise, and other fees revenues, and Adjusted EBITDA. Adjusted EBITDA, as we define it, is a non-GAAP measure. We define Adjusted EBITDA as net income attributable to Hyatt Hotels Corporation plus our pro rata share of unconsolidated hospitality ventures Adjusted EBITDA based on our ownership percentage of each venture, adjusted to exclude interest expense; provision for income taxes; depreciation and amortization; Contra revenue; revenues for the reimbursement of costs incurred on behalf of managed and franchised properties; costs incurred on behalf of managed and franchised properties; equity earnings (losses) from unconsolidated hospitality ventures; stock-based compensation expense; gains (losses) on sales of real estate; asset impairments; and other income (loss), net.

Effective January 1, 2018, we made two modifications to our definition of Adjusted EBITDA with the implementation of ASU 2014-09. Our definition has been updated to exclude Contra revenue which was previously recognized as amortization expense. As this is strictly a matter of financial presentation, we have excluded Contra revenue in order to be consistent with our prior treatment and to reflect the way in which we manage our business. We have also excluded revenues for the reimbursement of costs incurred on behalf of managed and franchised properties and costs incurred on behalf of managed and franchised properties. These revenues and costs previously netted to zero within Adjusted EBITDA. Under ASU 2014-09, the recognition of certain revenue differs from the recognition of related costs, creating timing differences that would otherwise impact Adjusted EBITDA. We have not changed our management of these revenues or expenses, nor do we consider these timing differences to be reflective of our core operations. These changes reflect how our CODM evaluates each segment's performance and also facilitate comparison with our competitors. We have applied this change to 2017 historical results to allow for comparability between the periods presented.

The table below shows summarized consolidated financial information by segment. Included within corporate and other are the results of Miraval, exhale, Hyatt Residence Club license fees, results related to our co-branded credit card, and unallocated corporate expenses.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Owned and leased hotels				
Owned and leased hotels revenues	\$ 443	\$ 510	\$ 1,428	\$ 1,641
Other revenues	—	—	—	13
Intersegment revenues (a)	7	10	26	29
Adjusted EBITDA	91	104	324	382
Depreciation and amortization	65	75	197	222
Americas management and franchising				
Management, franchise, and other fees revenues	95	94	301	289
Contra revenue	(4)	(3)	(10)	(9)
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	447	395	1,328	1,205
Intersegment revenues (a)	16	18	52	58
Adjusted EBITDA	83	81	266	250
Depreciation and amortization	2	2	6	6
ASPAC management and franchising				
Management, franchise, and other fees revenues	30	27	90	79
Contra revenue	—	—	(1)	(1)
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	24	19	67	56
Intersegment revenues (a)	1	—	1	1
Adjusted EBITDA	19	17	55	48
Depreciation and amortization	1	—	1	—
EAME/SW Asia management and franchising				
Management, franchise, and other fees revenues	21	17	58	49
Contra revenue	(1)	(1)	(4)	(3)
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	16	15	49	41
Intersegment revenues (a)	3	3	8	7
Adjusted EBITDA	12	10	33	26
Depreciation and amortization	—	—	—	—
Corporate and other				
Revenues	26	25	89	73
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	2	—	3	—
Intersegment revenues (a)	(2)	(3)	(5)	(7)
Adjusted EBITDA	(29)	(33)	(85)	(90)
Depreciation and amortization	13	11	39	33
Eliminations				
Revenues (a)	(25)	(28)	(82)	(88)
Adjusted EBITDA	(1)	(2)	2	3
TOTAL				
Revenues	\$ 1,074	\$ 1,070	\$ 3,316	\$ 3,345
Adjusted EBITDA	175	177	595	619
Depreciation and amortization	81	88	243	261

(a) Intersegment revenues are included in management, franchise, and other fees revenues, owned and leased hotels revenues, and other revenues and eliminated in Eliminations.

The table below provides a reconciliation of our net income attributable to Hyatt Hotels Corporation to EBITDA and a reconciliation of EBITDA to our consolidated Adjusted EBITDA:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net income attributable to Hyatt Hotels Corporation	\$ 237	\$ 18	\$ 725	\$ 176
Interest expense	19	20	57	61
Provision for income taxes	19	16	194	103
Depreciation and amortization	81	88	243	261
EBITDA	356	142	1,219	601
Contra revenue	5	4	15	13
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	(489)	(429)	(1,447)	(1,302)
Costs incurred on behalf of managed and franchised properties	487	425	1,447	1,313
Equity (earnings) losses from unconsolidated hospitality ventures	6	(1)	17	1
Stock-based compensation expense (Note 14)	5	5	28	26
Gains on sales of real estate (Note 6)	(239)	—	(769)	(60)
Asset impairments	21	—	21	—
Other (income) loss, net (Note 18)	9	16	22	(32)
Pro rata share of unconsolidated hospitality ventures Adjusted EBITDA	14	15	42	59
Adjusted EBITDA	\$ 175	\$ 177	\$ 595	\$ 619

17 . EARNINGS PER SHARE

The calculation of basic and diluted earnings per share, including a reconciliation of the numerator and denominator, are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Numerator:				
Net income	\$ 237	\$ 19	\$ 725	\$ 177
Net income and accretion attributable to noncontrolling interests	—	(1)	—	(1)
Net income attributable to Hyatt Hotels Corporation	\$ 237	\$ 18	\$ 725	\$ 176
Denominator:				
Basic weighted average shares outstanding	111,356,759	124,010,961	114,829,210	126,399,472
Share-based compensation and equity-classified forward contract	1,867,226	1,396,922	1,954,863	1,315,462
Diluted weighted average shares outstanding	113,223,985	125,407,883	116,784,073	127,714,934
Basic Earnings Per Share:				
Net income	\$ 2.12	\$ 0.15	\$ 6.31	\$ 1.40
Net income and accretion attributable to noncontrolling interests	—	(0.01)	—	(0.01)
Net income attributable to Hyatt Hotels Corporation	\$ 2.12	\$ 0.14	\$ 6.31	\$ 1.39
Diluted Earnings Per Share:				
Net income	\$ 2.09	\$ 0.15	\$ 6.21	\$ 1.39
Net income and accretion attributable to noncontrolling interests	—	(0.01)	—	(0.01)
Net income attributable to Hyatt Hotels Corporation	\$ 2.09	\$ 0.14	\$ 6.21	\$ 1.38

The computations of diluted net income per share for the three and nine months ended September 30, 2018 and September 30, 2017 do not include the following shares of Class A common stock assumed to be issued as stock- settled SARs and RSUs because they are anti- dilutive.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
SARs	—	29,100	—	32,300
RSUs	—	400	—	200

18 . OTHER INCOME (LOSS), NET

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Interest income (Note 4)	\$ 7	\$ 5	\$ 19	\$ 106
Depreciation recovery	5	7	16	19
Performance guarantee liability amortization (Note 12)	4	5	14	14
Debt repayment guarantee liability amortization (Note 12)	2	3	8	8
Cease use liability	—	(21)	—	(21)
Realized losses (Note 4)	—	—	(2)	(41)
Impairment of an equity security without a readily determinable fair value (Note 4)	—	—	(22)	—
Performance guarantee expense, net (Note 12)	(6)	(14)	(41)	(54)
Loss on extinguishment of debt (Note 9)	(7)	—	(7)	—
Unrealized (losses) gains (Note 4)	(15)	—	(21)	3
Other, net	1	(1)	14	(2)
Other income (loss), net	\$ (9)	\$ (16)	\$ (22)	\$ 32

During the year ended December 31, 2017, we relocated our corporate headquarters and recognized a \$21 million cease use liability.

19 . SUBSEQUENT EVENTS

On October 6, 2018, we entered into a Membership Interest Purchase Agreement ("Purchase Agreement") to acquire the outstanding equity interests of Two Roads Hospitality LLC for a purchase price of approximately \$480 million, subject to adjustments, and variable consideration of up to an additional \$120 million. Our Executive Chairman is the brother of the Co-Chairman of Two Roads Hospitality LLC and Founding Partner and Director of Geolo Capital LP, which is an affiliate of one of the sellers. The transaction is subject to closing conditions as detailed in the Purchase Agreement and is expected to close in the fourth quarter of 2018.

On October 9, 2018, we sold a Hyatt House hotel to an unrelated third party for approximately \$48 million and entered into a long-term management agreement with the owner upon sale.

On October 30, 2018, our board of directors authorized the repurchase of up to an additional \$750 million of our common stock. These repurchases may be made from time to time in the open market, in privately negotiated transactions, or otherwise, including pursuant to a Rule 10b5-1 plan or an accelerated share repurchase transaction, at prices we deem appropriate and subject to market conditions, applicable law and other factors deemed relevant in our sole discretion. The common stock repurchase program applies to our Class A common stock and/or our Class B common stock. The common stock repurchase program does not obligate us to repurchase any dollar amount or number of shares of common stock and the program may be suspended or discontinued at any time.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This quarterly report contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include statements about the Company's plans, strategies, financial performance, the amount by which the Company intends to reduce its real estate asset base, and the anticipated time frame for such asset dispositions, prospects, or future events and involve known and unknown risks that are difficult to predict. As a result, our actual results, performance, or achievements may differ materially from those expressed or implied by these forward-looking statements. In some cases, you can identify forward-looking statements by the use of words such as "may," "could," "expect," "intend," "plan," "seek," "anticipate," "believe," "estimate," "predict," "potential," "continue," "likely," "will," "would," and variations of these terms and similar expressions, or the negative of these terms or similar expressions. Such forward-looking statements are necessarily based upon estimates and assumptions that, while considered reasonable by us and our management, are inherently uncertain. Factors that may cause actual results to differ materially from current expectations include, but are not limited to: the factors discussed in our filings with the SEC, including our Annual Report on Form 10-K; general economic uncertainty in key global markets and a worsening of global economic conditions or low levels of economic growth; the rate and the pace of economic recovery following economic downturns; levels of spending in business and leisure segments as well as consumer confidence; declines in occupancy and average daily rate; limited visibility with respect to future bookings; loss of key personnel; hostilities, or fear of hostilities, including future terrorist attacks, that affect travel; travel-related accidents; natural or man-made disasters such as earthquakes, tsunamis, tornadoes, hurricanes, floods, wildfires, oil spills, nuclear incidents, and global outbreaks of pandemics or contagious diseases or fear of such outbreaks; our ability to successfully achieve certain levels of operating profits at hotels that have performance guarantees in favor of our third-party owners; the impact of hotel renovations and redevelopments; risks associated with our capital allocation plans and common stock repurchase program and other forms of shareholder capital returns, including the risk that our common stock repurchase program could increase volatility and fail to enhance shareholder value; our intention to pay a quarterly cash dividend and the amounts thereof, if any; the seasonal and cyclical nature of the real estate and hospitality businesses; changes in distribution arrangements, such as through internet travel intermediaries; changes in the tastes and preferences of our customers, including the entry of new competitors in the lodging business; relationships with colleagues and labor unions and changes in labor laws; the financial condition of, and our relationships with, third-party property owners, franchisees, and hospitality venture partners; the possible inability of our third-party owners, franchisees, or development partners to access capital necessary to fund current operations or implement our plans for growth; risks associated with potential acquisitions and dispositions and the introduction of new brand concepts; the timing of acquisitions and dispositions; failure to successfully complete proposed transactions (including the failure to satisfy closing conditions or obtain required approvals); our ability to successfully execute on our strategy to reduce our real estate asset base within targeted timeframes and at expected values, and to expand the growth of our management and franchising business; declines in the value of our real estate assets; unforeseen terminations of our management or franchise agreements; changes in federal, state, local, or foreign tax law; the impact of changes in the tax code as a result of recent U.S. federal income tax reform and uncertainty as to how some of those changes may be applied; increases in interest rates and operating costs; foreign exchange rate fluctuations or currency restructurings; lack of acceptance of new brands or innovation; general volatility of the capital markets and our ability to access such markets; changes in the competitive environment in our industry, including as a result of industry consolidation, and the markets where we operate; our ability to successfully grow the World of Hyatt loyalty platform and the level of acceptance of the program by our guests; cyber incidents and information technology failures; outcomes of legal or administrative proceedings; and violations of regulations or laws related to our franchising business. These factors are not necessarily all of the important factors that could cause our actual results, performance, or achievements to differ materially from those expressed in or implied by any of our forward-looking statements. Other unknown or unpredictable factors also could harm our business, financial condition, results of operations, or cash flows. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements set forth above. Forward-looking statements speak only as of the date they are made, and we do not undertake or assume any obligation to update publicly any of these forward-looking statements to reflect actual results, new information or future events, changes in assumptions, or changes in other factors affecting forward-looking statements, except to the extent required by applicable law. If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

The following discussion should be read in conjunction with the Company's condensed consolidated financial statements and accompanying Notes, which appear elsewhere in this Quarterly Report on Form 10-Q.

Executive Overview

We provide hospitality and other services on a worldwide basis through the development, ownership, operation, management, franchising, and licensing of hospitality and wellness-related businesses. We develop, own, operate, manage, franchise, license, or provide services to a portfolio of properties consisting of full service hotels, select service hotels, resorts, and other properties, including branded spas and fitness studios, and timeshare, fractional, and other forms of residential or vacation properties.

At September 30, 2018, our worldwide hotel portfolio consisted of 754 full and select service hotels (190,978 rooms), including:

- 318 managed properties (103,233 rooms), all of which we operate under management and hotel services agreements with third-party property owners;
- 377 franchised properties (63,290 rooms), all of which are owned by third parties that have franchise agreements with us and are operated by third parties;
- 31 owned properties (15,142 rooms) (including 1 consolidated hospitality venture), 1 capital leased property (171 rooms), and 6 operating leased properties (2,069 rooms), all of which we manage; and
- 19 managed properties and 2 franchised properties owned or leased by unconsolidated hospitality ventures (7,073 rooms).

Our worldwide property portfolio also included:

- 3 destination wellness resorts (399 rooms), all of which we own and operate (including 1 consolidated hospitality venture);
- 6 all-inclusive resorts (2,401 rooms), all of which are owned by a third party in which we hold common shares and which operates the resorts under franchise agreements with us;
- 16 vacation ownership properties under the Hyatt Residence Club brand and operated by third parties; and
- 21 residential properties, which consist of branded residences and serviced apartments. We manage all of the serviced apartments and those branded residential units that participate in a rental program with an adjacent Hyatt-branded hotel.

Our worldwide property portfolio also included branded spas and fitness studios, comprised of leased and managed locations. Additionally, through strategic relationships, we provide certain reservation and/or loyalty program services to hotels that are unaffiliated with our hotel portfolio and which operate under other tradenames or marks owned by such hotel or licensed by third parties.

We report our consolidated operations in U.S. dollars. Amounts are reported in millions, unless otherwise noted. Percentages may not recompute due to rounding, and percentage changes that are not meaningful are presented as "NM". Constant currency disclosures throughout Management's Discussion and Analysis of Financial Condition and Results of Operations are non-GAAP measures. See "—Non-GAAP Measures" for further discussion of constant currency disclosures. We manage our business within four reportable segments as described below:

- Owned and leased hotels, which consists of our owned and leased full service and select service hotels, and for purposes of segment Adjusted EBITDA, our pro rata share of the Adjusted EBITDA of our unconsolidated hospitality ventures, based on our ownership percentage of each venture;
- Americas management and franchising, which consists of our management and franchising of properties located in the United States, Latin America, Canada, and the Caribbean;
- ASPAC management and franchising, which consists of our management and franchising of properties located in Southeast Asia, Greater China, Australia, South Korea, Japan, and Micronesia; and
- EAME/SW Asia management and franchising, which consists of our management and franchising of properties located in Europe, Africa, the Middle East, India, Central Asia, and Nepal.

Within corporate and other, we include the results of Miraval and exhale, Hyatt Residence Club license fees, results from our co-branded credit card, and unallocated corporate expenses. The results of our owned Miraval

resorts are reported in owned and leased hotels revenues and owned and leased hotels expenses on our condensed consolidated statements of income. See Part I, Item 1 "Financial Statements—Note 16 to the Condensed Consolidated Financial Statements" for further discussion of our segment structure.

During the quarter ended September 30, 2018, we returned capital to our shareholders of \$66 million through share repurchases and \$17 million through our quarterly dividend payment.

Our financial performance for the quarter ended September 30, 2018 reflects an increase in net income attributable to Hyatt Hotels Corporation of \$219 million, compared to the quarter ended September 30, 2017, driven primarily by the gain on the HRMC transaction in 2018. Consolidated revenues increased \$4 million, or 0.5% (\$8 million or 0.8%, excluding the impact of currency), during the quarter ended September 30, 2018 compared to the quarter ended September 30, 2017, driven by the growth of our third-party owned managed and franchised portfolio, partially offset by a decrease in owned and leased hotels revenues due to the disposition of hotel properties in 2018 and 2017.

Owned and leased hotels revenues for the quarter ended September 30, 2018 decreased \$66 million, compared to the quarter ended September 30, 2017, driven primarily by disposition activity in 2018 and 2017, partially offset by performance at our comparable properties.

Our management, franchise, and other fees for the quarter ended September 30, 2018 increased \$10 million, compared to the quarter ended September 30, 2017, which was spread across our reportable segments and included a net unfavorable currency impact of \$1 million.

Our consolidated Adjusted EBITDA for the quarter ended September 30, 2018 decreased \$2 million, compared to the third quarter of 2017, which included \$2 million net unfavorable currency impact. The decrease was driven primarily by our owned and leased hotels segment which decreased \$13 million due to transactional activity in 2018 and 2017, partially offset by increases across our three remaining segments. See "—Non-GAAP Measures" for an explanation of how we utilize Adjusted EBITDA, why we present it, and material limitations on its usefulness, as well as a reconciliation of our net income attributable to Hyatt Hotels Corporation to EBITDA and a reconciliation of EBITDA to consolidated Adjusted EBITDA.

Hotel Chain Revenue per Available Room ("RevPAR") Statistics.

(Comparable locations)	Number of comparable hotels (1)	RevPAR			
		Three Months Ended September 30,			
		2018	2017	Change	Change (in constant \$)
System-wide hotels	645	\$ 140	\$ 138	1.7 %	2.8 %
Owned and leased hotels	33	\$ 179	\$ 171	4.9 %	5.3 %
Americas full service hotels	161	\$ 159	\$ 156	2.3 %	3.0 %
Americas select service hotels	323	\$ 112	\$ 113	(0.8)%	(0.7)%
ASPAC full service hotels	76	\$ 151	\$ 150	0.7 %	2.5 %
ASPAC select service hotels	5	\$ 52	\$ 55	(5.2)%	(3.7)%
EAME/SW Asia full service hotels	69	\$ 127	\$ 120	6.4 %	11.0 %
EAME/SW Asia select service hotels	11	\$ 74	\$ 73	1.2 %	2.8 %

(1) The number of comparable hotels presented above includes owned and leased hotels.

System-wide RevPAR increased 2.8% in constant currency during the three months ended September 30, 2018, compared to the three months ended September 30, 2017, driven by improved transient average daily rate ("ADR") across each of our segments, as well as increased group ADR and demand in the Americas and EAME/SW Asia. System-wide group revenue improved compared to 2017 as a result of higher demand in the United States. Group revenue booked in the third quarter of 2018 for stays in 2018 was higher as compared to 2017. Group revenue booked in the third quarter of 2018 for stays in future years was lower as compared to 2017. RevPAR related to owned and leased hotels improved due to increased transient demand in the United States and Europe. See "—Segment Results" for discussion of RevPAR by segment.

Results of Operations

Three and Nine Months Ended September 30, 2018 Compared with Three and Nine Months Ended September 30, 2017

Discussion on Consolidated Results

For additional information regarding our consolidated results, please also refer to our condensed consolidated statements of income included in this quarterly report. The impact from our investments in marketable securities held to fund our deferred compensation plans through rabbi trusts was recorded on the various financial statement line items discussed below and had no impact on net income. Please refer to the section below entitled Net gains and interest income from marketable securities held to fund rabbi trusts for the allocation of the impact to the various financial statement line items.

Owned and leased hotels revenues.

	Three Months Ended September 30,				
	2018	2017	Better / (Worse)		Currency Impact
Comparable owned and leased hotels revenues	\$ 411	\$ 397	\$ 14	3.4 %	\$ (2)
Non-comparable owned and leased hotels revenues	39	119	(80)	(67.5)%	(1)
Total owned and leased hotels revenues	\$ 450	\$ 516	\$ (66)	(12.9)%	\$ (3)

	Nine Months Ended September 30,				
	2018	2017	Better / (Worse)		Currency Impact
Comparable owned and leased hotels revenues	\$ 1,277	\$ 1,220	\$ 57	4.6 %	\$ 9
Non-comparable owned and leased hotels revenues	173	441	(268)	(60.7)%	1
Total owned and leased hotels revenues	\$ 1,450	\$ 1,661	\$ (211)	(12.7)%	\$ 10

Owned and leased hotels revenues decreased during the three and nine months ended September 30, 2018, compared to the same periods in prior year, driven by non-comparable owned and leased hotels revenues related to dispositions, partially offset by increased operating results of certain comparable owned and leased hotels, particularly in the United States. See "—Segment Results" for further discussion of owned and leased hotels revenues.

Management, franchise, and other fees revenues .

Three Months Ended September 30,				
	2018	2017	Better / (Worse)	
Base management fees	\$ 55	\$ 51	\$ 4	8.8%
Incentive management fees	33	31	2	6.4%
Franchise fees	33	30	3	7.8%
Other fee revenues	12	11	1	4.5%
Management, franchise, and other fees	<u>\$ 133</u>	<u>\$ 123</u>	<u>\$ 10</u>	<u>7.6%</u>

Three Months Ended September 30,				
	2018	2017	Better / (Worse)	
Management, franchise, and other fees	\$ 133	\$ 123	\$ 10	7.6 %
Contra revenue	(5)	(4)	(1)	(8.6)%
Net management, franchise, and other fees	<u>\$ 128</u>	<u>\$ 119</u>	<u>\$ 9</u>	<u>7.5 %</u>

Nine Months Ended September 30,				
	2018	2017	Better / (Worse)	
Base management fees	\$ 167	\$ 150	\$ 17	11.5%
Incentive management fees	105	95	10	10.7%
Franchise fees	96	86	10	11.1%
Other fee revenues	39	36	3	7.6%
Management, franchise, and other fees	<u>\$ 407</u>	<u>\$ 367</u>	<u>\$ 40</u>	<u>10.8%</u>

Nine Months Ended September 30,				
	2018	2017	Better / (Worse)	
Management, franchise, and other fees	\$ 407	\$ 367	\$ 40	10.8 %
Contra revenue	(15)	(13)	(2)	(13.0)%
Net management, franchise, and other fees	<u>\$ 392</u>	<u>\$ 354</u>	<u>\$ 38</u>	<u>10.7 %</u>

The increases in management, franchise, and other fees, which included a \$1 million net unfavorable and a \$ 2 million net favorable currency impact for the three and nine months ended September 30, 2018 , respectively, compared to the same periods in the prior year, were driven primarily by increases in management fees across all reportable segments, including increased fees due to hotel conversions from owned to managed in the Americas management and franchising segment. Additionally, the increases in franchise fees were driven primarily by higher fees in the Americas management and franchising segment. See "—Segment Results" for further discussion.

Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties.

	Three Months Ended September 30,			
	2018	2017	Change	
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	\$ 489	\$ 429	\$ 60	14.1%
Less: rabbi trust impact	(5)	(5)	—	11.2%
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties excluding rabbi trust impact	\$ 484	\$ 424	\$ 60	14.5%
	Nine Months Ended September 30,			
	2018	2017	Change	
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	\$ 1,447	\$ 1,302	\$ 145	11.2%
Less: rabbi trust impact	(10)	(17)	7	43.6%
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties excluding rabbi trust impact	\$ 1,437	\$ 1,285	\$ 152	11.9%

Excluding the impact of rabbi trust, revenues for the reimbursement of costs incurred on behalf of managed and franchised properties increase d during the three and nine months ended September 30, 2018 , compared to the three and nine months ended September 30, 2017 , driven by the growth of our third-party owned full and select service managed and franchised portfolio and higher reimbursements for payroll and related costs, primarily due to sales of owned and leased properties during 2017 and 2018. Additionally, revenues increased due to higher redemptions related to the loyalty program.

Owned and leased hotels expense.

	Three Months Ended September 30,			
	2018	2017	Better / (Worse)	
Comparable owned and leased hotels expense	\$ 321	\$ 313	\$ (8)	(2.5)%
Non-comparable owned and leased hotels expense	31	91	60	66.3 %
Rabbi trust impact	2	2	—	11.2 %
Total owned and leased hotels expense	\$ 354	\$ 406	\$ 52	13.0 %
	Nine Months Ended September 30,			
	2018	2017	Better / (Worse)	
Comparable owned and leased hotels expense	\$ 973	\$ 942	\$ (31)	(3.2)%
Non-comparable owned and leased hotels expense	119	310	191	61.8 %
Rabbi trust impact	3	6	3	43.6 %
Total owned and leased hotels expense	\$ 1,095	\$ 1,258	\$ 163	13.0 %

The decreases in owned and leased hotels expense, which included a \$3 million net favorable and a \$ 9 million net unfavorable currency impact, during the three and nine months ended September 30, 2018 , respectively, compared to the same periods in the prior year, were driven primarily by non-comparable owned and leased hotel dispositions. The decreases were partially offset by increases in comparable owned and leased hotels expense driven primarily by increased payroll and related costs.

Depreciation and amortization expense . Depreciation and amortization decrease d \$7 million and \$18 million during the three and nine months ended September 30, 2018 , respectively, compared to the same periods in the prior year, driven primarily by dispositions in 2017 and 2018. The decreases were partially offset by accelerated depreciation related to renovations at certain of our owned hotels. A portion of the depreciation related primarily to technology projects is recovered from our managed and franchised hotels and the corresponding recovery is included in other income (loss), net on our condensed consolidated statements of income.

Selling, general, and administrative expenses.

	Three Months Ended September 30,			
	2018	2017	Change	
Selling, general, and administrative expenses	\$ 82	\$ 89	\$ (7)	(7.7)%
Less: rabbi trust impact	(8)	(9)	1	10.8 %
Less: stock-based compensation expense	(5)	(5)	—	4.3 %
Adjusted selling, general, and administrative expenses	\$ 69	\$ 75	\$ (6)	(7.6)%
	Nine Months Ended September 30,			
	2018	2017	Change	
Selling, general, and administrative expenses	\$ 260	\$ 278	\$ (18)	(6.1)%
Less: rabbi trust impact	(16)	(29)	13	45.6 %
Less: stock-based compensation expense	(28)	(26)	(2)	(8.6)%
Adjusted selling, general, and administrative expenses	\$ 216	\$ 223	\$ (7)	(2.7)%

Adjusted selling, general, and administrative expenses exclude the impact of expenses related to deferred compensation plans funded through rabbi trusts and stock-based compensation expense. Adjusted selling, general, and administrative expenses, as we define it, is a non-GAAP measure. See "—Non-GAAP Measures" for further discussion of Adjusted selling, general, and administrative expenses.

Adjusted selling, general, and administrative expenses decreased during the three and nine months ended September 30, 2018 , compared to the same periods in 2017, due to marketing initiatives completed during 2017, including master brand marketing expenses to support the launch of the World of Hyatt loyalty platform. The decrease during the three months ended September 30, 2018 also included a \$3 million decrease in payroll and related costs due to severance in 2017. The decrease during the nine months ended September 30, 2018 was partially offset by a \$4 million increase in payroll and related costs, primarily due to the acquisition of exhale in the third quarter of 2017.

Costs incurred on behalf of managed and franchised properties.

	Three Months Ended September 30,			
	2018	2017	Change	
Costs incurred on behalf of managed and franchised properties	\$ 487	\$ 425	\$ 62	14.9%
Less: rabbi trust impact	(5)	(5)	—	11.2%
Costs incurred on behalf of managed and franchised properties excluding rabbi trust impact	\$ 482	\$ 420	\$ 62	15.2%
	Nine Months Ended September 30,			
	2018	2017	Change	
Costs incurred on behalf of managed and franchised properties	\$ 1,447	\$ 1,313	\$ 134	10.3%
Less: rabbi trust impact	(10)	(17)	7	43.6%
Costs incurred on behalf of managed and franchised properties excluding rabbi trust impact	\$ 1,437	\$ 1,296	\$ 141	11.0%

Excluding the impact of rabbi trust, costs incurred on behalf of managed and franchised properties increased during the three and nine months ended September 30, 2018 , compared to the three and nine months ended September 30, 2017 , driven by the growth of our third-party owned full and select service managed and franchised portfolio and higher reimbursements for payroll and related costs, primarily due to sales of owned and leased properties during 2017 and 2018.

Net gains and interest income from marketable securities held to fund rabbi trusts.

	Three Months Ended September 30,			
	2018	2017	Better / (Worse)	
Rabbi trust impact allocated to selling, general, and administrative expenses	\$ 8	\$ 9	\$ (1)	(10.8)%
Rabbi trust impact allocated to owned and leased hotels expense	2	2	—	(11.2)%
Net gains and interest income from marketable securities held to fund rabbi trusts	\$ 10	\$ 11	\$ (1)	(10.9)%

	Nine Months Ended September 30,			
	2018	2017	Better / (Worse)	
Rabbi trust impact allocated to selling, general, and administrative expenses	\$ 16	\$ 29	\$ (13)	(45.6)%
Rabbi trust impact allocated to owned and leased hotels expense	3	6	(3)	(43.6)%
Net gains and interest income from marketable securities held to fund rabbi trusts	\$ 19	\$ 35	\$ (16)	(45.2)%

Equity earnings (losses) from unconsolidated hospitality ventures.

	Three Months Ended September 30,			
	2018	2017	Better / (Worse)	
Equity earnings (losses) from unconsolidated hospitality ventures	\$ (6)	\$ 1	\$ (7)	(909.6)%

	Nine Months Ended September 30,			
	2018	2017	Better / (Worse)	
Equity earnings (losses) from unconsolidated hospitality ventures	\$ (17)	\$ (1)	\$ (16)	NM

The increase in equity losses during the three and nine months ended September 30, 2018, compared to the three and nine months ended September 30, 2017, was primarily attributable to the following:

- \$6 million and \$10 million, respectively, of increased foreign currency losses at one of our unconsolidated hospitality ventures which holds loans denominated in a currency other than its functional currency; and
- \$2 million of historical foreign currency translation losses recognized upon the sale of our interests in two of our foreign currency denominated unconsolidated hospitality ventures during the three months ended September 30, 2018.

The increase in losses during the nine months ended September 30, 2018 was also attributable to a \$16 million impairment charge related to unconsolidated hospitality ventures in Brazil, which were acquired during the second quarter of 2018. See Part I, Item 1 "Financial Statements—Note 4 to the Condensed Consolidated Financial Statements." The increase in losses during the nine months ended September 30, 2018 was partially offset by \$13 million of gains recognized from sales activity related to certain unconsolidated hospitality ventures.

Gains on sales of real estate. During the three and nine months ended September 30, 2018, we recognized a pre-tax gain of approximately \$240 million associated with the HRMC transaction. During the nine months ended, we recognized a \$531 million pre-tax gain related to the sales of Grand Hyatt San Francisco, Andaz Maui at Wailea Resort, and Hyatt Regency Coconut Point Resort and Spa. During the nine months ended September 30, 2017, we sold Hyatt Regency Louisville and Hyatt Regency Grand Cypress resulting in pre-tax gains of \$35 million and \$26 million, respectively.

Asset impairments. During the three and nine months ended September 30, 2018, we recognized a \$21 million asset impairment charge related to goodwill associated with the HRMC transaction. See Part I, Item 1 "Financial Statements—Note 6 to the Condensed Consolidated Financial Statements" for further details.

Other income (loss), net . Other income (loss), net increased \$7 million and decreased \$54 million during the three and nine months ended September 30, 2018, respectively, compared to the same periods in prior year. See Part I, Item 1 "Financial Statements—Note 18 to the Condensed Consolidated Financial Statements" for further details. Effective January 1, 2018, we recognize unrealized gains and losses on equity securities from changes in the fair value of the underlying securities within other income (loss), net, as a result of the adoption of ASU 2016-01.

Provision for income taxes.

	Three Months Ended September 30,			
	2018	2017	Better / (Worse)	
Income before income taxes	\$ 256	\$ 35	\$ 221	653.6 %
Provision for income taxes	(19)	(16)	(3)	(28.9)%
Effective tax rate	7.7%	45.2%		37.5 %

	Nine Months Ended September 30,			
	2018	2017	Better / (Worse)	
Income before income taxes	\$ 919	\$ 280	\$ 639	228.8 %
Provision for income taxes	(194)	(103)	(91)	(89.7)%
Effective tax rate	21.2%	36.7%		15.5 %

The decrease in the effective tax rate during the three and nine months ended September 30, 2018, compared to the three and nine months ended September 30, 2017, was driven primarily by the reduction in the U.S. corporate income tax rate from 35% to 21% as a result of the Tax Act. The decrease was also driven by a low effective tax rate on the HRMC transaction, which is based on the local country tax laws unique to the transaction.

Income tax expense increased during the nine months ended September 30, 2018, compared to the nine months ended September 30, 2017, primarily due to an increase in income before taxes driven by the portfolio sale of Grand Hyatt San Francisco, Andaz Maui at Wailea Resort, and Hyatt Regency Coconut Point Resort and Spa, and the HRMC transaction.

Segment Results

We evaluate segment operating performance using owned and leased hotels revenues, management, franchise, and other fees revenues, and Adjusted EBITDA, as described in Part I, Item 1 "Financial Statements—Note 16 to the Condensed Consolidated Financial Statements."

Owned and leased hotels segment revenues

Three Months Ended September 30,					
	2018	2017	Better / (Worse)		Currency Impact
Comparable owned and leased hotels revenues	\$ 418	\$ 407	\$ 11	2.6 %	\$ (2)
Non-comparable owned and leased hotels revenues	25	103	(78)	(76.2)%	(1)
Total segment revenues	\$ 443	\$ 510	\$ (67)	(13.3)%	\$ (3)

Nine Months Ended September 30,					
	2018	2017	Better / (Worse)		Currency Impact
Comparable owned and leased hotels revenues	\$ 1,303	\$ 1,249	\$ 54	4.3 %	\$ 9
Non-comparable owned and leased hotels revenues	125	392	(267)	(68.2)%	1
Total owned and leased hotels revenues	1,428	1,641	(213)	(13.0)%	10
Other revenues	—	13	(13)	NM	—
Total segment revenues	\$ 1,428	\$ 1,654	\$ (226)	(13.7)%	\$ 10

The increase in comparable owned and leased hotels revenues during the three months ended September 30, 2018, compared to the three months ended September 30, 2017, was driven by an increase of \$6 million at our hotels in the United States due to improved performance at convention hotels and an increase of \$5 million at our international hotels due to improved transient business at properties in Europe and Asia.

The decrease in non-comparable owned and leased hotels revenues for the three months ended September 30, 2018, compared to the same period in 2017, was driven by the following dispositions:

- Grand Hyatt San Francisco, Andaz Maui at Wailea Resort, and Hyatt Regency Coconut Point Resort and Spa in 2018; and
- Hyatt Regency Monterey Hotel & Spa on Del Monte Golf Course, Hyatt Regency Scottsdale Resort & Spa at Gainey Ranch, and Royal Palms Resort and Spa in 2017.

The increase in comparable owned and leased hotels revenues during the nine months ended September 30, 2018, compared to the nine months ended September 30, 2017, was driven by an increase of \$39 million at our hotels in the United States and an increase of \$15 million at our international hotels. The increase in the United States was driven primarily by improved transient, group, and banquet revenues in major markets. The increase at our international hotels was driven primarily by a net favorable currency impact of \$9 million and improved transient business at properties in Europe and Asia.

The decrease in non-comparable owned and leased hotels revenues for the nine months ended September 30, 2018, compared to the same period in 2017, was driven by the aforementioned dispositions, as well as the dispositions of Hyatt Regency Grand Cypress and Hyatt Regency Louisville during the first half of 2017.

Three Months Ended September 30,											
RevPAR				Occupancy				ADR			
2018	2017	Better / (Worse)	Better / (Worse) Constant \$	2018	2017	Change in % pts		2018	2017	Better / (Worse)	Better / (Worse) Constant \$
Comparable owned and leased hotels	\$ 179	\$ 171	4.9%	5.3%	79.2%	77.3%	1.9%	\$ 226	\$ 221	2.4%	2.8%

	Nine Months Ended September 30,									
	RevPAR				Occupancy			ADR		
	2018	2017	Better / (Worse)	Better / (Worse) Constant \$	2018	2017	Change in Occ % pts	2018	2017	Better / (Worse) Constant \$
Comparable owned and leased hotels	\$ 178	\$ 170	4.5%	3.8%	77.7%	76.6%	1.1%	\$ 229	\$ 223	3.0% 2.3%

Excluding the currency impact, the increases in comparable RevPAR at our owned and leased hotels during the three and nine months ended September 30, 2018 , compared to the three and nine months ended September 30, 2017 , was driven primarily by increased group and transient business at our full service hotels.

During the three months ended September 30, 2018 , we removed one property from the comparable owned and leased hotels results as the hotel was sold. During the nine months ended September 30, 2018 , we removed four properties from the comparable owned and leased hotels results as three hotels were sold and one converted from leased to managed.

Owned and leased hotels segment Adjusted EBITDA .

	Three Months Ended September 30,			
	2018	2017	Better / (Worse)	
Owned and leased hotels Adjusted EBITDA	\$ 77	\$ 89	\$ (12)	(13.9)%
Pro rata share of unconsolidated hospitality ventures Adjusted EBITDA	14	15	(1)	(3.8)%
Segment Adjusted EBITDA	<u>\$ 91</u>	<u>\$ 104</u>	<u>\$ (13)</u>	<u>(12.5)%</u>

	Nine Months Ended September 30,			
	2018	2017	Better / (Worse)	
Owned and leased hotels Adjusted EBITDA	\$ 282	\$ 323	\$ (41)	(13.0)%
Pro rata share of unconsolidated hospitality ventures Adjusted EBITDA	42	59	(17)	(28.6)%
Segment Adjusted EBITDA	<u>\$ 324</u>	<u>\$ 382</u>	<u>\$ (58)</u>	<u>(15.4)%</u>

Owned and leased hotels Adjusted EBITDA . Adjusted EBITDA at our owned and leased hotels decreased during the three and nine months ended September 30, 2018 , compared to the same periods in 2017 , including an insignificant net unfavorable and a \$1 million net favorable currency impact, respectively. Adjusted EBITDA at our non-comparable owned and leased hotels decreased \$17 million and \$65 million , respectively, due to the aforementioned dispositions. These decreases were partially offset by increases of \$5 million and \$24 million , respectively, at our comparable owned and leased hotels driven by the aforementioned increases in revenues as well as improved operating margins.

Pro rata share of unconsolidated hospitality ventures Adjusted EBITDA . Our pro rata share of Adjusted EBITDA from our unconsolidated hospitality ventures included an insignificant net unfavorable currency impact during both the three and nine months ended September 30, 2018 , respectively, compared to the same periods in 2017 . The decrease during the nine months ended September 30, 2018 , compared to the same period in 2017 , was driven primarily by Playa's business combination during the first quarter of 2017. See Part I, Item 1 "Financial Statements—Note 4 to the Condensed Consolidated Financial Statements."

Americas management and franchising segment revenues .

Three Months Ended September 30,				
	2018	2017	Better / (Worse)	
Segment revenues				
Management, franchise, and other fees	\$ 95	\$ 94	\$ 1	0.4 %
Contra revenue	(4)	(3)	(1)	(6.1)%
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	447	395	52	13.3 %
Total segment revenues	\$ 538	\$ 486	\$ 52	10.9 %

Nine Months Ended September 30,				
	2018	2017	Better / (Worse)	
Segment revenues				
Management, franchise, and other fees	\$ 301	\$ 289	\$ 12	4.0 %
Contra revenue	(10)	(9)	(1)	(10.2)%
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	1,328	1,205	123	10.2 %
Total segment revenues	\$ 1,619	\$ 1,485	\$ 134	9.0 %

Americas management and franchising revenues included an insignificant net unfavorable currency impact during both the three and nine months ended September 30, 2018 compared to the same periods in 2017.

The increase in management, franchise, and other fees during the nine months ended September 30, 2018 , compared to the nine months ended September 30, 2017 , was primarily due to a \$10 million increase in franchise fees and \$4 million increase in management fees primarily from new hotels and improved performance across the segment and \$8 million of proceeds from a legal settlement related to a franchise agreement termination for an unopened property. These increases were partially offset by \$10 million of termination fees recognized in 2017 for two hotels that left the chain and a hotel that converted from managed to franchised.

The increase in revenues for the reimbursement of costs incurred on behalf of managed and franchised properties during the three and nine months ended September 30, 2018 , compared to the same periods in the prior year, was driven by increased reimbursements for payroll and related costs primarily due to sales of owned and leased properties during 2017 and 2018, the overall growth of our third-party owned full and select service portfolio, and increased redemptions related to the loyalty program.

Three Months Ended September 30,											
(Comparable System-wide Hotels)	RevPAR				Occupancy			ADR			
	2018	2017	Better / (Worse)	Better / (Worse) Constant \$	2018	2017	Change in % pts	2018	2017	Better / (Worse)	Better / (Worse) Constant \$
Americas Full Service	\$ 159	\$ 156	2.3 %	3.0 %	78.4%	78.6%	(0.2)%	\$ 203	\$ 198	2.6%	3.2%
Americas Select Service	\$ 112	\$ 113	(0.8)%	(0.7)%	80.1%	81.9%	(1.8)%	\$ 140	\$ 138	1.4%	1.5%

	Nine Months Ended September 30,										
	RevPAR				Occupancy			ADR			
(Comparable System-wide Hotels)	2018	2017	Better / (Worse)	Better / (Worse) Constant \$	2018	2017	Change in Occ % pts	2018	2017	Better / (Worse)	Better / (Worse) Constant \$
Americas Full Service	\$ 161	\$ 156	3.1%	3.4%	77.2%	76.5%	0.7 %	\$ 208	\$ 204	2.2%	2.4%
Americas Select Service	\$ 111	\$ 109	1.7%	1.7%	78.8%	78.9%	(0.1)%	\$ 141	\$ 139	1.7%	1.8%

Excluding the net unfavorable currency impact, comparable full service hotels RevPAR increased during the three and nine months ended September 30, 2018. The increase during the three and nine months ended September 30, 2018, compared to the same periods in the prior year, was driven by increased group revenue due to improved demand and ADR in a majority of our top markets and lesser impact of natural disasters in 2018 as compared to 2017. The increase during the nine months ended September 30, 2018, compared to the same period in the prior year, also benefited from strong transient ADR throughout the segment.

Excluding the net unfavorable currency impact, comparable select service hotels RevPAR decreased during the three months ended September 30, 2018 as supply growth in the United States outpaced demand as compared to the same period in the prior year. The increase during the nine months ended September 30, 2018, compared to the same period in the prior year, was driven by improved ADR.

During the three and nine months ended September 30, 2018, one property was removed from the comparable Americas full service system-wide hotel results that converted from franchised to managed and we removed one property from the comparable Americas select service system-wide hotel results that left the chain.

Americas management and franchising segment Adjusted EBITDA.

	Three Months Ended September 30,			
	2018	2017	Better / (Worse)	
Segment Adjusted EBITDA	\$ 83	\$ 81	\$ 2	1.0%

	Nine Months Ended September 30,			
	2018	2017	Better / (Worse)	
Segment Adjusted EBITDA	\$ 266	\$ 250	\$ 16	6.3%

Adjusted EBITDA, which included an insignificant net unfavorable currency impact, increased during the three and nine months ended September 30, 2018 compared to the three and nine months ended September 30, 2017. The increase during the three months ended September 30, 2018, compared to the three months ended September 30, 2017, was driven by the modest increase in management, franchise, and other fees noted above offset by a termination fee recognized in the three months ended September 30, 2017 for a property that left the chain. The increase during the nine months ended September 30, 2018, compared to the nine months ended September 30, 2017, was driven by management, franchise, and other fees as discussed above, as well as the recovery of legal fees related to the aforementioned legal settlement.

ASPAC management and franchising segment revenues.

	Three Months Ended September 30,			
	2018	2017	Better / (Worse)	
Segment revenues				
Management, franchise, and other fees	\$ 30	\$ 27	\$ 3	11.4 %
Contra revenue	—	—	—	(31.6)%
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	24	19	5	25.0 %
Total segment revenues	\$ 54	\$ 46	\$ 8	16.9 %

	Nine Months Ended September 30,			
	2018	2017	Better / (Worse)	
Segment revenues				
Management, franchise, and other fees	\$ 90	\$ 79	\$ 11	14.2 %
Contra revenue	(1)	(1)	—	(48.2)%
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	67	56	11	20.0 %
Total segment revenues	\$ 156	\$ 134	\$ 22	16.4 %

ASPAC management and franchising revenues included an insignificant net unfavorable and a \$2 million net favorable currency impacts during the three and nine months ended September 30, 2018 , respectively, compared to the three and nine months ended September 30, 2017 . The increases in management, franchise, and other fees were driven by increases in management fees primarily due to higher base and incentive fees related to new hotels and improved performance in Greater China. The increase during the nine months ended September 30, 2018 also included higher incentive fees due to improved performance across the remainder of the segment.

The increase s in revenues for the reimbursement of costs incurred on behalf of managed and franchised properties during the three and nine months ended September 30, 2018 , compared to the same periods in 2017, were driven by the growth of our third-party owned full and select service portfolio and increased redemptions related to the loyalty program.

(Comparable System-wide Hotels)	Three Months Ended September 30,										
	RevPAR				Occupancy			ADR			
	2018	2017	Better / (Worse)	Better / (Worse) Constant \$	2018	2017	Change in % pts	2018	2017	Better / (Worse)	Better (Worse) Constant \$
ASPAC Full Service	\$ 151	\$ 150	0.7 %	2.5 %	77.7%	76.2%	1.5 %	\$ 194	\$ 197	(1.2)%	0.6%
ASPAC Select Service	\$ 52	\$ 55	(5.2)%	(3.7)%	67.8%	71.2%	(3.4)%	\$ 77	\$ 78	(0.4)%	1.2%

(Comparable System-wide Hotels)	Nine Months Ended September 30,										
	RevPAR				Occupancy			ADR			
				Better / (Worse) Constant \$			Change in Occ % pts			Better / (Worse)	Better (Worse) Constant \$
	2018	2017	Better / (Worse)		2018	2017		2018	2017		
ASPAC Full Service	\$ 153	\$ 144	6.7%	4.5%	75.0%	72.6%	2.4%	\$ 205	\$ 198	3.2%	1.1%
ASPAC Select Service	\$ 62	\$ 55	12.9%	7.5%	72.3%	71.2%	1.1%	\$ 86	\$ 78	11.2%	5.9%

Excluding the currency impacts, the increases in comparable full service RevPAR during the three and nine months ended September 30, 2018 , compared to the same periods in 2017, were driven by increased occupancy across the segment, most notably in Greater China. Additionally, Japan experienced higher demand and ADR due to increased inbound travel. The increase during the three and nine months ended September 30, 2018 was partially offset by decreases due to natural disasters in Southeast Asia and Japan and renovations at certain properties, as well as weak demand in South Korea during the nine months ended September 30, 2018 .

During the three months ended September 30, 2018 , no properties were removed from the comparable ASPAC full service system-wide hotel results. During the nine months ended September 30, 2018 , we removed one property that left the chain from the comparable ASPAC full service system-wide hotel results and no properties were removed from the ASPAC select service system-wide hotel results.

ASPAC management and franchising segment Adjusted EBITDA.

	Three Months Ended September 30,			
	2018	2017	Better / (Worse)	
Segment Adjusted EBITDA	\$ 19	\$ 17	\$ 2	15.9%
	Nine Months Ended September 30,			
	2018	2017	Better / (Worse)	
Segment Adjusted EBITDA	\$ 55	\$ 48	\$ 7	15.1%

Adjusted EBITDA increased during the three and nine months ended September 30, 2018, compared to the three and nine months ended September 30, 2017, including a \$1 million net unfavorable and a \$1 million net favorable currency impact, respectively. The increases were driven by the aforementioned increases in management, franchise, and other fees, partially offset by increases in payroll and related costs primarily for development activity in Greater China.

EAME/SW Asia management and franchising segment revenues.

	Three Months Ended September 30,			
	2018	2017	Better / (Worse)	
Segment revenues				
Management, franchise, and other fees	\$ 21	\$ 17	\$ 4	17.0 %
Contra revenue	(1)	(1)	—	(5.8)%
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	16	15	1	14.4 %
Total segment revenues	\$ 36	\$ 31	\$ 5	16.2 %
	Nine Months Ended September 30,			
	2018	2017	Better / (Worse)	
Segment revenues				
Management, franchise, and other fees	\$ 58	\$ 49	\$ 9	18.6 %
Contra revenue	(4)	(3)	(1)	(8.5)%
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	49	41	8	19.5 %
Total segment revenues	\$ 103	\$ 87	\$ 16	19.5 %

EAME/SW Asia management and franchising revenues included a \$1 million net unfavorable and an insignificant net favorable currency impacts during the three and nine months ended September 30, 2018, respectively, compared to the same periods in 2017. The increases in management, franchise, and other fees were driven primarily by improved performance in Europe and new hotels in the segment. The increases in Europe were largely attributable to hotels in Russia, which benefited from hosting the FIFA World Cup.

The increases in revenues for the reimbursement of costs incurred on behalf of managed and franchised properties during the three and nine months ended September 30, 2018, compared to the same periods in 2017, were driven by the growth of our third-party owned full and select service portfolio and increased redemptions related to the loyalty program.

Three Months Ended September 30,											
(Comparable System-wide Hotels)	RevPAR				Occupancy			ADR			
	2018	2017	Better / (Worse)	Better / (Worse) Constant \$	2018	2017	Change in % pts	2018	2017	Better / (Worse)	Better / (Worse) Constant \$
EAME/SW Asia Full Service	\$ 127	\$ 120	6.4%	11.0%	67.8%	64.2%	3.6%	\$ 188	\$ 187	0.7 %	5.0 %
EAME/SW Asia Select Service	\$ 74	\$ 73	1.2%	2.8%	83.2%	80.3%	2.9%	\$ 89	\$ 91	(2.3)%	(0.8)%
Nine Months Ended September 30,											
(Comparable System-wide Hotels)	RevPAR				Occupancy			ADR			
	2018	2017	Better / (Worse)	Better / (Worse) Constant \$	2018	2017	Change in Occ % pts	2018	2017	Better / (Worse)	Better / (Worse) Constant \$
EAME/SW Asia Full Service	\$ 127	\$ 117	9.0%	8.2%	66.9%	63.7%	3.2%	\$ 190	\$ 183	3.7%	3.0%
EAME/SW Asia Select Service	\$ 71	\$ 66	8.0%	5.2%	75.7%	72.3%	3.4%	\$ 94	\$ 91	3.1%	0.5%

Excluding the currency impacts, the increases in RevPAR during the three and nine months ended September 30, 2018 , compared to the same periods in 2017, were driven by Russia, Western Europe, Turkey, and India. In particular, Russia benefited from hosting the FIFA World Cup, and Western Europe benefited from higher transient demand. Turkey experienced improved market conditions, while the increases in India were driven by improved group performance.

During the three and nine months ended September 30, 2018, we removed one property that left the chain from the comparable EAME/SW Asia full service system-wide hotel results. During the nine months ended September 30, 2018 , we removed one property from the comparable EAME/SW Asia select service system-wide hotel results as a result of significant renovations.

EAME/SW Asia management and franchising segment Adjusted EBITDA.

Three Months Ended September 30,				
	2018	2017	Better / (Worse)	
Segment Adjusted EBITDA	\$ 12	\$ 10	\$ 2	16.0%
Nine Months Ended September 30,				
	2018	2017	Better / (Worse)	
Segment Adjusted EBITDA	\$ 33	\$ 26	\$ 7	29.2%

Adjusted EBITDA increase d during the three and nine months ended September 30, 2018 , compared to the three and nine months ended September 30, 2017 , including a \$1 million net unfavorable and an insignificant net favorable currency impact, respectively. The increases were driven by the aforementioned increases in management, franchise, and other fees.

Corporate and other.

	Three Months Ended September 30,			
	2018	2017	Better / (Worse)	
Revenues	\$ 26	\$ 25	\$ 1	7.7%
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	\$ 2	\$ —	\$ 2	NM
Adjusted EBITDA	\$ (29)	\$ (33)	\$ 4	14.6%

	Nine Months Ended September 30,			
	2018	2017	Better / (Worse)	
Revenues	\$ 89	\$ 73	\$ 16	23.0%
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	\$ 3	\$ —	\$ 3	NM
Adjusted EBITDA	\$ (85)	\$ (90)	\$ 5	6.8%

Corporate and other revenues increased during the three and nine months ended September 30, 2018, compared to the three and nine months ended September 30, 2017, driven primarily by the acquisition of exhale.

Corporate and other Adjusted EBITDA increased during the three and nine months ended September 30, 2018, compared to the three and nine months ended September 30, 2017, driven by decreased adjusted selling, general, and administrative expenses due to marketing initiatives completed during 2017, including master brand marketing expenses to support the launch of the World of Hyatt loyalty platform, as well as severance during 2017.

Non-GAAP Measures

Adjusted Earnings Before Interest Expense, Taxes, Depreciation, and Amortization ("Adjusted EBITDA") and EBITDA

We use the terms Adjusted EBITDA and EBITDA throughout this quarterly report. Adjusted EBITDA and EBITDA, as we define them, are non-GAAP measures. We define consolidated Adjusted EBITDA as net income attributable to Hyatt Hotels Corporation plus our pro rata share of unconsolidated hospitality ventures Adjusted EBITDA based on our ownership percentage of each venture, adjusted to exclude the following items:

- interest expense;
- provision for income taxes;
- depreciation and amortization;
- amortization of management and franchise agreement assets constituting payments to customers ("Contra revenue");
- revenues for the reimbursement of costs incurred on behalf of managed and franchised properties;
- costs incurred on behalf of managed and franchised properties;
- equity earnings (losses) from unconsolidated hospitality ventures;
- stock-based compensation expense;
- gains (losses) on sales of real estate;
- asset impairments; and
- other income (loss), net.

We calculate consolidated Adjusted EBITDA by adding the Adjusted EBITDA of each of our reportable segments and eliminations to corporate and other Adjusted EBITDA.

Our board of directors and executive management team focus on Adjusted EBITDA as a key performance and compensation measure both on a segment and on a consolidated basis. Adjusted EBITDA assists us in comparing

our performance over various reporting periods on a consistent basis because it removes from our operating results the impact of items that do not reflect our core operations both on a segment and on a consolidated basis. Our President and Chief Executive Officer, who is our chief operating decision maker, also evaluates the performance of each of our reportable segments and determines how to allocate resources to those segments, in significant part, by assessing the Adjusted EBITDA of each segment. In addition, the compensation committee of our board of directors determines the annual variable compensation for certain members of our management based in part on consolidated Adjusted EBITDA, segment Adjusted EBITDA, or some combination of both.

We believe Adjusted EBITDA is useful to investors because it provides investors the same information that we use internally for purposes of assessing our operating performance and making compensation decisions.

Adjusted EBITDA and EBITDA are not substitutes for net income attributable to Hyatt Hotels Corporation, net income, or any other measure prescribed by GAAP. There are limitations to using non-GAAP measures such as Adjusted EBITDA and EBITDA. Although we believe that Adjusted EBITDA can make an evaluation of our operating performance more consistent because it removes items that do not reflect our core operations, other companies in our industry may define Adjusted EBITDA differently than we do. As a result, it may be difficult to use Adjusted EBITDA or similarly named non-GAAP measures that other companies may use to compare the performance of those companies to our performance. Because of these limitations, Adjusted EBITDA should not be considered as a measure of the income generated by our business. Our management compensates for these limitations by reference to our GAAP results and using Adjusted EBITDA supplementally. See our condensed consolidated statements of income in our condensed consolidated financial statements included elsewhere in this quarterly report.

See below for a reconciliation of net income attributable to Hyatt Hotels Corporation to EBITDA and a reconciliation of EBITDA to consolidated Adjusted EBITDA.

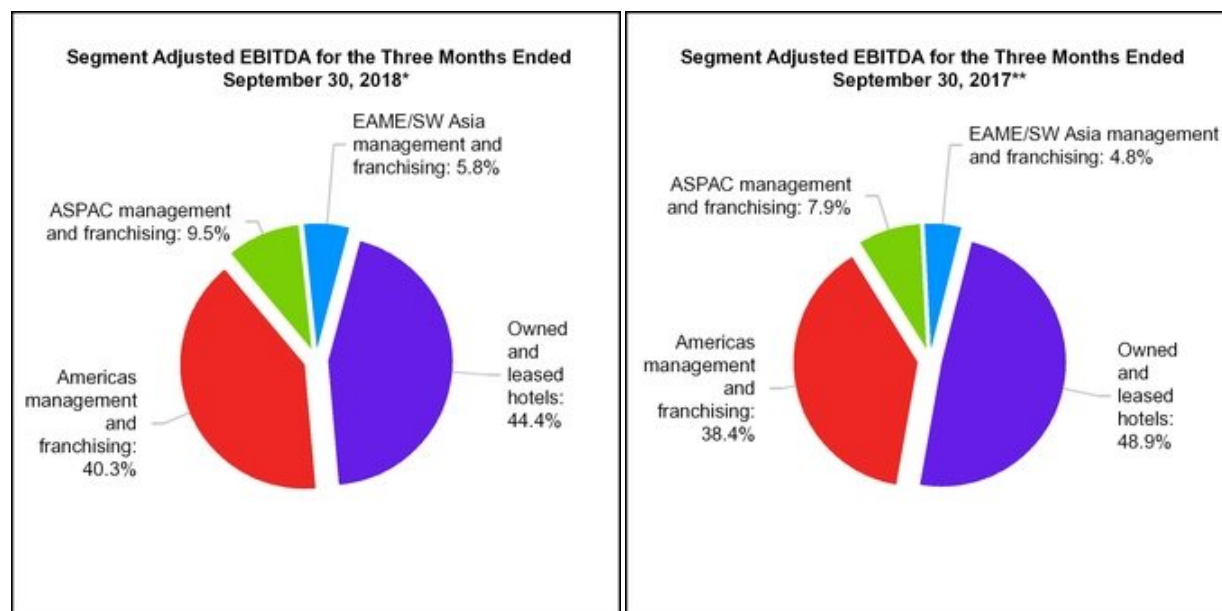
Adjusted selling, general, and administrative expenses

Adjusted selling, general, and administrative expenses, as we define it, is a non-GAAP measure. Adjusted selling, general, and administrative expenses exclude the impact of expenses related to deferred compensation plans funded through rabbi trusts and stock-based compensation expense. Adjusted selling, general, and administrative expenses assist us in comparing our performance over various reporting periods on a consistent basis because it removes from our operating results the impact of items that do not reflect our core operations, both on a segment and consolidated basis. See "—Results of Operations" for a reconciliation of selling, general, and administrative expenses to Adjusted selling, general, and administrative expenses.

Constant dollar currency

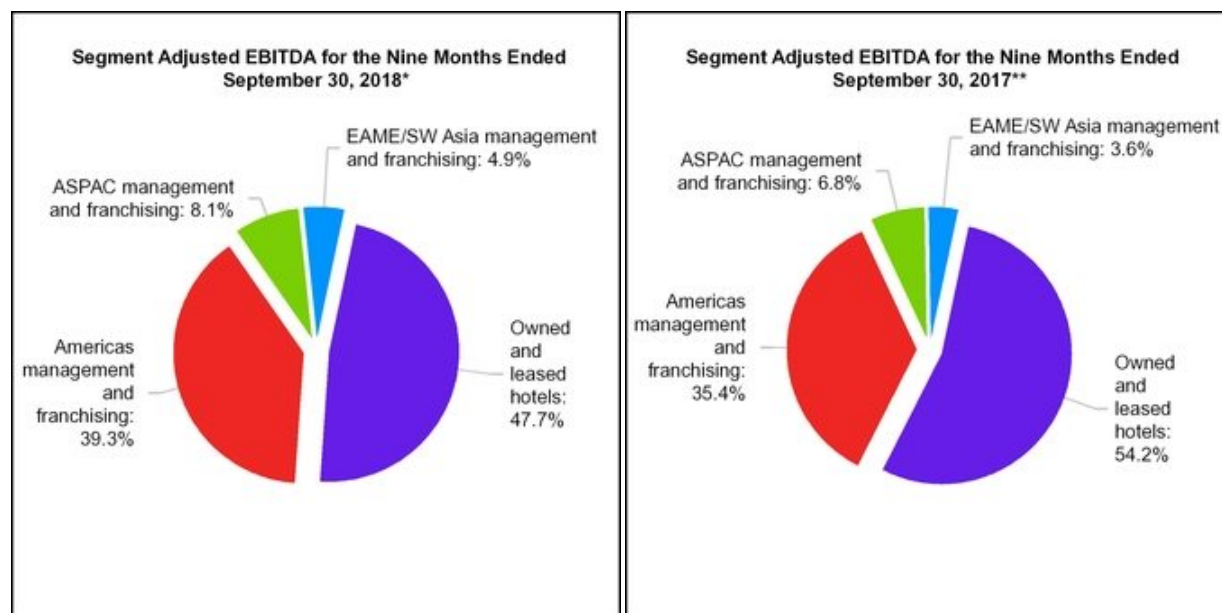
We report the results of our operations both on an as-reported basis, as well as on a constant dollar basis. Constant dollar currency, which is a non-GAAP measure, excludes the effects of movements in foreign currency exchange rates between comparative periods. We believe constant dollar analysis provides valuable information regarding our results as it removes currency fluctuations from our operating results. We calculate constant dollar currency by restating prior-period local currency financial results at the current period's exchange rates. These adjusted amounts are then compared to our current period reported amounts to provide operationally driven variances in our results.

The charts below illustrate Adjusted EBITDA by segment for the three and nine months ended September 30, 2018 and September 30, 2017 :



*Consolidated Adjusted EBITDA for the three months ended September 30, 2018 included eliminations of \$(1) million and corporate and other Adjusted EBITDA of \$(29) million .

**Consolidated Adjusted EBITDA for the three months ended September 30, 2017 included eliminations of \$(2) million and corporate and other Adjusted EBITDA of \$(33) million .



*Consolidated Adjusted EBITDA for the nine months ended September 30, 2018 included eliminations of \$2 million and corporate and other Adjusted EBITDA of \$(85) million .

**Consolidated Adjusted EBITDA for the nine months ended September 30, 2017 included eliminations of \$3 million and corporate and other Adjusted EBITDA of \$(90) million .

The table below provides a reconciliation of our net income attributable to Hyatt Hotels Corporation to EBITDA and a reconciliation of EBITDA to consolidated Adjusted EBITDA for the three and nine months ended September 30, 2018 and September 30, 2017 :

	Three Months Ended September 30,			
	2018	2017	Change	
Net income attributable to Hyatt Hotels Corporation	\$ 237	\$ 18	\$ 219	NM
Interest expense	19	20	(1)	(3.2)%
Provision for income taxes	19	16	3	28.9 %
Depreciation and amortization	81	88	(7)	(8.1)%
EBITDA	356	142	214	151.9 %
Contra revenue	5	4	1	8.6 %
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	(489)	(429)	(60)	(14.1)%
Costs incurred on behalf of managed and franchised properties	487	425	62	14.9 %
Equity (earnings) losses from unconsolidated hospitality ventures	6	(1)	7	909.6 %
Stock-based compensation expense	5	5	—	(4.3)%
Gains on sales of real estate	(239)	—	(239)	NM
Asset impairments	21	—	21	NM
Other (income) loss, net	9	16	(7)	(42.6)%
Pro rata share of unconsolidated hospitality ventures Adjusted EBITDA	14	15	(1)	(3.8)%
Adjusted EBITDA	\$ 175	\$ 177	\$ (2)	(0.9)%

	Nine Months Ended September 30,			
	2018	2017	Change	
Net income attributable to Hyatt Hotels Corporation	\$ 725	\$ 176	\$ 549	312.0 %
Interest expense	57	61	(4)	(5.6)%
Provision for income taxes	194	103	91	89.7 %
Depreciation and amortization	243	261	(18)	(7.1)%
EBITDA	1,219	601	618	103.1 %
Contra revenue	15	13	2	13.0 %
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	(1,447)	(1,302)	(145)	(11.2)%
Costs incurred on behalf of managed and franchised properties	1,447	1,313	134	10.3 %
Equity (earnings) losses from unconsolidated hospitality ventures	17	1	16	NM
Stock-based compensation expense	28	26	2	8.6 %
Gains on sales of real estate	(769)	(60)	(709)	NM
Asset impairments	21	—	21	NM
Other (income) loss, net	22	(32)	54	169.2 %
Pro rata share of unconsolidated hospitality ventures Adjusted EBITDA	42	59	(17)	(28.6)%
Adjusted EBITDA	\$ 595	\$ 619	\$ (24)	(3.8)%

Liquidity and Capital Resources

Overview

We finance our business primarily with existing cash, short-term investments, and cash generated from our operations. As part of our business strategy, we also recycle capital by using net proceeds from dispositions to support our acquisitions and new investment opportunities. When appropriate, we borrow cash under our revolving credit facility or from other third-party sources and may also raise funds by issuing debt or equity securities as necessary. We maintain a cash investment policy that emphasizes preservation of capital. We believe that our cash position, short-term investments, and cash from operations, together with borrowing capacity under our revolving credit facility and our access to the capital markets, will be adequate to meet all of our funding requirements and capital deployment objectives for the foreseeable future.

We may, from time to time, seek to retire or purchase additional amounts of our outstanding equity and/or debt securities through cash purchases and/or exchanges for other securities, in open market purchases, privately negotiated transactions, or otherwise, including pursuant to a Rule 10b5-1 plan or an accelerated share repurchase transaction. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions, and other factors. The amounts involved may be material.

Recent Transactions Affecting our Liquidity and Capital Resources

During the nine months ended September 30, 2018 and September 30, 2017, various transactions impacted our liquidity. See "—Sources and Uses of Cash."

Sources and Uses of Cash

	Nine Months Ended September 30,	
	2018	2017
Cash provided by (used in):		
Operating activities	\$ 132	\$ 428
Investing activities	712	(54)
Financing activities	(543)	(324)
Effect of exchange rate changes on cash	3	—
Net increase in cash, cash equivalents, and restricted cash	\$ 304	\$ 50

Cash Flows from Operating Activities

Cash provided by operating activities decreased by \$ 296 million for the nine months ended September 30, 2018, compared to the nine months ended September 30, 2017, primarily due to higher tax payments in the current year driven by certain transactions in 2018 and 2017 and \$94 million of interest income received upon the redemption of our Playa preferred shares in the prior year.

Cash Flows from Investing Activities

During the nine months ended September 30, 2018 :

- We sold Grand Hyatt San Francisco, Andaz Maui at Wailea Resort, and Hyatt Regency Coconut Point Resort and Spa to an unrelated third party as a portfolio for approximately \$992 million, net of closing costs and proration adjustments. Proceeds from the sale of Hyatt Regency Coconut Point Resort and Spa of \$221 million were held as restricted for use in a potential like-kind exchange, of which approximately \$198 million were subsequently used for acquisitions and the remaining \$23 million were released.
- We received \$360 million of proceeds from the HRMC transaction.
- We received \$ 17 million of proceeds from sales activity related to certain equity method investments.
- We invested \$195 million in capital expenditures (see "—Capital Expenditures").
- We had \$146 million of net purchases of marketable securities and short-term investments.
- We acquired Hyatt Regency Phoenix for a purchase price of approximately \$139 million, net of proration adjustments.

- We acquired Hyatt Regency Indian Wells Resort & Spa for a net purchase price of approximately \$120 million.

During the nine months ended September 30, 2017 :

- We acquired Miraval for approximately \$237 million.
- We invested \$212 million in capital expenditures (see "—Capital Expenditures").
- We contributed \$67 million in investments and HTM debt securities.
- We acquired exhale for \$16 million, net of \$1 million cash acquired.
- We sold Hyatt Regency Grand Cypress for approximately \$202 million of net cash proceeds.
- We received \$196 million of distributions related to the redemption of our Playa preferred shares.
- We sold Hyatt Regency Louisville for approximately \$65 million of net cash proceeds.
- We sold land and construction in progress for \$29 million to an unconsolidated hospitality venture, in which we have a 50% ownership interest.

Cash Flows from Financing Activities

During the nine months ended September 30, 2018 :

- We repurchased 8,560,012 shares of common stock at a weighted-average price of \$78.42 for \$654 million. Of the shares repurchased, 2,481,341 were delivered in settlement of the May 2018 ASR and 244,260 were delivered in the settlement of the November 2017 ASR in 2018, for which payment was made during 2017.
- We repaid our outstanding 2019 Notes for approximately \$203 million, inclusive of a \$7 million make-whole premium.
- We paid three quarterly cash dividends of \$0.15 per share on Class A common stock and Class B common stock totaling \$52 million.
- We had \$20 million of borrowings and repayments on our revolving credit facility.
- We redeemed the Miraval preferred shares for approximately \$10 million .
- We issued our 2028 Notes and received \$396 million of net proceeds, after deducting approximately \$4 million of underwriting discounts and offering expenses.

During the nine months ended September 30, 2017 :

- We repurchased 9,492,729 shares of common stock at a weighted-average price of \$56.37 for an aggregate purchase price of \$535 million . Included in the repurchases were 6,795,456 shares repurchased under the 2017 ASR Agreements for an aggregate purchase price of \$380 million. At September 30, 2017, the remaining \$20 million of shares under the August 2017 ASR had not yet settled.
- We had \$620 million of borrowings and \$380 million of repayments on our revolving credit facility.
- In conjunction with the acquisition of Miraval, we issued \$9 million of redeemable preferred shares of a subsidiary.

We define net debt as total debt less the total of cash and cash equivalents and short-term investments. We consider net debt and its components to be an important indicator of liquidity and a guiding measure of capital structure strategy. Net debt is a non-GAAP measure and may not be computed the same as similarly titled measures used by other companies. The following table provides a summary of our debt to capital ratios:

	September 30, 2018	December 31, 2017
Consolidated debt (1)	\$ 1,633	\$ 1,451
Stockholders' equity	3,929	3,837
Total capital	5,562	5,288
Total debt to total capital	29.4%	27.4%
Consolidated debt (1)	1,633	1,451
Less: cash and cash equivalents and short-term investments	(1,231)	(552)
Net consolidated debt	\$ 402	\$ 899
Net debt to total capital	7.2%	17.0%

(1) Excludes approximately \$554 million and \$580 million of our share of unconsolidated hospitality venture indebtedness at September 30, 2018 and December 31, 2017, respectively, substantially all of which is non-recourse to us and a portion of which we guarantee pursuant to separate agreements.

Capital Expenditures

We routinely make capital expenditures to enhance our business. We classify our capital expenditures into maintenance and technology, enhancements to existing properties, and investment in new properties under development or recently opened. We have been and will continue to be prudent with respect to our capital spending, taking into account our cash flow from operations.

	Nine Months Ended September 30,	
	2018	2017
Maintenance and technology	\$ 47	\$ 54
Enhancements to existing properties	97	117
Investment in new properties under development or recently opened	51	41
Total capital expenditures	\$ 195	\$ 212

The decrease in enhancements to existing properties is driven by prior year expenditures related to our new corporate office.

Senior Notes

The table below sets forth the outstanding principal balance of our Senior Notes at September 30, 2018. Interest on the Senior Notes is payable semi-annually.

Description	Principal Amount
2021 Notes	\$ 250
2023 Notes	350
2026 Notes	400
2028 Notes	400
Total	\$ 1,400

We are in compliance with all applicable covenants under the indenture governing our Senior Notes at September 30, 2018.

Revolving Credit Facility

We had no outstanding balance on our revolving credit facility at September 30, 2018 and December 31, 2017. At September 30, 2018, we had available borrowing capacity of approximately \$1.5 billion, net of outstanding undrawn letters of credit.

We are in compliance with all applicable covenants under the revolving credit facility at September 30, 2018.

Letters of Credit

We issue letters of credit either under the revolving credit facility or directly with financial institutions. We had \$297 million and \$309 million in letters of credit issued directly with financial institutions outstanding at September 30, 2018 and December 31, 2017, respectively. These letters of credit had weighted-average fees of 92 basis points and a range of maturity of up to approximately three years at September 30, 2018.

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect reported amounts and related disclosures. We have discussed those estimates that we believe are critical and require the use of complex judgment in their application in our 2017 Form 10-K. Upon adoption of ASU 2014-09, we made changes to a critical accounting estimate and the methodologies or assumptions we apply to the estimate, as detailed below. For updates made to significant accounting policies upon adoption of ASU 2014-09 and ASU 2016-01, see Part I, Item 1, "Financial Statements—Note 2 to our Consolidated Financial Statements."

Loyalty Program Future Redemption Obligation and Revenue Recognition

We utilize an actuary to assist with the valuation of the deferred revenue liability related to the loyalty program. Changes in the estimates, including the estimate of the breakage for points that will not be redeemed, could result in a material change to our liability and the amount of revenue we recognize when redemptions occur.

At September 30, 2018, our total deferred revenue liability related to the loyalty program was \$584 million. A 10% decrease in the breakage assumption would result in an increase in the liability of approximately \$30 million on a full-year basis.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risk primarily from changes in interest rates and foreign currency exchange rates. In certain situations, we seek to reduce earnings and cash flow volatility associated with changes in interest rates and foreign currency exchange rates by entering into financial arrangements 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 objectives described above, and we do not use derivatives for trading or speculative purposes. At September 30, 2018, we were a party to hedging transactions, including the use of derivative financial instruments, as discussed below.

Interest Rate Risk

In the normal course of business, we are exposed to the impact of interest rate changes due to our borrowing activities. Our objective is to manage the risk of interest rate changes on the results of operations, cash flows, and the market value of our debt by creating an appropriate balance between our fixed and floating-rate debt. We enter into interest rate derivative transactions from time to time, including interest rate swaps and interest rate locks, in order to maintain a level of exposure to interest rate variability that we deem acceptable.

During the nine months ended September 30, 2018, we entered into two interest rate locks with a \$425 million total notional value to hedge a portion of the risk of changes in the benchmark interest rate associated with long-term debt we anticipate issuing in the future. During the three months ended September 30, 2018, we settled one of the interest rate locks with a \$225 million notional value at the date of the issuance of the 2028 Notes. The outstanding interest rate lock with a \$200 million notional value remains highly effective at September 30, 2018. See Part I, Item 1 "Financial Statements—Note 9 to the Condensed Consolidated Financial Statements." At September 30, 2018 and December 31, 2017, we did not hold any interest rate swap contracts.

The following table sets forth the contractual maturities and the total fair values at September 30, 2018 for our financial instruments materially affected by interest rate risk:

	Maturities by Period						Total Carrying Amount (1)	Total Fair Value
	2018	2019	2020	2021	2022	Thereafter		
Fixed-rate debt	\$ 1	\$ 4	\$ 4	\$ 255	\$ 5	\$ 1,313	\$ 1,582	\$ 1,591
Average interest rate (2)							4.51%	
Floating-rate debt	\$ 1	\$ 5	\$ 5	\$ 5	\$ 5	\$ 33	\$ 54	\$ 65
Average interest rate (2)							7.94%	

(1) Excludes \$13 million of capital lease obligations and \$16 million of unamortized discounts and deferred financing fees.

(2) Average interest rate at September 30, 2018.

Foreign Currency Exposures and Exchange Rate Instruments

We transact business in various foreign currencies and utilize foreign currency forward contracts to offset our exposure associated with the fluctuations of certain foreign currencies. The U.S. dollar equivalents of the notional amounts of the outstanding forward contracts, the majority of which relate to intercompany transactions, with terms of less than one year, were \$215 million and \$254 million at September 30, 2018 and December 31, 2017, respectively.

We intend to offset the gains and losses related to our third-party debt, debt repayment guarantees, and intercompany transactions with gains or losses on our foreign currency forward contracts such that there is a negligible effect on net income. Our exposure to market risk has not materially changed from what we previously disclosed in our 2017 Form 10-K.

For the three and nine months ended September 30, 2018, the effect of these derivative instruments within other income (loss), net on our condensed consolidated statements of income were gains of \$3 million and \$11 million, respectively. For the three and nine months ended September 30, 2017, the effect of these derivative instruments within other income (loss), net on our condensed consolidated statements of income were losses of \$5 million and \$13 million, respectively. We offset the gains and losses on our foreign currency forward contracts with

gains and losses related to our intercompany loans and transactions, such that there is a negligible effect to net income.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures. We maintain a set of disclosure controls and procedures designed to ensure that information required to be disclosed by the Company in reports that it files or submits under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms. In accordance with Rule 13a-15(b) of the Exchange Act, as of the end of the period covered by this quarterly report, an evaluation was carried out under the supervision and with the participation of our management, including our Principal Executive Officer and Principal Financial Officer, of the effectiveness of our disclosure controls and procedures. Based on that evaluation, our Principal Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures, as of the end of the period covered by this quarterly report, were effective to provide reasonable assurance that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms and is accumulated and communicated to our management, including the Principal Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting. There were no changes in our internal control over financial reporting during the quarter ended September 30, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. We implemented internal controls to ensure we adequately evaluated our contracts and properly assessed the impact of the new accounting standards related to revenue recognition on our financial statements to facilitate the adoption on January 1, 2018. There were no significant changes to our internal control over financial reporting due to the adoption of the new standards.

PART II. OTHER INFORMATION

Item 1. *Legal Proceedings.*

We are involved in various claims and lawsuits arising in the normal course of business, including proceedings involving tort and other general liability claims, workers' compensation and other employee claims, intellectual property claims, and claims related to our management of certain hotel properties. Most occurrences involving liability, claims of negligence, and employees are covered by insurance, in each case, with solvent insurance carriers. We recognize a liability when we believe the loss is probable and reasonably estimable. We currently believe that the ultimate outcome of such lawsuits and proceedings will not, individually or in the aggregate, have a material effect on our consolidated financial position, results of operations, or liquidity.

In March 2018, a putative class action was filed against the Company and several other hotel companies in federal district court in Illinois seeking an unspecified amount of damages and equitable relief for an alleged violation of the federal antitrust laws. The Company disputes the allegations and will defend its interests vigorously. We currently do not believe the ultimate outcome of this litigation will have a material effect on our consolidated financial position, results of operation, or liquidity.

Item 1A. *Risk Factors.*

At September 30, 2018, there have been no material changes from the risk factors previously disclosed in response to Item 1A. to Part I of our Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds.*

Issuer Purchases of Equity Securities

The following table sets forth information regarding our purchases of shares of Class A common stock during the quarter ended September 30, 2018:

	Total number of shares purchased (1)	Weighted average price paid per share	Total number of shares purchased as part of publicly announced plans	Maximum number (or approximate dollar value) of shares that may yet be purchased under the program
July 1 to July 31, 2018	262,358	\$ 79.86	262,358	\$ 254,814,959
August 1 to August 31, 2018	286,176	\$ 77.96	286,176	\$ 232,503,749
September 1 to September 30, 2018	295,684	\$ 76.96	295,684	\$ 209,747,155
Total	844,218	\$ 78.20	844,218	

- (1) On December 14, 2017, we announced the approval of the expansion of our share repurchase program pursuant to which we are authorized to purchase up to an additional \$750 million of Class A and Class B common stock in the open market, in privately negotiated transactions, or otherwise, including pursuant to a Rule 10b5-1 plan or an accelerated share repurchase transaction. The repurchase program does not have an expiration date. At September 30, 2018, we had approximately \$210 million remaining under the share repurchase authorization. On October 30, 2018, we announced the approval of the expansion of our share repurchase program up to an additional \$750 million.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not Applicable.

Item 5. Other Information.

On October 30, 2018, we filed a Certificate of Retirement with the Secretary of State of the State of Delaware to retire 950,161 shares of Class B common stock, \$0.01 par value per share, of the Company (the "Class B common stock"). All 950,161 shares of Class B common stock were converted into shares of Class A common stock. The Company's Amended and Restated Certificate of Incorporation requires that any shares of Class B common stock that are converted into shares of Class A common stock be retired and may not be reissued.

Effective upon filing, the Certificate of Retirement amended the Amended and Restated Certificate of Incorporation of the Company to reduce the total authorized number of shares of capital stock of the Company by 950,161 shares. The total number of authorized shares of the Company is now 1,409,113,894, such shares consisting of 1,000,000,000 shares designated Class A common stock, 399,113,894 shares designated Class B common stock, and 10,000,000 shares designated Preferred Stock, par value \$0.01 per share. A copy of the Certificate of Retirement is attached as Exhibit 3.1 hereto.

Item 6. Exhibits.

<u>Exhibit Number</u>	<u>Exhibit Description</u>
2.1*	Membership Interest Purchase Agreement, dated as of October 6, 2018, by and among Hyatt Hotels Corporation, Two Roads Hospitality LLC, each of the parties identified as Sellers, and Sellers' Representative
3.1	Amended and Restated Certificate of Incorporation of Hyatt Hotels Corporation
3.2	Amended and Restated Bylaws of Hyatt Hotels Corporation (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K (File No. 001-34521) filed with the Securities and Exchange Commission on September 11, 2014)
4.1	Seventh Supplemental Indenture, dated as of August 16, 2018, between the Company and Wells Fargo, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 001-34521) filed with the Securities and Exchange Commission on August 16, 2018)
4.2	Form of 4.375% Senior Note due 2028 (included in Exhibit 4.1 above) (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K (File No. 001-34521) filed with the Securities and Exchange Commission on August 16, 2018)
+10.1	Amended and Restated Hyatt Hotels Corporation Deferred Compensation Plan for Directors, effective as of January 1, 2019
+10.2	Hyatt Hotels Corporation Summary of Amended and Restated Non-Employee Director Compensation, effective as of January 1, 2019
+10.3	Employment Letter, dated as of October 5, 2018, between Hyatt Corporation and Joan Bottarini (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-34521) filed with the Securities and Exchange Commission on October 9, 2018)
31.1	Certification of the Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company hereby agrees to furnish supplementary copies of any of the omitted schedules and exhibits upon request by the Securities and Exchange Commission; provided, however, that the Company may request confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended, for any schedule or exhibit so furnished.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Hyatt Hotels Corporation

Date: October 31, 2018

By: /s/ Mark S. Hoplamazian

Mark S. Hoplamazian

President and Chief Executive Officer

(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the undersigned, in his capacity as the principal financial officer of the registrant.

Hyatt Hotels Corporation

Date: October 31, 2018

By: /s/ Patrick J. Grismer

Patrick J. Grismer

Executive Vice President, Chief Financial Officer

(Principal Financial Officer)

MEMBERSHIP INTEREST PURCHASE AGREEMENT

Dated as of October 6, 2018

By and Among

HYATT HOTELS CORPORATION,

TWO ROADS HOSPITALITY LLC,

EACH OF THE PARTIES IDENTIFIED AS SELLERS HEREIN

and

SELLERS' REPRESENTATIVE

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MEMBERSHIP INTEREST PURCHASE AGREEMENT

THIS MEMBERSHIP INTEREST PURCHASE AGREEMENT (this “Agreement”), dated as of October 6, 2018, is by and among Hyatt Hotels Corporation (the “Purchaser”), Two Roads Hospitality LLC, a Delaware limited liability company (the “Company”), each of the parties identified as “Sellers” on the signature pages hereto (collectively, the “Sellers”), and Lowe Hospitality Group, Inc., solely in its capacity as the Sellers’ Representative (as defined below).

R E C I T A L S:

WHEREAS, the Company is primarily engaged in hotel and resort management activities;

WHEREAS, the Sellers collectively own all of the issued and outstanding Membership Interests (as defined below);

WHEREAS, pursuant to the Restructuring Transactions (as defined below), at least one (1) day prior the Closing, the Sellers will contribute their Membership Interests to a newly formed Delaware limited liability company (“NewCo”), which, upon consummation of the Restructuring Transactions and immediately prior to the Closing, will own all of the issued outstanding Membership Interests;

WHEREAS, upon the terms and subject to the conditions set forth herein, the Purchaser desires to purchase, and NewCo desires to, and the Sellers desire to cause NewCo to, sell to the Purchaser, the Membership Interests;

WHEREAS, concurrently with the execution and delivery of this Agreement, and as a condition to the willingness of the Purchaser to enter into this Agreement, a wholly-owned Subsidiary of the Company (“Alila Buyer”), which is a shareholder of Alila Hotels & Resorts Ltd, a British Virgin Islands business company limited by shares and an indirect non-wholly owned Subsidiary of the Company (“Alila”), is entering into a share purchase agreement with all of the other shareholders of Alila, pursuant to which, among other things, and upon the terms and subject to the conditions set forth therein, such Subsidiary will directly acquire, immediately prior to the Closing, 100% of the issued shares owned by such other shareholders in Alila, such that at Closing, the Purchaser will indirectly acquire 100% of the issued shares of Alila (collectively, the “Unaffiliated Member Equity Purchase Agreement”); and

WHEREAS, concurrently with the execution and delivery of this Agreement, and as a condition to the willingness of the Purchaser to enter into this Agreement, (i) an Affiliate of CL Vie Holdings, LLC is entering into a guarantee pursuant to which it has agreed to guaranty certain of such Seller’s obligations hereunder and (ii) an Affiliate of Lowe Hospitality Group, Inc. is entering

into a guarantee pursuant to which it has agreed to guaranty certain of such Seller's obligations hereunder (each a "Guarantee" and together, the "Guarantees").

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements and covenants hereinafter set forth, the parties hereto hereby agree as follows:

Article 1

DEFINITIONS

Section 1.01 Definitions. In this Agreement, unless the context otherwise requires, the following terms shall have the following meanings:

"401(k) Plans" shall have the meaning ascribed to such term in Section 6.07(g).

"Accounting Firm" shall have the meaning ascribed to such term in Section 2.07(d).

"Accrued PTO" shall have the meaning ascribed to such term in Section 6.07(c).

"Acquired Business" means the portion of the Business acquired by the Purchaser in connection with the Transaction.

"Action" means any judicial, administrative, governmental or arbitral action, suit, claim, litigation or proceeding (whether civil, criminal or administrative, and whether public or private).

"Affiliate" means, with respect to any Person, any Person directly or indirectly controlling, controlled by, or under common control with such other Person. For purposes of determining whether a Person is an Affiliate, the term "control" and its correlative forms "controlled by" and "under common control with" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of securities, by contract or otherwise. For the avoidance of doubt, the Company is an Affiliate of each Seller prior to the Closing and an Affiliate of the Purchaser from and after the Closing.

"Affiliate Transaction" shall have the meaning ascribed to such term in Section 4.17.

"Aggregate Closing Reduction" means, the aggregate of the Per-Hotel Closing Reductions for (a) each Specified Contract, as to which a Specified Contract Consent has not been obtained prior to Closing, (b) each Particular Hotel, as to which, either (i) the applicable Particular Contract has not been terminated as of Closing or (ii) a Replacement Deliverable has not been obtained as of Closing and (c) each Designated Contract, with respect to which, a Designated Contract Amendment has not been obtained prior to Closing.

"Agreement" shall have the meaning ascribed to such term in the first paragraph hereof.

“ Alila ” shall have the meaning ascribed to such term in the recitals hereof.

“ Alila Buyer ” shall have the meaning ascribed to such term in the recitals hereof.

“ Anti-Corruption Laws ” means all U.S. and non-U.S. Laws relating to the prevention of corruption and bribery, including, without limitation, the U.S. Foreign Corrupt Practices Act of 1977, as amended, the U.S. Travel Act, the UK Bribery Act of 2010, and the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

“ Books and Records ” shall have the meaning ascribed to such term in Section 6.02(c).

“ Business ” means the business of engaging in hotel, resort, residential and homeowners’ association management activities, as currently conducted by the Company and its Subsidiaries.

“ Business Day ” means a day other than a Saturday, Sunday or other day on which commercial banks in the State of New York are authorized or required by Law to close.

“ Cap ” shall have the meaning ascribed to such term in Section 8.06(a)(iii).

“ Cash and Cash Equivalents ” means unrestricted cash and cash equivalents of the Company and its Subsidiaries as determined in accordance with GAAP, including, without duplication, cash, funds in transit, checks, money orders, marketable securities, investments, short-term liquid instruments, and deposits (including any deposits with the Internal Revenue Service required pursuant to Section 7519 of the Code), but excluding any uncleared checks, drafts and wire transfers or any cash deposits held as collateral or other security for contractual obligations (including collateral posted or deposited with vendors, property owners, landlords or other parties).

“ Claim Notice ” shall have the meaning ascribed to such term in Section 8.04(a).

“ Classic Resorts Asset Purchase Agreement ” means the Asset Purchase Agreement, dated as of January 22, 2018, by and among Destination Residences Hawaii LLC, Classic Resorts Limited and Jeffrey Halpin, Peter Rice and Kay Carpenter, as amended.

“ Closing ” shall have the meaning ascribed to such term in Section 2.03.

“ Closing Balance Sheet ” shall have the meaning ascribed to such term in Section 2.07(a)(i).

“ Closing Cash and Cash Equivalents ” shall have the meaning ascribed to such term in Section 2.07(a)(iii).

“ Closing Company Indebtedness ” shall have the meaning ascribed to such term in Section 2.07(a)(ii).

“ Closing Date ” shall have the meaning ascribed to such term in Section 2.03.

“ Closing Financial Data ” shall have the meaning ascribed to such term in Section 2.07(b).

“ Closing Purchase Price ” shall mean the Purchase Price, as it may be adjusted pursuant to Section 2.06(b), minus the Estimated Company Indebtedness, plus the Estimated Cash and Cash Equivalents.

“ Closing Working Capital ” shall have the meaning ascribed to such term in Section 2.07(a)(iv).

“ Code ” means the Internal Revenue Code of 1986, as amended.

“ Company ” shall have the meaning ascribed to such term in the first paragraph hereof.

“ Company Agent ” shall have the meaning ascribed to such term in Section 4.23(a).

“ Company Balance Sheet ” shall have the meaning ascribed to such term in Section 4.07(b).

“ Company Employee ” shall have the meaning ascribed to such term in Section 6.07(a).

“ Company Financial Statements ” shall have the meaning ascribed to such term in Section 4.07(a).

“ Company Indebtedness ” means (a) any Indebtedness of the Company and its Subsidiaries, outstanding as of immediately prior to the Closing, (b) any accrued and unpaid Liability for legal, accounting, brokerage, finders’, investment banker’s, advisory, and other professional fees, costs, disbursements, commissions, expenses or similar payments incurred by or on behalf of the Company and its Subsidiaries in connection with the Transactions, (c) all compensation (including deferred compensation) payments, bonuses (including Transaction bonuses), change-in-control payments, tax gross-up, equalization, make whole or similar payments, severance payments, retention payments, or similar payments (collectively, “ Transaction Payments ”), in each case, (i) made to any current or former employees or other Service Providers of the Company or its Subsidiaries, and (ii) arising in connection with the Transactions (whether or not in connection with another event, including (A) any termination of employment (which shall expressly include any “walk-away” or similar termination), (B) any payment in respect of any LTIP Award, (C) any LTIP Remediation Costs, and (D) any payment pursuant to or in respect of any Retention Agreement, including any “Transaction Bonus,” “Retention Bonus,” “Contingent Bonus,” severance payment or other payment thereunder (each as may be defined in the applicable Retention Agreement), that are not transferred or assigned to NewCo prior to the Closing in accordance with Section 6.07(l) but excluding any severance or other amounts payable to any such employee or other Service Provider as a result of an involuntary termination of employment or service that occurs after the Closing, except as provided in the following clauses), (d) without duplication of the preceding clause, any Transaction Payments, any other termination or similar payments and any other amounts that become payable by the Company or any of its Subsidiaries (including pursuant to any Retention Agreement that are not transferred or assigned to NewCo prior to the Closing in accordance with Section 6.07(l)) in connection with the transfer of any Service Provider of the Company or any of its Subsidiaries (including any Retention Agreement Employee) to NewCo, including due to such transfer being deemed to constitute a termination of employment (in each case, to the extent not paid prior to Closing or otherwise taken into account in the determination of Working Capital) and (e) any payroll, social security, unemployment or other Taxes that are imposed on the employer in connection with any payment made under clause (c) or (d) above (provided that, for the avoidance of doubt, the amount of such payments or Taxes described in clauses (c), (d) and (e) that is accrued on the Company’s balance sheet and taken into account in the determination of Working Capital shall not be included).

“ Company Owned Intellectual Property ” means all Intellectual Property owned by the Company or any of its Subsidiaries.

“ Confidentiality Agreement ” means that certain letter agreement, dated as of April 25, 2018, by and between the Purchaser and the Company.

“ Contract ” means any written or oral contract, agreement, mortgage, deed of trust, bond, indenture, lease, license, note, franchise, certificate, option, warrant, right, instrument or other arrangement, commitment or obligation, with the exception of Permits.

“ D&O Indemnified Person ” shall have the meaning ascribed to such term in Section 6.09(a).

“ Designated Contracts ” means the Contracts in the applicable column set forth on Schedule A of the Sellers’ Disclosure Schedule.

“ Designated Contract Amendment ” means with respect to any Designated Contract, an amendment thereto to be entered into between the Company or its applicable Subsidiary and the counterparty to such Designated Contract, which amendment shall contain the applicable terms substantially the same as those set forth in the applicable column on Schedule A of the Sellers’ Disclosure Schedule (with no additional or other modified terms that are materially less favorable in the aggregate to the Company or such Subsidiary).

“ Deductible Amount ” shall have the meaning ascribed to such term in Section 8.06(a)(ii).

“ Disclosure Letter Update ” shall have the meaning ascribed to such term in Section 6.06.

“ Employee Matters Indemnity ” shall have the meaning ascribed to such term in Section 8.02(a)(v).

“ Employee Plan ” means (i) each “employee benefit plan” (within the meaning of Section 3(3) of ERISA or any similar plan subject to laws of a jurisdiction outside of the United States), and (ii) each option, appreciation right, profit participation, profits unit, restricted unit, phantom equity, or other equity or equity-based incentive, employment, severance, individual consulting, termination, change in control, retention, bonus, incentive, deferred compensation, pension, retirement, health, welfare, flex spending, cafeteria, adoption/dependent/employee assistance, tuition, fringe benefit, vacation, paid time off, post-retirement welfare benefit or other employee compensation or benefit plan, program, policy, agreement or arrangement, whether or not subject to ERISA, maintained, contributed to or sponsored by the Company or any of its Subsidiaries for the benefit of any of its current or former Service Providers or the spouses, beneficiaries or other dependents thereof.

“ Encumbrance ” means any security interest, pledge, mortgage, lien, encumbrance, conditional sale agreement, retention agreement, easement, deed of trust, hypothecation, option, warrant, servitude, conditional sale or restriction on transfer of title or voting, except for any restrictions on transfer generally arising under any applicable federal or state securities laws.

“ End Date ” shall have the meaning ascribed to such term in Section 9.01(c).

“ Enforceability Exceptions ” shall have the meaning ascribed to such term in Section 3.02.

“ Environmental Laws ” shall have the meaning ascribed to such term in Section 4.20.

“ ERISA ” means the Employee Retirement Income Security Act of 1974, as amended.

“ ERISA Affiliate ” of the Company or any of its Subsidiaries means any entity (whether or not incorporated) that, together with the Company or such Subsidiary, is or was at any time required to be treated as a single employer under

Section 414(b), (c), (m) or (o) of the Code.

“ Estimated Cash and Cash Equivalents ” shall have the meaning ascribed to such term in Section 2.06(a)(ii).

“ Estimated Closing Balance Sheet ” shall have the meaning ascribed to such term in Section 2.06(a)(i).

“ Estimated Closing Working Capital ” shall have the meaning ascribed to such term in Section 2.06(a)(iii).

“ Estimated Company Indebtedness ” shall have the meaning ascribed to such term in Section 2.06(a)(ii).

“ Excluded Contracts ” means (i) the Particular Contracts, other than the Particular Contracts that have been terminated and with respect to which a Replacement Deliverable has not been obtained in accordance with Section 6.14(b) or Section 6.14(d), and (ii) any Specified Contract with respect to which a Specified Contract Consent is not obtained prior to the Closing.

“ Final Closing Cash and Cash Equivalents ” shall have the meaning ascribed to such term in Section 2.07(d).

“ Final Closing Indebtedness ” shall have the meaning ascribed to such term in Section 2.07(d).

“ Final Closing Working Capital ” shall have the meaning ascribed to such term in Section 2.07(d).

“ Final Purchase Price ” means an amount equal to the Closing Purchase Price as adjusted by the Net Adjustment Amount in accordance with Section 2.07(f).

“ Foreign Subsidiary ” means those Subsidiaries of the Company set forth on Schedule 1 hereto.

“ Fraud ” means, with respect to any party hereto, the making of a representation or warranty contained in this Agreement by such party with a specific intent to deceive another party hereto or to induce such other party to enter into this Agreement and to receive a benefit from such deception, in each case, constituting fraud pursuant to the laws of the State of New York in the United States. For the avoidance of doubt, the term “Fraud” does not include any claim for equitable fraud, promissory fraud, unfair dealings fraud, or any torts (including a claim for fraud) based on negligence.

“ Fundamental Representations ” shall have the meaning ascribed to such term in Section 8.01(a).

“ GAAP ” means accounting principles generally accepted in the United States.

“ Government Official ” means any officer, employee, or agent of a Governmental Authority or any department, agency or instrumentality thereof, including any business or corporate entity owned, controlled, or managed, directly or indirectly, by a Governmental Authority, including but not limited to a government-owned or government-controlled oil company, bank, or healthcare facility, or of a public international organization; or any political parties, political party officials or candidate for foreign political office; or any Person acting in an official capacity for or on behalf of any government department, agency, or instrumentality.

“ Governmental Authority ” means any U.S. or non-U.S. federal, state, provincial or local or foreign governmental

authority, court, government or self-regulatory organization, commission, tribunal or judicial or arbitral body or organization or any regulatory, administrative, judicial or other agency, or any political or other subdivision, department or branch of any of the foregoing.

“ Governmental Body ” means (i) any U.S. or non-U.S. federal, state, provincial or local or foreign governmental authority, court, government or self-regulatory organization, commission, tribunal or judicial or arbitral body or organization or any regulatory, administrative, judicial or other agency, or any political or other subdivision, department or branch of any of the foregoing; (ii) any department, agency, or instrumentality thereof, including any company, business, enterprise or other entity owned or controlled, in whole or in part, by any government; (iii) any public international organization; or (iv) any political party.

“ Governmental Order ” means any order, writ, judgment, stipulation, determination, injunction, subpoena, demand, decree or award made, issued, or entered into by or with any Governmental Authority.

“ Guarantee ” or “ Guarantees ” shall have the meaning ascribed to such term in the recitals hereof.

“ Hotel Management Agreement ” means any hotel, resort, residential or homeowners’ association management agreement, franchise agreement or similar arrangement with respect to any hotel, resort, residential or other property managed, franchised or operated by the Company or any of its Subsidiaries or as to which the Company or any of its Subsidiaries provides services or branding.

“ HSR Act ” means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended and the rules and regulations promulgated thereunder.

“ Inception Date ” means February 1, 2016.

“ Indebtedness ” means with respect to any Person and at any particular time, any (a) indebtedness for borrowed money (whether pursuant to a Contract or otherwise and including the principal amount and accrued or unpaid interest that is payable in respect thereof) of such Person, (b) any reimbursement obligations of such Person under letters of credit, surety bond, bank guarantee or similar arrangements, (c) any obligation of such Person or its Subsidiaries for the payment of deferred purchase price, “earnout,” “milestone,” or similar consideration in respect of property or services, other than any such obligation in respect of the Classic Resorts Asset Purchase Agreement, (d) any Liability or obligation of such Person under conditional sale or other title retention agreements, (e) any Liabilities for the payment of money relating to leases that are classified as capitalized lease obligations by such Person, (f) any obligations under any swap, hedging or similar arrangement, (g) any Liabilities associated with the matters set forth on Schedule 1.01(a) and (i) any obligations (or assurances against Losses or Encumbrances) of the type referred to in clauses (a)-(g) above of other Persons for the payment of which such Person is responsible or liable.

“ Indemnified Party ” shall have the meaning ascribed to such term in Section 8.04(a).

“ Indemnifying Party ” shall have the meaning ascribed to such term in Section 8.04(a).

“ Individual Basket Amount ” shall have the meaning ascribed to such term in Section 8.06(a)(i).

“ Intellectual Property ” means (i) all patents, copyrights, Trademarks, and Internet domain names; (ii) all registrations and applications for registration for any of the foregoing; and (iii) all trade secrets and proprietary and confidential information, know-how, processes, inventions, data, and formulae.

“ IRS ” means the Internal Revenue Service.

“ Known, ” “ Known by ” or “ To the Knowledge ” (and any similar phrase) means: (a) with respect to the Sellers or the Company, to the knowledge, after due inquiry of their respective direct reports, of any of Jamie Sabatier, Mark Hays and, solely with respect to matters related to Alila and its Subsidiaries, Mark Edelson and Frederic Simon; and (b) with respect to the Purchaser, to the knowledge, after due inquiry of his direct reports, of Matt MacDonald.

“ Law ” means any statute, law, ordinance, regulation, rule, code, Governmental Order or other requirement of any Governmental Authority.

“ Lease ” shall have the meaning ascribed to such term in Section 4.16 .

“ Leased Real Property ” shall have the meaning ascribed to such term in Section 4.16 .

“ Liability ” means any debt, loss, damage, adverse claim, fine, penalty, Tax, judgment, award, settlement, demand, commitment, liability or obligation of any kind, whether direct or indirect, known or unknown, asserted or unasserted, accrued or unaccrued, absolute, contingent, matured or unmatured, liquidated or unliquidated, disputed or undisputed, due or to become due and whether in contract, tort, strict liability or otherwise.

“ License Agreement ” means the License, Cooperative Marketing and Distribution Agreement to be entered into at the Closing between the Company and Destination Hotels and Resorts LLC, in substantially the form attached hereto as Exhibit E .

“ Losses ” means damages, Liabilities, losses, Taxes, costs or expenses including reasonable attorneys’ fees and other professional services fees; provided, however, that “Losses” shall not include punitive, exemplary or other similar damages that are awarded as a penalty in excess of actual damages (e.g., court-awarded treble damages), except, in each case, to the extent such damages are actually awarded to a third party.

“ LTIP ” means the Two Roads Hospitality LLC 2017 Long Term Incentive Plan.

“ LTIP Acknowledgment ” means a valid, binding acknowledgment of payment and satisfaction of all obligations with respect to any LTIP Awards and other incentive compensation and irrevocable release and waiver of all claims relating to the foregoing in the form attached hereto as Exhibit D .

“ LTIP Award ” means each award issued under the LTIP that remains outstanding as of immediately prior to the Closing.

“ LTIP Recipient ” means each Person set forth on Schedule 6.07(g) of the Sellers’ Disclosure Letter.

“ LTIP Remediation Costs ” means and includes (i) any taxes, interest or penalties, in any case, imposed under or by operation of Code Section 409A (including via any state law, collectively “ 409A Taxes ”) upon payments made in satisfaction of or otherwise with respect to any LTIP Award, in any case, that are paid or reimbursed by the Purchaser, the Company or any of their Affiliates (including, for clarity, any 409A Taxes imposed on any LTIP Recipient and paid or reimbursed by any of the foregoing entities) and (ii) an additional amount sufficient to pay any Taxes imposed on any LTIP Recipient or on any of the Purchaser, the Company or any of their Affiliates as a result of the payment or reimbursement of any amounts contemplated by this clause or the preceding clause (i) (e.g. , including any pyramiding Taxes and any employer Taxes resulting from such payments).

“Material Adverse Effect” means a change, event, occurrence, development or circumstance that, individually or in the aggregate, has had or would reasonably be expected to have (x) a material impairment or delay on the ability of the Company or the Sellers to consummate the Transactions or (y) both a material and adverse effect on the Business, results of operations or financial condition of the Company and its Subsidiaries, taken as a whole; provided, however, that Material Adverse Effect shall not include any change, event, occurrence, development or circumstance to the extent resulting from, relating to or arising out of: (a) general economic conditions, including changes in (i) financial or credit market conditions, (ii) interest rates or currency exchange rates or (iii) consumer spending on discretionary items, including travel and leisure; (b) conditions generally affecting any of the industries in which the Company and its Subsidiaries operate; (c) acts of God or other calamities, national or international political or social actions or conditions, including the engagement by any country in hostilities (or the escalation thereof), whether commenced before or after the date hereof, and whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any military or terrorist attack; (d) changes in Law or in GAAP; (e) any failure of the Business to meet any internal financial or non-financial projections, forecasts or estimates (it being understood that the underlying facts and circumstances giving rise to such failure that are not otherwise excluded from the definition of Material Adverse Effect may be taken into account in determining whether there is or has been a Material Adverse Effect); (f) any actions taken, or failures to take action, in each case, to which the Purchaser has consented in writing; or (g) the execution or announcement of, or the taking of any action expressly required by, this Agreement or the Transactions (including the transactions contemplated by the Unaffiliated Member Equity Purchase Agreement), including by reason of the identity of the Purchaser or its Affiliates or any communication by the Purchaser or its Affiliates regarding the plans or intentions of the Purchaser or its Affiliates with respect to the conduct of the Business and including to the extent such execution, announcement, action, identity, plans or intentions results in the resignation or termination of any employee and has any adverse impact on relationships, contractual or otherwise, with property owners, vendors, partners, financing sources or employees, or on revenue and profitability (provided, that this clause (g) shall not apply to Section 4.06 or the conditions to Closing set forth in Section 7.02(a) with respect thereto); provided, further, that in the cases of clauses (a), (b), (c) and (d) above, such change, event, occurrence, development or circumstance shall be taken into account only to the extent they have a disproportionate impact on the Business, results of operations, or financial condition of the Company and its Subsidiaries compared to other companies operating in the industries in which the Company and its Subsidiaries operates. References in this Agreement to dollar amount thresholds shall not, in and of themselves, be deemed to be evidence of a Material Adverse Effect or materiality.

“Material Contracts” shall have the meaning ascribed to such term in Section 4.12.

“Membership Interests” shall have the meaning ascribed to such term in Section 4.04(a).

“Negotiation Period” shall have the meaning ascribed to such term in Section 8.04(b).

“Net Adjustment Amount” means an amount, which may be positive or negative, equal to (i) the amount, if any, by which Final Closing Cash and Cash Equivalents exceeds Estimated Cash and Cash Equivalents, minus (ii) the amount, if any, by which Final Closing Cash and Cash Equivalents is less than Estimated Cash and Cash Equivalents, plus (iii) the amount, if any, by which Final Closing Working Capital exceeds Estimated Closing Working Capital, minus (iv) the amount, if any, by which Final Closing Working Capital is less than Estimated Closing Working Capital, minus (v) the amount, if any, by which Final Closing Indebtedness exceeds Estimated Company Indebtedness, plus (vi) the amount if any, by which Final Closing Indebtedness is less than Estimated Company Indebtedness.

“NewCo” shall have the meaning ascribed to such term in the recitals hereof.

“NewCo Employee Liabilities” means any and all Liabilities relating to any Retained Employee(s) that are incurred by or imposed upon the Company or any of its Subsidiaries to the extent neither satisfied in full prior to Closing or taken into consideration in determining Working Capital, including any such Liabilities arising under any Employee Plan, any applicable Law,

any Material Contract or otherwise (for clarity, including any Taxes imposed the Company or any of its Subsidiaries with respect to any such Liabilities and any Liabilities in respect of any Retention Agreement to the extent paid by the Company or its Affiliates following the Closing).

“ Non-Income Tax Return ” shall have the meaning ascribed to such term in Section 10.01(d).

“ Particular Hotels ” means the hotels set forth in the applicable column on Schedule B of the Sellers’ Disclosure Schedule.

“ Particular Contract ” means, with respect to each Particular Hotel, the existing franchise or similar Contract applicable to such Particular Hotel, in each case, as set forth in the applicable column on Schedule B of the Sellers’ Disclosure Schedule.

“ Pass-Through Tax Return ” means any income Tax Return filed by or with respect to the Company or any of its Subsidiaries to the extent that (a) the Company or such Subsidiary is treated as a pass-through entity for the purposes of such Tax Return and (b) the results of operations reflected on such Tax Returns are also reflected on the Tax Returns of the Sellers or the direct or indirect owners of any Seller.

“ Payor ” shall have the meaning ascribed to such term in Section 2.08.

“ Per Hotel Closing Reduction ” means, with respect to each Specified Contract, Particular Hotel and Designated Contract, the amount set forth opposite the applicable hotel’s name on Schedule D of the Sellers’ Disclosure Schedule.

“ Permit ” means all approvals, licenses, permits, authorizations, certifications, qualifications and certificates issued or granted by any Governmental Authority.

“ Permitted Encumbrances ” means each of the following: (a) Encumbrances under purchase money and capital lease arrangements, mechanics’, carriers’, workers’, repairers’, materialmen’s, warehousemen’s, laborers’ suppliers’, and vendors’ liens and other similar Encumbrances which have arisen in the ordinary course of business and which are not yet due or payable or that are being contested in good faith through (if then appropriate) appropriate proceedings in accordance with all legal requirements and for which appropriate accruals or reserves have been established on the Company Financial Statements in accordance with GAAP; (b) Encumbrances for Taxes, assessments or other charges of a Governmental Authority not yet due and payable or contested in good faith in accordance with all legal requirements and for which appropriate accruals or reserves have been established on the Company Financial Statements in accordance with GAAP; (c) requirements and restrictions of zoning and building Laws, rules and regulations; (d) statutory liens of landlords for amounts not yet due and payable; (e) with respect to Intellectual Property, non-exclusive licenses granted thereunder; (f) liens arising under conditional sales contracts and equipment leases with third parties entered into in the ordinary course of business that are immaterial to the use, value or operation of the Business; (g) all matters of record, reciprocal easement agreements and other encumbrances on title with respect to real property, that, individually or in the aggregate, do not, and would not reasonably be expected to, materially detract from, interfere with or limit the use or operation of the property subject thereto as currently used or operated by the Company or any of its Subsidiaries; (h) other imperfections of title or Encumbrances, if any, that do not, and would not reasonably be expected to, individually or in the aggregate, materially impair the ability to use or operate the asset or property to which they relate in the conduct of the Business as presently conducted; and (i) all other Encumbrances as set forth on Schedule 1.01(b) of the Sellers’ Disclosure Letter.

“ Person ” means any individual, corporation, general partnership, limited partnership, limited liability company, limited liability partnership, association, trust or any other entity or organization, including a Governmental Authority.

“Pre-Closing Income Tax Return” shall have the meaning ascribed to such term in Section 10.01(b).

“Post-Closing Tax Period” means any taxable period beginning after the Closing Date and, with respect to any Straddle Period, the portion of the Straddle Period beginning after the Closing Date.

“Pre-Closing Tax Period” means any taxable period ending on or prior to the Closing Date and, with respect to any Straddle Period, the portion of the Straddle Period ending on the Closing Date.

“Pro Rata Percentage” means, with respect to each Seller, the percentage set forth below such Seller’s name on the signature pages hereto.

“Property-Level Retained Employee” shall have the meaning ascribed to such term in Section 6.07(l).

“Purchase Price” means the sum of (i) Six Hundred Million Dollars (\$600,000,000), minus (ii) the Aggregate Closing Reduction, plus (iii) Fourteen Million Dollars (\$14,000,000); provided that in no event shall the Purchase Price be less than Four Hundred Eighty Million Dollars (\$480,000,000) or more than Six Hundred Million Dollars (\$600,000,000).

“Purchaser” shall have the meaning ascribed to such term in the first paragraph of this Agreement.

“Purchaser Benefit Plan” shall have the meaning ascribed to such term Section 6.07(d).

“Purchaser Indemnified Party” shall have the meaning ascribed to such term in Section 8.02(a).

“Purchaser’s Disclosure Letter” shall have the meaning ascribed to such term in Article 5.

“R&W Policy” shall have the meaning ascribed to such term in Section 6.10.

“Rebranding Costs” means, with respect to any Particular Hotel, the amount of costs and expenses incurred in order to terminate the applicable Particular Contract (including any liquidated or other damages, unamortized key money or similar amounts paid or payable to the applicable franchisor).

“Replacement Deliverable” means, with respect to any Particular Hotel as to which the applicable Particular Contract has been terminated, (a) a replacement franchise Contract between Purchaser (or its Affiliate), on the one hand, and the owner(s) of the Particular Hotel, on the other hand, in form and substance reasonably satisfactory to Purchaser (provided that such replacement franchise Contract shall be deemed to be reasonably satisfactory to Purchaser so long as (i) the terms and conditions of such replacement franchise Contract are not materially worse in the aggregate to the franchisor as compared to the terms and conditions set forth in such applicable terminated Particular Contract and (ii) to the extent such Particular Contract or the Hotel Management Agreement applicable to such Particular Hotel contained any provisions of the type described at the end of Schedule C, the applicable counterparty provides a written agreement waiving any breach or default thereunder as a result of the consummation of the Transactions or as a result of the management of the Particular Hotel by the Purchaser or its Affiliates upon the consummation of the Transactions) or (b) an amendment to, or consent under, the Hotel Management Agreement applicable to such Particular Hotel, as set forth on Schedule B of Sellers’ Disclosure Letter, duly executed and delivered by the counterparty to such Hotel Management Agreement, which amendment or consent (i) permits the Particular Hotel to be operated by Purchaser and its Affiliates under the brand and network of Purchaser or its Affiliates for the remainder of the term of such Hotel Management Agreement, (ii) to the extent such Hotel Management Agreement contains any provisions of the type described at the end of Schedule C, includes a

written agreement of the applicable counterparty waiving any breach or default thereunder as a result of the consummation of the Transactions or as a result of the management of the Particular Hotel by the Purchaser or its Affiliates upon the consummation of the Transactions and (iii) otherwise does not amend or eliminate any terms or provisions of (or add any new terms or provisions to) such Hotel Management Agreement which would result in the terms and provisions of such Hotel Management Agreement being materially less favorable in the aggregate to the hotel manager thereunder as compared to the terms and conditions set forth therein at Closing.

“Representatives” means, with respect to any Person, the officers, directors, employees, legal counsel, accountants, financial advisors, investment bankers, consultants and the other authorized agents and representatives of such party.

“Restructuring Transactions” means those transactions to be undertaken by the Company and certain of its Subsidiaries after the date hereof and prior to the Closing as described in Schedule 2 attached hereto.

“Retained Employee” has the meaning set forth in Section 6.07(l).

“Retained Firm” shall have the meaning ascribed to such term in Section 11.15(a).

“Retention Agreement Employees” means the Service Providers set forth on Schedule 6.07(g) of the Sellers’ Disclosure Letter who have entered into Retention Agreements with the Company.

“Retention Agreement Retained Employee” means each Retention Agreement Employee who does not enter into a written employment agreement with the Company or any of its Subsidiaries after the date hereof and on or prior to Closing.

“Retention Agreements” shall mean those certain Transaction Bonus And Severance Arrangements by and between the Company on the one hand and each Retention Agreement Employee on the other, as set forth on Section 6.07(g) of the Sellers’ Disclosure Letter.

“Review Period” shall have the meaning ascribed to such term in Section 2.07(c).

“Securities Act” means the Securities Act of 1933, as amended.

“Seller Indemnified Party” shall have the meaning ascribed to such term in Section 8.03(a).

“Sellers” shall have the meaning ascribed to such term in the first paragraph hereof.

“Sellers’ Disclosure Letter” shall have the meaning ascribed to such term in Article 3.

“Sellers’ Representative” shall have the meaning ascribed to such term in Section 11.16(a).

“Service Provider” shall have the meaning ascribed to such term in Section 4.12(a)(vi).

“Specific Indemnity” shall have the meaning ascribed to such term in Section 8.02(a)(vi).

“ Specified Hotels ” means the hotels set forth in the applicable column on Schedule C of the Sellers’ Disclosure Schedule.

“ Specified Contract ” means, with respect to each Specified Hotel, the existing hotel management or similar Contract applicable to such Specified Hotel, in each case, as set forth in the applicable column on Schedule C of the Sellers’ Disclosure Schedule.

“ Specified Contract Consent ” means, with respect to each Specified Contract, a written agreement of the Company’s (or its applicable Subsidiary’s) counterparty thereto waiving any breach or default under such Specified Contract as a result of the consummation of the Transactions or as a result of the management of any Specified Hotel by the Purchaser or its Affiliates upon the consummation of the Transactions (including with respect to the provisions described on Schedule C of the Sellers’ Disclosure Schedule).

“ Special Indemnity ” shall have the meaning ascribed to such term in Section 8.02(a)(vi).

“ Specified Matters ” means the matters set forth on Section 1.01(c) of the Sellers’ Disclosure Schedule.

“ Solvent ” shall have the meaning ascribed to such term in Section 5.08.

“ Statement of Objections ” shall have the meaning ascribed to such term in Section 2.07(d).

“ Straddle Period ” means any Tax period beginning on or before and ending after the Closing Date.

“ Straddle Period Income Tax Return ” shall have the meaning ascribed to such term in Section 10.01(c).

“ Straddle Period Statement ” shall have the meaning ascribed to such term in Section 10.01(c).

“ Subsidiaries ” means, with respect to any Person, any corporation, limited liability company, partnership, association, or other Person of which (a) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person or a combination thereof or (b) if a limited liability company, partnership, association, or other Person (other than a corporation), a majority of the membership, partnership or other similar ownership interests thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more Subsidiaries of such Person or a combination thereof, and for the purpose of this clause (b), a Person or Persons own a majority ownership interest in such a Person (other than a corporation) if such Person or Persons shall be allocated a majority of such Person’s gains or losses or shall be a, or control any, managing director or general partner of such Person (other than a corporation).

“ Survival Period ” shall have the meaning ascribed to such term in Section 8.01(a).

“ Target Working Capital ” means Twelve Million Five Hundred Thousand Dollars (\$12,500,000).

“ Tax ” or “ Taxes ” means all U.S. federal, state, local or foreign taxes income, gross receipts, value added, activity, capital, capital stock, inventory, sales, use, ad valorem, transfer, franchise, profits, license, withholding, payroll, employment, excise, estimated, severance, stamp, occupation, property or other taxes of any kind whatsoever, together with any interest, penalties, or additions thereto, imposed by any Tax Authority.

“ Tax Authority ” means a U.S. federal, state, local or foreign Governmental Authority having jurisdiction over the assessment, determination, collection or imposition of any Tax, as the context requires.

“ Tax Contest ” shall have the meaning ascribed to such term in Section 10.03.

“ Tax Return ” means any return, declaration, report, or information return or statement, relating to Taxes, including any schedule or attachment thereto, or any amendment thereof, filed or required to be filed with any Tax Authority.

“ Termination Date ” shall have the meaning ascribed to such term in Section 9.01.

“ Third-Party Claim ” shall have the meaning ascribed to such term in Section 8.04(a).

“ Threshold Per Hotel Reduction Amount ” means \$23,000,000.

“ Trademarks ” means trademarks, service marks, names, corporate names, trade names, logos, slogans, trade dress, design rights, and other similar designations of source or origin, together with the goodwill symbolized by any of the foregoing.

“ Transactions ” means the transactions contemplated by this Agreement and the other agreements, documents and certificates contemplated hereby (including the Unaffiliated Member Equity Purchase Agreement and any other agreements, documents and certificates referred to therein).

“ Transfer Taxes ” shall have the meaning ascribed to such term in Section 11.01.

“ Transition Services Agreement ” means the Transition Services Agreement to be entered into at Closing between the Purchaser and NewCo, in substantially the form attached hereto as Exhibit A.

“ Unaffiliated Member Equity Purchase Agreement ” shall have the meaning ascribed to such term in the recitals hereof.

“ WARN Act ” means the United States Worker Adjustment and Retraining Notification Act and the regulations promulgated thereunder.

“ Working Capital ” means the sum of the current assets of the Company and its Subsidiaries less the sum of the current liabilities of the Company and its Subsidiaries, in each case, calculated in accordance with GAAP consistent with the past practice of the Company and, solely to the extent not addressed by GAAP, in accordance with the example set forth in Exhibit B hereto; provided, however, that (a) Working Capital shall not include Cash and Cash Equivalents or any of the items set forth on Exhibit B that are specifically identified as being excluded from the calculation of working capital, (b) no income tax assets, and no deferred tax assets that reflect mere timing differences, shall be treated as current assets, (c) no amounts in the Company Indebtedness shall be treated as a current liability and (d) no income tax items, and no deferred tax liabilities that reflect mere timing differences, shall be treated as current liabilities.

Section 1.02 Rules of Construction.

(a) As used in this Agreement, unless the context would require otherwise:

- (i) references to the plural include the singular, and references to the singular include the plural;
- (ii) references to any gender include the other gender;
- (iii) the words “include,” “includes” and “including” do not limit the preceding terms or words and shall be deemed to be followed by the words “without limitation”;
- (iv) the term “or” has the inclusive meaning represented by the phrase “and/or”;
- (v) the terms “hereof,” “herein,” “hereunder,” “hereto” and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement;
- (vi) the terms “day” and “days” mean and refer to calendar day(s) unless Business Days are expressly specified;
- (vii) the terms “year” and “years” mean and refer to calendar year(s);
- (viii) the term “dollars” and “\$” means United States dollars;
- (ix) the phrases “in the ordinary course” or “in the ordinary course of business” shall be deemed to be followed by the phrase “consistent with past practice”;
- (x) references in this Agreement to dollar amount thresholds, deductibles, baskets or caps shall not, in and of themselves, be deemed to be evidence of materiality;
- (xi) the terms “material” or “material to the Business” or “material to the Company or any of its Subsidiaries” and the concept of the “material” nature of an effect upon the Business or the Company or any of its Subsidiaries shall be measured relative to the entire Business, taken as a whole, and the Company and its Subsidiaries, taken as a whole, without giving effect to how Purchaser conducts or intends to conduct the Business following the Closing;
- (xii) any document which is described as being “furnished,” “delivered” or “made available” to the Purchaser shall be treated as such if true, complete and correct copies of such documents have been made available to the Purchaser and its Representatives in the virtual dataroom prepared by the Company and hosted by Merrill Corporation at least one (1) continuous calendar day prior to the date of this Agreement (or if it is otherwise set forth in Section 1.02(a)(xii) of the Seller’s Disclosure Schedule); and
- (xiii) the term “reasonable best efforts” when used in this Agreement shall not include efforts which require the performing party (1) to do any act that is unreasonable under the circumstances, (2) to make any capital expenditures not expressly contemplated hereunder, (3) to amend or waive any rights under this Agreement or (4) to incur or expend any funds other than reasonable expenses incurred in satisfying its obligations hereunder, including the fees, expenses and disbursement of its accountants, counsel and other advisors or professionals.

(b) Unless otherwise set forth herein, references in this Agreement to: (i) any document, instrument or agreement (including this Agreement) include and incorporate all exhibits, schedules and other attachments thereto; and (ii) a particular Law means such Law as in effect (including any amendments, modifications or supplements thereto) from time to time, as the context may require.

(c) All article, section, exhibit and schedule references herein are to Articles, Sections, Exhibits and Schedules of this Agreement, unless otherwise specified.

(d) This Agreement is the product of negotiations among the parties, each of which is represented by legal counsel, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement. Rules of construction relating to interpretation against the drafter of an agreement shall not apply to this Agreement and are expressly waived by each party. The parties acknowledge and agree that prior drafts of this Agreement and the other agreements and documents contemplated hereby will not be deemed to provide any evidence as to the meaning of any provision hereof or the intent of the parties with respect hereto and that such drafts will be deemed to be the joint work product of the parties.

ARTICLE 2

PURCHASE AND SALE

Section 2.01 Purchase and Sale of the Membership Interests. Upon the terms and subject to the conditions of this Agreement, at the Closing, NewCo shall and the Sellers shall cause NewCo to sell, assign, transfer, convey and deliver the Membership Interests to the Purchaser, and the Purchaser shall purchase, acquire and accept the Membership Interests from NewCo, in each case, free and clear of any and all Encumbrances other than (a) applicable transfer restrictions pursuant to applicable securities Laws and (b) Encumbrances created by the Purchaser.

Section 2.02 Payment of Closing Purchase Price. In consideration for the sale of the Membership Interests pursuant to this Agreement, at the Closing, the Purchaser shall pay an aggregate amount in cash equal to the Closing Purchase Price to NewCo by wire transfer of immediately available funds to the account specified by the Sellers' Representative in writing not less than two (2) Business Days prior to the Closing Date. Following the Closing, the Closing Purchase Price will be subject to adjustment pursuant to Section 2.07.

Section 2.03 Closing. Upon the terms and subject to the conditions of this Agreement, the consummation of the Transactions shall take place and become effective at a closing (the "Closing" and the date on which the Closing occurs, the "Closing Date") to be held at the offices of Skadden, Arps, Slate, Meagher & Flom LLP, located at 300 South Grand Avenue, Suite 3400, Los Angeles, California, at 10:00 a.m. local time on (i) the second Business Day following the satisfaction or written waiver, if permissible under applicable Law, of the conditions to Closing set forth in Article 7 (other than those conditions to be satisfied on the Closing Date, but subject to the written waiver or satisfaction of such conditions), or (ii) at such other time or place as the Company and the Purchaser mutually agree in writing. Except to the extent expressly set forth in this Agreement to the contrary, and notwithstanding the actual occurrence of the Closing at any particular time on the Closing Date, the Closing shall be deemed to occur and be effective as of 12:01 a.m. (California time) on the Closing Date.

Section 2.04 Closing Deliveries by the Sellers and the Company. At the Closing, subject to satisfaction or written waiver, if permissible under applicable Law, of each of the conditions to the obligations of the Sellers and the Company set forth in Section 7.01 of this Agreement, the Sellers or the Company, as applicable, shall deliver or cause to be delivered to the Purchaser the following:

(a) an assignment agreement in form and substance reasonably acceptable to the Purchaser with respect to the Membership Interests, duly executed by NewCo;

(b) the Transition Services Agreement, duly executed by NewCo;

(c) the certificate referred to in Section 7.02(a);

(d) except for the Affiliate Transactions listed on Schedule 6.12 of the Sellers' Disclosure Letter, evidence, reasonably satisfactory to the Purchaser, of the termination of each Affiliate Transaction (if any);

(e) from NewCo, (i) a duly completed and executed certification of non-foreign status pursuant to Treasury Regulations Section 1.1445-2(b) and (ii) a duly completed and executed IRS Form W-9 or such other documentation consistent with the requirements of Section 1446(f)(2) of the Code;

(f) written resignations, effective as of the Closing, of all board members of the Company and, at the written request of Purchaser, any Subsidiary of the Company;

(g) in the event that, as of the Closing, the Company or any of its Subsidiaries is the borrower with respect to any Indebtedness of the type described in clauses (a), (b) or (i) (with respect to Indebtedness described in clauses (a) or (b)) thereof, customary payoff and Encumbrance release letters with respect to such Indebtedness, duly executed by the lender thereof;

(h) the License Agreement, duly executed by each of the Company and Destination Hotels and Resorts LLC;

(i) a certified copy of the register of members showing Alila Buyer as the owner of 100% of the issued shares in Alila; and

(j) all other documents required to be delivered by the Sellers, NewCo or the Company on or prior to the Closing Date pursuant to this Agreement.

Section 2.05 Closing Deliveries by the Purchaser. At the Closing, subject to satisfaction or written waiver, if permissible under applicable Law, of each of the conditions to the obligations of the Purchaser set forth in Section 7.02 of this Agreement, the Purchaser shall deliver or cause to be delivered to NewCo (in the case of clauses (a), (d) and (e) below) or such other applicable parties (in the case of clauses (b) and (c) below):

(a) the Closing Purchase Price, by wire transfer of immediately available funds to the single account specified by the Sellers' Representative in writing;

(b) amounts sufficient to satisfy (i) clauses (b), (c), (d) and (e) of the definition of "Company Indebtedness" and (ii) clauses (a), (b) or (i) (with respect to Indebtedness described in clauses (a) or (b)) of the definition of "Indebtedness", to the applicable payees of such Company Indebtedness or Indebtedness, as applicable, and to the extent set forth in the payment instructions to be provided by the Company at least two (2) Business Days prior to the anticipated Closing Date, by wire transfer of immediately available funds to the accounts specified in such payment instructions;

(c) the Transition Services Agreement, duly executed by the Purchaser;

(d) the certificate referred to in Section 7.01(a); and

(e) all other documents required to be delivered by the Purchaser on or prior to the Closing Date pursuant to this Agreement.

Section 2.06 Pre-Closing Adjustment to Purchase Price.

(a) Not later than three (3) Business Days prior to the anticipated Closing Date, the Company shall prepare in good faith and deliver to the Purchaser (each of which shall be accompanied by appropriate information and documentation supporting the applicable estimate (including, in the case of clause (b) of the definition of “Company Indebtedness,” the invoices setting forth such amounts)):

(i) the most recently completed unaudited balance sheet of the Company and its Subsidiaries as of the applicable month-end prior to the Closing, prepared in accordance with GAAP consistent with the past practice of the Company;

(ii) a true and complete schedule of the estimated Company Indebtedness as of immediately prior to the Closing (the “Estimated Company Indebtedness”);

(iii) a calculation showing the estimated Cash and Cash Equivalents as of immediately prior to the Closing (the “Estimated Cash and Cash Equivalents”);

(iv) a statement of Working Capital which shall set forth a reasonably detailed calculation by the Company of the estimated Working Capital as of the Closing Date (the “Estimated Closing Working Capital”).

Each of the items set forth in this Section 2.06(a) shall be prepared in accordance with the applicable definitions contained herein and in accordance with GAAP consistent with the past practice of the Company and, solely to the extent not addressed by GAAP, in accordance with the example set forth in Exhibit B hereto.

(b) Upon delivery of the items set forth in Section 2.06(a), the Company shall provide the Purchaser with reasonable access during normal business hours to the Books and Records and other materials of the Company and its Subsidiaries and the personnel of, and work papers (subject to the execution of customary work paper access letters and confidentiality undertakings) prepared by or for, the Company, the Sellers and their respective Representatives, in each case to the extent applicable to such items, and the Company shall work in good faith and reasonably cooperate with the Purchaser to resolve any objections or comments that the Purchaser may have with respect to the matters set forth therein, and the parties shall make any adjustments to such matters to the extent mutually agreed. In the event that the Estimated Closing Working Capital is greater than the Target Working Capital, then the Purchase Price payable to NewCo by the Purchaser at the Closing shall be increased by the amount by which the Estimated Closing Working Capital exceeds the Target Working Capital. In the event that the Estimated Closing Working Capital is less than the Target Working Capital, then the Purchase Price payable to NewCo by the Purchaser at the Closing shall be decreased by the amount by which the Target Working Capital exceeds the Estimated Closing Working Capital.

Section 2.07 Post-Closing Adjustment to Purchase Price. The Closing Purchase Price shall be subject to adjustment after the Closing as follows:

(a) As soon as practicable, but no later than ninety (90) days following the Closing Date, the Purchaser shall prepare in good faith and deliver to the Sellers’ Representative (each of which shall be accompanied by appropriate information and documentation supporting the applicable calculation):

(i) an unaudited balance sheet of the Company and its Subsidiaries as of the Closing Date prepared in

accordance with GAAP consistent with the past practice of the Company (the “Closing Balance Sheet”);

(ii) a schedule of the Company Indebtedness as of immediately prior to the Closing (the “Closing Company Indebtedness”);

(iii) a schedule of the Cash and Cash Equivalents as of immediately prior to the Closing (“Closing Cash and Cash Equivalents”); and

(iv) a statement of Working Capital, which shall set forth a reasonably detailed calculation by the Purchaser of Working Capital as of the Closing Date based on the Closing Balance Sheet (the “Closing Working Capital”).

Any actions taken by the Purchaser at or after the Closing shall not be taken into account for the purpose of preparing the Closing Balance Sheet and the Closing Working Capital.

(b) The Purchaser shall deliver a copy of the Closing Balance Sheet, the Closing Company Indebtedness and Closing Cash and Cash Equivalents and the calculation of the Closing Working Capital (together, the “Closing Financial Data”) to the Sellers’ Representative promptly after it has been prepared together, which Closing Financial Data shall be prepared in accordance with the applicable definitions contained herein and in accordance with GAAP consistent with the past practice of the Company and, solely to the extent not addressed by GAAP, in accordance with the example set forth in Exhibit B hereto.

(c) After receipt of the Closing Financial Data, the Sellers’ Representative shall have sixty (60) days (the “Review Period”) to review the Closing Financial Data, together with the work papers used in the preparation thereof, and have its Representatives review such Closing Financial Data. In connection with the review of the Closing Financial Data, the Purchaser shall give, and shall cause the Company and its Representatives to give, to the Sellers’ Representative and its Representatives such access during normal business hours to the Books and Records and other materials of the Company and its Subsidiaries and the personnel of, and work papers prepared by or for, the Purchaser, the Company and their respective Representatives (in each case, subject to execution of customary access letters and confidentiality undertakings), including to such historical financial information relating to the Company and its Subsidiaries as the Sellers’ Representative or its Representatives may reasonably request, in each case, to the extent reasonably necessary to permit the timely and complete review of the Closing Financial Data in accordance with this Section 2.07(c).

(d) If the Sellers’ Representative has accepted such Closing Financial Data in writing or has not given written notice addressed and delivered to the Purchaser setting forth any objection to such Closing Financial Data (a “Statement of Objections”) prior to the expiration of the Review Period, then such Closing Financial Data shall be final, conclusive and binding upon the Purchaser and the Sellers. In the event that the Sellers’ Representative delivers a Statement of Objections during the Review Period (which statement must describe in reasonable detail (including all supporting calculations and references identifying all relevant schedules and documents) the items contained in the Closing Financial Data with which the Sellers’ Representative disagrees and the basis for such disagreement), the Purchaser and the Sellers’ Representative shall use their commercially reasonable efforts to agree on the amount of Closing Working Capital, Cash and Cash Equivalents or Company Indebtedness as of immediately prior to the Closing, as applicable, and appropriate adjustments to the Closing Balance Sheet within thirty (30) days following the receipt by the Purchaser of the Statement of Objections; provided, however, that the Statement of Objections may only include objections based on (i) the failure of the calculations set forth in the Closing Financial Data to be prepared in accordance with the applicable definitions contained herein and in accordance with GAAP consistent with the past practice of the Company and, solely to the extent not addressed by GAAP, in accordance with the example set forth in Exhibit B hereto or (ii) mathematical errors in the computation of any amount set forth in the Closing Financial Data. Any written and executed resolution by the Purchaser and the Sellers’ Representative during the thirty (30) days after receipt by the Purchaser of the Statement of Objections shall be final, conclusive and binding. If the Purchaser and the Sellers’ Representative are unable to reach an agreement as to such amounts and

adjustments within such thirty (30) day period, then solely the matters set forth in the Statement of Objections that remain in dispute shall be submitted as promptly as practicable to BDO USA, LLP, or if BDO USA, LLP is unwilling or unable to serve in such capacity, to such other independent accounting firm agreed to by the Purchaser and the Sellers' Representative (such firm, the "Accounting Firm"), who shall resolve the matters still in dispute and adjust the Closing Financial Data to reflect such resolution; provided, however, that the Accounting Firm may not determine an amount of (w) Closing Working Capital in excess of that claimed by the Sellers' Representative or less than that claimed by the Purchaser, (x) Cash and Cash Equivalents as of immediately prior to the Closing in excess of that claimed by the Sellers' Representative or less than that claimed by the Purchaser or (y) Company Indebtedness as of immediately prior to the Closing in excess of that claimed by the Purchaser or less than that claimed by the Sellers' Representative. The Purchaser and the Sellers' Representative shall cause the Accounting Firm to make such determination within forty-five (45) days following the submission of the matter to the Accounting Firm for resolution, and such determination shall be final, conclusive and binding upon the Purchaser and the Sellers (absent fraud or manifest error) and may be entered and enforced in any court having jurisdiction. The Purchaser and the Sellers' Representative shall instruct the Accounting Firm to (A) review only those unresolved items specifically set forth in the Statement of Objections and submitted to the Accounting Firm in the amounts claimed by the Purchaser and the Sellers' Representative in the Closing Financial Data and the Statement of Objections, respectively, (B) make its determination based solely upon the written submissions of the Purchaser and the Sellers' Representative (i.e., not by independent review) and (C) limit its review to whether the item in dispute is (x) calculated in accordance with the applicable definitions contained herein and in accordance with GAAP consistent with the past practice of the Company and, solely to the extent not addressed by GAAP, in accordance with the example set forth in Exhibit B hereto or (y) a mathematical error. Each of the Purchaser and the Sellers' Representative agree that it shall not have any right to, and shall not, institute any Action of any kind challenging such determination or with respect to the matters that are the subject of this Section 2.07, except that the foregoing shall not preclude an Action to enforce such determination. The terms "Final Closing Working Capital," "Final Closing Cash and Cash Equivalents" and "Final Closing Indebtedness" shall mean, respectively, the definitive Closing Working Capital, Closing Cash and Cash Equivalents and Closing Indebtedness agreed to (or deemed to be agreed to) by the Purchaser and the Sellers' Representative or the definitive Closing Financial Data resulting from the determinations made by the Accounting Firm in accordance with this Section 2.07 (in addition to those items theretofore agreed to (or deemed agreed to) by the Purchaser and the Sellers' Representative).

(e) In the event any dispute is submitted to the Accounting Firm for resolution as provided in Section 2.07(d), the fees, charges and expenses of the Accounting Firm shall be allocated and paid by the Purchaser, on the one hand, and/or the Sellers, on the other hand, based upon the percentage which the portion of the dispute not awarded to each party bears to the amount actually contested by such party. For example, if the Sellers' Representative claims that the appropriate adjustments are \$1,000 greater than the amount determined by the Purchaser, and if the Accounting Firm ultimately resolves the dispute by awarding to the Sellers' Representative \$300 of the \$1,000 contested, then the fees, costs and expenses of the Accounting Firm will be allocated 30% (i.e., $300 \div 1,000$) to the Purchaser and 70% (i.e., $700 \div 1,000$) to the Sellers.

(f) Promptly (and in any event within three (3) Business Days) following the determination of the Final Closing Working Capital, Final Closing Cash and Cash Equivalents and Final Closing Indebtedness pursuant to this Section 2.07, (i) if the Net Adjustment Amount is positive, the Purchaser shall pay to NewCo an aggregate amount equal to the Net Adjustment Amount, by wire transfer of immediately available funds to the account specified in writing by the Sellers' Representative at least one (1) Business Day prior to the payment date, and (ii) if the Net Adjustment Amount is negative, NewCo shall, and the Sellers shall cause NewCo to, pay to the Purchaser an amount equal to the absolute value of the Net Adjustment Amount, by wire transfer of immediately available funds to an account specified in writing by the Purchaser at least one (1) Business Day prior to the payment date.

Section 2.08 Withholding. The Purchaser, the Company and their Affiliates and agents (each, a "Payor") shall be entitled to deduct and withhold (a) from the payment in respect of any LTIP Award or other compensatory payments pursuant to or in connection with this Agreement such amounts as may be required to be deducted and withheld with respect to the making of such payment under the Code or any other applicable Law relating to any Tax and (b) from the consideration otherwise payable pursuant to this Agreement such amounts as may be required to be deducted and withheld with respect to the making of such payment under Sections 1445 or 1446 of the Code as a result of Seller's failure to deliver the documentation required pursuant to Section 2.04(e).

No other deduction or withholding in respect of any Taxes shall be made from the consideration otherwise payable pursuant to this Agreement, nor shall Purchaser establish any reserve on the Closing Balance Sheet in connection therewith, unless (x) such additional withholding is required as a result of a change in applicable Law after the date of this Agreement or (y) the Purchaser and the Sellers' Representative, acting in good faith, agree that such additional withholding is required under applicable Law. The Sellers' Representative and the applicable Payor agree to cooperate and use commercially reasonable efforts to minimize any anticipated withholding Tax imposed in connection with the transactions contemplated herein. To the extent that amounts are deducted, withheld and paid over to the relevant Governmental Authority in accordance with this Section 2.08, such deducted and withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction and withholding was made .

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF THE SELLERS

Contemporaneously with the execution and delivery of this Agreement, the Company and the Sellers are delivering to the Purchaser a disclosure schedule with numbered sections corresponding to the relevant sections in this Agreement (the "Sellers' Disclosure Letter"). Any exception, qualification, limitation, document or other item described in any provision, subprovision, section or subsection of any schedule of the Sellers' Disclosure Letter with respect to a particular representation or warranty in Article 3 or Article 4 contained in this Agreement shall be deemed to be an exception or qualification with respect to all other representations and warranties in Article 3 or Article 4 contained in this Agreement to the extent that it is reasonably apparent on the face of such description that such exception, qualification, limitation, document or other item is applicable to such other representations and warranties. Nothing in the Sellers' Disclosure Letter shall be deemed to broaden the scope of any representation or warranty in Article 3 or Article 4 or covenant in Section 6.01 of the Company or the Sellers contained in this Agreement. The inclusion of any information in the Sellers' Disclosure Letter (or any update thereto) shall not be deemed to be an admission or acknowledgment, in and of itself, that such information is required by the terms hereof to be disclosed, is material to the Business, has resulted in or would result in a Material Adverse Effect or is outside the ordinary course of business. Except as disclosed in the Sellers' Disclosure Letter, each Seller makes the following representations and warranties:

Section 3.01 Organization and Authority of the Sellers. Such Seller has been duly incorporated or formed, as applicable, under the Laws of its State of incorporation or formation and is validly existing and is in good standing under the Laws of such State. Such Seller has all requisite power and authority to execute this Agreement and the other agreements, documents or certificates contemplated hereby to which it is a party, perform its obligations hereunder and thereunder, and to consummate the Transactions.

Section 3.02 Due Authorization. The execution and delivery by such Seller of this Agreement and the other agreements, documents or certificates contemplated hereby to which it is or will be a party, the performance by such Seller of its obligations hereunder and thereunder, and the consummation by such Seller of the Transactions (including the sale, transfer, assignment and conveyance of Membership Interests) have been duly and validly authorized by all requisite action on the part of such Seller. Each of this Agreement and the other agreements, documents or certificates contemplated hereby to which it is or will be a party has been duly and validly executed and delivered by such Seller and, assuming due authorization, execution and delivery by the each of the other parties hereto and thereto, each of this Agreement and the other agreements, documents or certificates contemplated hereby to which it is or will be a party constitutes a legal, valid and binding obligation of such Seller enforceable against such Seller in accordance with its terms, subject, as to enforcement, to (a) applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, preference and other similar laws now or hereinafter in effect affecting creditors' rights generally and (b) general principles of equity (regardless of whether enforcement is sought in equity or at law) ((a) and (b), together, the "Enforceability Exceptions").

Section 3.03 Governmental Consents and Approvals. Except (a) for compliance with the applicable requirements of the HSR Act and the expiration of the applicable waiting period thereunder and (b) as set forth on Schedule 3.03 of the Sellers' Disclosure Letter, the execution, delivery and performance by such Seller of this Agreement and the other agreements, documents or

certificates contemplated hereby to which it is a party and the consummation by such Seller of the Transactions does not require any consent, approval, authorization or other order of, action by, filing with or notification to any Governmental Authority, except for those the failure of which to obtain or make would not, individually or in the aggregate, reasonably be expected to prevent or materially impair or delay the consummation of the Transactions or otherwise prevent such Seller from performing its obligations under this Agreement and the other agreements, documents or certificates contemplated hereby to which it is a party.

Section 3.04 Ownership of Membership Interests. As of the date hereof and as of immediately prior to the consummation of the Restructuring Transactions: (i) the Membership Interests are and will be owned, beneficially and of record, by such Sellers as set forth below each such Seller's name on the signature pages hereto free and clear of any and all Encumbrances other than (a) applicable transfer restrictions pursuant to applicable securities Laws, (b) Encumbrances created by the Purchaser and (c) as set forth on Schedule 3.04 of the Sellers' Disclosure Letter; and (ii) such Seller has and will have good and valid title to such Membership Interests. Upon consummation of the Restructuring Transactions and immediately prior to Closing, all of the issued and outstanding Membership Interests will be owned, beneficially and of record, by NewCo free and clear of any and all Encumbrances other than (a) applicable transfer restrictions pursuant to applicable securities Laws, (b) Encumbrances created by the Purchaser and (c) as set forth on Schedule 3.04 of the Sellers' Disclosure Letter; and (ii) NewCo will have good and valid title to such Membership Interests. Upon transfer of such Membership Interests to the Purchaser at the Closing in accordance with this Agreement, the Purchaser will acquire good and valid title to such Membership Interests free and clear of all Encumbrances other than (a) applicable transfer restrictions pursuant to applicable securities Laws and (b) Encumbrances created by the Purchaser.

Section 3.05 No Conflict. Assuming that all consents, approvals, authorizations and other actions described in Schedule 3.05 of the Sellers' Disclosure Letter have been obtained and all filings and notifications listed in Schedule 3.05 of the Sellers' Disclosure Letter have been made, the execution, delivery and performance by such Seller of this Agreement and the other agreements, documents or certificates contemplated hereby to which it is a party and the consummation of the Transactions will not (in each case, with or without notice or lapse of time or both) (a) violate, conflict with or result in a breach of any provision of the organizational documents of such Seller, (b) conflict with or violate any Law or Governmental Order applicable to such Seller or by which any of its assets, properties or businesses is bound or affected, or (c) conflict with, result in any breach or violation of, constitute a default (or event which with the giving of notice or lapse of time, or both, would become a default) under, require any consent, approval or notice by or to any Person under, or give to others any rights of termination, amendment, modification, acceleration, suspension, revocation or cancellation of, or result in the creation of any Encumbrance (other than a Permitted Encumbrance on assets of such Seller other than the Membership Interests) on any of the Membership Interests or assets of such Seller under the terms of any Contract to which such Seller is a party, except, in the case of clauses (b) and (c), to the extent that any such conflict, violation, breach, default, right of termination, amendment, modification, acceleration, suspension, revocation, cancellation or Encumbrance would not, individually or in the aggregate, reasonably be expected to prevent or materially impair or delay the consummation of the Transactions or otherwise prevent such Seller from performing its obligations under this Agreement and the other agreements, documents or certificates contemplated hereby to which it is a party.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as disclosed in the Sellers' Disclosure Letter, and with reference to the introductory paragraph to Article 3, the Company makes the following representations and warranties:

Section 4.01 Organization, Authority and Qualification of the Company. The Company is duly organized, validly existing and in good standing under the laws of Delaware and has all requisite power and authority to own, operate or lease all of the properties and assets now owned, operated or leased by it, to carry on its business as it is currently being conducted, to enter into this Agreement and the other agreements, documents or certificates contemplated hereby to which it is a party, to perform its obligations hereunder, and to consummate the Transactions. The Company is duly licensed or qualified to do business and is in good standing (where such concept is recognized) in each jurisdiction where the operation of its business makes such licensing or qualification necessary, except for those jurisdictions in which the failure of the Company to be so licensed, qualified or in good standing,

individually or in the aggregate, has not and would not reasonably be expected to have a Material Adverse Effect. True and complete copies of the organizational documents of the Company currently in effect have been provided, or made available, to the Purchaser.

Section 4.02 Subsidiaries.

(a) Schedule 4.02(a) of the Sellers' Disclosure Letter sets forth a list of each Subsidiary of the Company, the type of legal entity which each such Subsidiary constitutes and the jurisdiction in which each such Subsidiary was organized. Except as set forth on Schedule 4.02(a) of the Sellers' Disclosure Letter, all Subsidiaries of the Company are wholly owned, beneficially and of record, by the Company or another Subsidiary of the Company, free and clear of all Encumbrances and there are no other issued or outstanding equity or other ownership interests in any such Subsidiary. Each Subsidiary of the Company is duly organized, validly existing and in good standing under the respective laws of such Subsidiary's jurisdiction of organization and has all requisite power and authority to own, operate or lease all of the properties and assets now owned, operated or leased by it and to carry on its business as it is currently being conducted. Each Subsidiary of the Company is duly licensed or qualified to do business and is in good standing (where such concept is recognized) in each jurisdiction where the nature of its business makes such qualification or licensing necessary, except for those jurisdictions in which the failure of any such Subsidiary to be so licensed, qualified or in good standing, individually or in the aggregate, has not and would not reasonably be expected to have a Material Adverse Effect. True and complete copies of the organizational documents of each Subsidiary of the Company currently in effect have been provided, or made available, to the Purchaser.

(b) Except as disclosed on Schedule 4.02(b) of the Sellers' Disclosure Letter, there is no existing option, warrant, call, right (including preemptive, purchase, refusal, subscription, conversion or exchange rights), commitment or other agreement of any character to which any Subsidiary of the Company is a party or which is binding on any such Subsidiary requiring, and there are no securities of any Subsidiary of the Company outstanding which upon conversion or exchange would require, the issuance, sale or transfer of any additional ownership interests or other equity interests in any such Subsidiary (including any equity-linked security, phantom equity or similar interests) or other securities convertible into, exchangeable for or evidencing the right to subscribe for or purchase ownership interests of or other equity interests in of any Subsidiary. There are no voting trusts, proxies, stockholder agreements or other agreements or understandings to which the Company or any of its Subsidiaries is bound with respect to the voting, transfer or other disposition of any equity interests of the Subsidiaries, and there is no Indebtedness of any Subsidiary that grants the holder thereof voting, governance or other rights of the type typically reserved for equityholders. As of immediately prior to the Restructuring Transactions and as of the Closing, the Other Retained Assets, the Retained DH&R Assets and the JDV Subs (each, as defined Schedule 2 hereto) do not have any right, title or interest in, to, or under any assets of or related to the operation of the Business, except with respect to the operation of the Particular Hotels and the hotels described on Schedule 4.02(b)(2). As of the Closing, except for the Other Retained Assets, the Retained DH&R Assets, the JDV Subs (each, as defined in Schedule 2 hereto) and those Particular Contracts that are terminated and in which a Replacement Deliverable is delivered in connection therewith prior to the Closing, none of the Company or any of its Subsidiaries has any right, title or interest in, to or under, or is liable with respect to any liability or obligation, related to the operation of the Particular Hotels or the hotels described on Schedule 4.02(b)(2) other than with respect to those hotels in which consent to assignment of the Hotel Management Agreement applicable to such hotel is not obtained prior to Closing and the rights to such Hotel Management Agreement are not transferred to NewCo prior to Closing.

(c) Neither the Company nor any Subsidiary (including without limitation Alila) owns a direct or indirect interest in real property situated within the British Virgin Islands.

Section 4.03 Due Authorization. The execution and delivery by the Company of this Agreement and the other agreements, documents or certificates contemplated hereby to which it is or will be a party, the performance by the Company of its obligations hereunder and thereunder, and the consummation by the Company of the Transactions have been duly and validly authorized by all requisite action on the part of the Company. This Agreement and the other agreements, documents or certificates contemplated hereby to which it is or will be a party has been duly and validly executed and delivered by the Company and, assuming due authorization, execution and delivery by each of the other parties hereto and thereto, each of this Agreement and the other agreements, documents or certificates contemplated hereby to which it is or will be a party constitutes a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, subject, as to enforcement, to the

Section 4.04 Capitalization; Officers and Directors.

(a) For purposes of this Agreement, the issued and outstanding ownership interests of the Company and the rights represented by such issued and outstanding ownership interests are hereinafter collectively referred to as the “Membership Interests.” The Membership Interests owned by the Sellers and set forth below such Seller’s name on the signature pages hereto constitute all of the issued and outstanding equity or ownership interests of the Company. All of the Membership Interests were duly authorized for issuance and were validly issued. Other than its Subsidiaries, and except as set forth on Schedule 4.04(a) of the Sellers’ Disclosure Letter, the Company does not own, directly or indirectly, any capital stock, limited liability company or partnership interest, joint venture interest or other equity interest (including any equity-linked security, phantom equity or similar interest) in any other Person.

(b) Except as disclosed on Schedule 4.04(b) of the Sellers’ Disclosure Letter, there is no existing option, warrant, call, right (including preemptive, purchase, refusal, subscription, conversion or exchange rights), commitment or other agreement of any character to which the Company is a party or which are binding on the Company requiring, and there are no securities of the Company outstanding which upon conversion or exchange would require, the issuance, sale or transfer of any additional Membership Interests or other equity securities of the Company or other securities convertible into, exchangeable for or evidencing the right to subscribe for or purchase Membership Interests or other equity securities of the Company. There are no voting trusts, proxies, stockholder agreements or other agreements or understandings to which the Company or any of its Subsidiaries is bound with respect to the voting, transfer or other disposition of any equity interests of the Company, and there is no Indebtedness of the Company that grants the holder thereof voting, governance or other rights of the type typically reserved for equityholders. Except as set forth on Schedule 4.04(b) of the Sellers’ Disclosure Letter, neither the Company nor any of its Subsidiaries has, since the Inception Date, issued or granted, and there are no outstanding or authorized compensatory equity or equity-linked interests with respect to the limited liability company membership interests or capital stock of, or other equity or voting interests in, the Company or such Subsidiary, including without limitation, any profits interests, restricted units, options, appreciation rights, phantom equity, profit participation or similar rights.

(c) Schedule 4.04(c) of the Sellers’ Disclosure Letter sets forth, as of the date hereof, a list and the identity of all of the officers and directors of the Company.

Section 4.05 Governmental Consents and Approvals. Except (a) for compliance with the applicable requirements of the HSR Act and the expiration of the applicable waiting period thereunder and (b) as set forth on Schedule 4.05 of the Sellers’ Disclosure Letter, the execution, delivery and performance by the Company of this Agreement and the other agreements, documents or certificates contemplated hereby to which it is a party and the consummation of the Transactions does not require any consent, approval, authorization or other order of, action by, filing with or notification to any Governmental Authority except for those the failure of which to obtain or make would not, individually or in the aggregate, reasonably be expected to be material to the Company and its Subsidiaries, taken as a whole, or prevent or materially impair or delay the consummation of the Transactions or otherwise prevent the Company from performing its obligations under this Agreement and the other agreements, documents or certificates contemplated hereby to which it is a party.

Section 4.06 No Conflict. Assuming that all consents, approvals, authorizations and other actions described in Schedule 4.06 of the Sellers’ Disclosure Letter have been obtained and all filings and notifications listed in Schedule 4.06 of the Sellers’ Disclosure Letter have been made, the execution, delivery and performance by the Company of this Agreement and the other agreements, documents or certificates contemplated hereby to which it is a party and the consummation of the Transactions will not (in each case, with or without notice or lapse of time or both): (a) violate, conflict with or result in a breach of any provision of the Company’s or any of its Subsidiaries’ Certificate of Formation, limited liability company agreement or other organizational documents; (b) conflict with or violate any Law or Governmental Order applicable to the Company or any of its Subsidiaries or by which any of their respective assets, properties or businesses is bound or affected; or (c) conflict with, result in any breach or

violation of, constitute a default (or event which with the giving of notice or lapse of time, or both, would become a default) under, require any consent, approval or notice by or to any Person under, or give to others any rights of termination, amendment, modification, acceleration, suspension, revocation or cancellation of, or result in the creation of any Encumbrance on any of the equity interests or assets of the Company or any of its Subsidiaries under the terms of any Material Contract, except in the case of clauses (b) and (c) to the extent that any such conflict, violation, breach, default, right of termination, amendment, modification, acceleration, suspension, revocation, cancellation or Encumbrance, individually or in the aggregate, would not reasonably be expected to be material to the Company and its Subsidiaries, taken as a whole, or prevent or materially impair or delay the consummation of the Transactions or otherwise prevent the Company from performing its obligations under this Agreement and the other agreements, documents or certificates contemplated hereby to which it is a party.

Section 4.07 Financial Information.

(a) Schedule 4.07(a) of the Sellers' Disclosure Letter sets forth true and correct copies of (i) the audited consolidated balance sheet of the Company and its Subsidiaries at December 31, 2016 and December 31, 2017 and the related audited consolidated statements of operations, cash flows and members' equity for the fiscal years then ended (the "Audited Company Financial Statements") and (ii) the unaudited consolidated balance sheet of the Company and its Subsidiaries at June 30, 2018 and the related unaudited consolidated statements of operations, cash flows and members' equity for the period then ended (the "Unaudited Company Financial Statements" and, together with the Audited Company Financial Statements, the "Company Financial Statements"). The Company Financial Statements have been prepared in accordance with GAAP, applied on a consistent basis throughout the periods covered thereby and present fairly, in all material respects, the consolidated financial condition, assets, liabilities, equity, cash flows and results of operations of the Company and its Subsidiaries at the respective dates set forth therein and for the respective periods covered thereby, except (i) in each case, as may be set forth on Schedule 4.07(a) of the Sellers' Disclosure Letter, (ii) in the case of the Audited Company Financial Statements, as may be indicated in the notes thereto, and (iii) in the case of the Unaudited Company Financial Statements, for the absence of footnotes and any normal and recurring year-end adjustments, none of which are, individually or in the aggregate, material in nature or amount. The Company Financial Statements were prepared from, and are consistent with, the Books and Records of the Company and its Subsidiaries.

(b) Except to the extent reflected or reserved against in the most recent balance sheet and the notes thereto included in the Company Financial Statements (the "Company Balance Sheet"), or otherwise disclosed in Schedule 4.07(b) of the Sellers' Disclosure Letter, neither the Company nor any of its Subsidiaries has any Liabilities that would be required by GAAP, applied on a basis consistent with the Company's past practice, to be reflected or reserved against in the Company Financial Statements, except Liabilities (i) incurred in the ordinary course of business since the date of the Company Balance Sheet, (ii) arising since the date of the Company Balance Sheet under the terms of any Contract or Permit binding upon the Company or any of its Subsidiaries, other than any liability resulting from the Company's or any of its Subsidiaries' breach or violation of any such Contract or Permit, (iii) that, individually or in the aggregate, has not been and would not reasonably be expected to be material to the Company and its Subsidiaries, taken as a whole, or (iv) that were incurred as a result of the Transactions.

(c) As of the date hereof, neither the Company nor any of its Subsidiaries has any outstanding Indebtedness.

Section 4.08 Governmental Authorizations and Regulations. As of the date hereof and since the Inception Date, all Permits required to conduct the Business are and have been in the possession of the Company or one or more of its Subsidiaries, as applicable, are and have been in full force and effect and the Company and its Subsidiaries, as applicable, are and have been operating in compliance therewith, except, in each case, for such Permits the failure of which to possess or with which to be in compliance, individually or in the aggregate, has not been and would not reasonably be expected to be material to the Business. Since the Inception Date, neither the Company nor any of its Subsidiaries has received any notice of any default or violation of or under any such Permit, and, to the Knowledge of the Company, no event, circumstances or state of facts has occurred which, with notice or the lapse of time or both, would reasonably be expected to constitute a default or violation under any of such Permits, except for those defaults or violations that, individually or in the aggregate, have not been and would not reasonably be expected to be material to the Company and its Subsidiaries, taken as a whole. There are no, and since the Inception Date have been no, Actions pending or, to the Knowledge of the Company, threatened relating to the nonrenewal, cancellation, suspension, revocation,

termination or modification of any of the Permits which, individually or in the aggregate, would reasonably be expected to be material to the Business.

Section 4.09 Absence of Certain Changes. Except as set forth on Schedule 4.09 of the Sellers' Disclosure Letter, since the date of the Company Balance Sheet, (i) there has not been any change, event, occurrence, development or circumstance that, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect and (ii) through the date of this Agreement, the Company and each of its Subsidiaries has conducted its Business in the ordinary course of business, and none of the Company or any of its Subsidiaries have taken, or failed to take, any action that would, if taken or omitted after the date hereof, require the Purchaser's consent under Section 6.01(b).

Section 4.10 Absence of Litigation. Except as set forth on Schedule 4.10 of the Sellers' Disclosure Letter, there is no Action pending or, to the Knowledge of the Company, threatened by or before any Governmental Authority or as part of any private arbitration procedure, in each case in respect of the Company or any of its Subsidiaries that, individually or in the aggregate, would reasonably be expected to be material to the Company and its Subsidiaries, taken as a whole. None of the Company or any of its Subsidiaries or any of their respective assets or properties is, or since the Inception Date has been, party to or subject to, or in default under, any Governmental Order that, individually or in the aggregate, would reasonably be expected to be material to the Company and its Subsidiaries, taken as a whole.

Section 4.11 Compliance with Laws. The Company and each of its Subsidiaries conducts and, since the Inception Date, has conducted, its Business in accordance with all Laws and Governmental Orders applicable to the Business, the Company and its Subsidiaries and neither the Company nor any of its Subsidiaries is or, since the Inception Date, has been in violation of any such Law or Governmental Order, except where failure to so conduct its business, individually in the aggregate, would not reasonably be expected to be material to the Company and its Subsidiaries, taken as a whole.

Section 4.12 Material Contracts.

(a) Except for the Leases set forth on Schedule 4.16 of the Sellers' Disclosure Letter, Schedule 4.12 of the Sellers' Disclosure Letter sets forth, as of the date hereof, all of the following Contracts to which the Company or any of its Subsidiaries is a party or by which any of them or their assets or properties are otherwise bound (all Contracts required to be so listed, the "Material Contracts"):

(i) Each Hotel Management Agreement;

(ii) Contracts for the sale of any assets of the Company or any of its Subsidiaries in excess of \$250,000 other than in the ordinary course of business;

(iii) Contracts relating to Indebtedness in excess of \$50,000;

(iv) Contracts creating or governing a partnership, joint venture, strategic alliance, loyalty program, any arrangement impacting the distribution of hotel rooms across the Business's portfolio (whether through the use of discounts, promotions or otherwise) or any other arrangement of a similar type to any of the foregoing, in each case, with any third party;

(v) Contracts under which the Company or any of its Subsidiaries has, directly or indirectly, (A) made any loan, advance, or assignment of payment to any Person or made any capital contribution to, or other investment in, any Person or any capital expenditure, in each case that remains outstanding as of the date hereof, or (B) agreed to make after the date hereof any loan, advance, or assignment of payment to any Person or any capital contribution to, or other investment in, any Person or any capital expenditure, in the case of each of the preceding clauses (A) and (B);

(vi) Contracts containing a covenant restricting or purporting to restrict the ability of the Company or any of its Subsidiaries to engage in any line of business or in any geographic area or to compete with any Person;

(vii) Contract for the employment or engagement of any officer, employee, manager, consultant or other service provider of the Company or any of its Subsidiaries (each, a “ Service Provider ”) that: (A) provides for annual base compensation at or above \$200,000; (B) provides for the payment, increase or acceleration of any payment, vesting or other compensation or benefits to any Service Provider upon or in connection with the consummation of the Transactions; or (C) restricts the Company’s or any of its Subsidiaries’ ability to terminate the employment or engagement of any Service Provider at any time for any lawful reason or for no reason without penalty or liability (other than liability for accrued but unpaid compensation and benefits through the date of termination), except in the case of clauses (A) and (C), to the extent that such Services Providers are not employed or do not provide services primarily at a “home office location” of the Company;

(viii) Each collective bargaining agreement or other contract with any labor union;

(ix) Contracts with any vendor set forth on Schedule 4.13 of the Sellers’ Disclosure Letter;

(x) Contracts that: (A) involve the commitment or expenditure (or series of commitments or expenditures) by the Company or any of its Subsidiaries of more than \$250,000 annually and (B) are not cancelable upon thirty (30) or fewer days’ notice without any liability;

(xi) Contracts other than the Hotel Management Agreements that provide for the receipt of payment by the Company or any of its Subsidiaries of more than \$500,000 annually;

(xii) Contracts requiring the Company or any of its Subsidiaries to assume or guarantee any debt of any Person (including any Subsidiary) or imposing an Encumbrance (except for any Permitted Encumbrance) on any of the assets or properties of the Company or any of its Subsidiaries;

(xiii) Contracts pursuant to which the Company or any of its Subsidiaries (A) grants any material license to any Person to use any Trademark or other Intellectual Property of the Company or its Subsidiaries or (B) receives any material license from any Person to use any Trademark or other Intellectual Property of a third party, other than software licenses that are available on standard terms to the public generally;

(xiv) Contracts granting any Person a first refusal, first offer or similar preferential right to purchase or acquire any material right, asset, equity interest or property of the Company or any its Subsidiaries;

(xv) Contracts relating to the acquisition or disposition of any business, equity securities, material assets or property of any Person (i) since the Inception Date or (ii) containing any (A) outstanding “earn-out” or other similar contingent payment or performance obligations or (B) provisions otherwise imposing continuing liability on the Company or any of its Subsidiaries;

(xvi) Contracts imposing indemnification obligations on the Company or any of its Subsidiaries (other than vendor contracts entered into in the ordinary course of business);

(xvii) Contract that is a settlement, conciliation, release, compromise, waiver or similar agreement that imposes any obligations upon the Company or any of its Subsidiaries after the date of this Agreement;

(xviii) Each Contract relating to an Affiliate Transaction;

(xix) Contracts with any Governmental Authority; and

(xx) any commitment or agreement to enter into any of the foregoing.

(b) Each of the Material Contracts: (i) is the legal, valid and binding obligation of the Company or of its Subsidiaries, as applicable; (ii) assuming such Material Contract is binding on and enforceable against the other parties thereto, is enforceable against the Company or its Subsidiaries, as applicable, in accordance with its terms, subject, as to enforcement, to the Enforceability Exceptions; and (iii) is in full force and effect, except in each case to the extent it has previously expired in accordance with its terms. The Company or its Subsidiaries, as applicable, is not in material breach or default under any Material Contract, and, to the Knowledge of the Company, as of the date hereof, no other party to any Material Contract, is in material breach or default thereunder and no event or circumstance has occurred that, with or without notice or lapse of times or both, would constitute a material breach or default or would permit termination, modification, acceleration thereof by any party to such Material Contract. As of the date hereof, neither the Company nor any of its Subsidiaries has received any notice of any intention of any other party thereto to cancel, terminate or modify any such Material Contract.

(c) Without limiting the generality of Section 4.12(b), neither the Company nor any Subsidiary (i) has received notice in writing of a performance test failure in connection with any Hotel Management Agreement, (ii) is currently in default of any performance test or will be in default of a performance test with upon the giving of notice or passage of time, in each case, in connection with any Hotel Management Agreement or (iii) is in violation of any radius restriction of any Hotel Management Agreement. As of the date hereof, neither the Company nor any Subsidiary has received any notice of termination of a Hotel Management Agreement, or has any Knowledge of a counterparty's intent to deliver a notice of termination of a Hotel Management Agreement in connection with the sale of an underlying property or Knowledge of the pending or proposed sale of an underlying property subject to a Hotel Management Agreement.

(d) Prior to the date hereof, the Company has made available to the Purchaser true, correct and complete copies of each Material Contract and any amendments, modifications or supplements thereto.

Section 4.13 Vendors. Schedule 4.13 sets forth the names of the vendors of the Company and its Subsidiaries that received payment in excess of \$250,000 for each of (i) the twelve (12) months ended December 31, 2016 and (ii) the twelve (12) months ended December 31, 2017. As of the date hereof, none of the vendors listed on Schedule 4.13 has notified in writing or, to the Knowledge of the Company, threatened to cancel or terminate its relationship with the Company or its Subsidiaries, as applicable, or materially and adversely modify its relationship with the Company or its Subsidiaries, as applicable.

Section 4.14 Intellectual Property.

(a) Schedule 4.14(a) of the Sellers' Disclosure Letter sets forth a complete and accurate list of all (i) Trademark registrations and applications, (ii) Internet domain name registrations and (iii) any other Intellectual Property registrations and applications, in each case which are owned by the Company or its Subsidiaries (the "Company Registered IP"). The Company and its Subsidiaries are the sole and exclusive beneficial and record owner of all of the Company Registered IP, and all such Company Registered IP is subsisting, and to the Knowledge of the Company, valid and enforceable. As of the date hereof, there are no pending opposition or cancellation proceedings or other Actions challenging any material Company Registered IP.

(b) The operation of the Business does not infringe upon, misappropriate, or otherwise violate any Intellectual Property owned by any third party in any material respect. Except as set forth on Schedule 4.14(b) of the Sellers' Disclosure Letter, the Company and its Subsidiaries have not received, since the Inception Date, any written notice alleging any such infringement, misappropriation, or other violation in any material respect that has not been settled or otherwise fully resolved.

(c) (i) To the Knowledge of the Company, other than as set forth on Schedule 4.14(c) of the Sellers' Disclosure Letter, no third party is infringing, misappropriating, or otherwise violating any Company Owned Intellectual Property in any material respect, and (ii) no such claims are pending or threatened against any third party by the Company or its Subsidiaries.

(d) The Company and its Subsidiaries have taken commercially reasonable steps to protect their rights in their trade secrets. Since the Inception Date, there have been no material security breaches in the information technology systems of the Company or any of its Subsidiaries or, to the Knowledge of the Company, the information technology systems of any third party to the extent used by or on behalf of the Company or any of its Subsidiaries. Since the Inception Date, there have been no disruptions in any such information technology systems except for any such disruptions that, individually or in the aggregate, have not been and would not reasonably be expected to be material to the Company and its Subsidiaries.

(e) Since the Inception Date, the privacy practices of the Company and its Subsidiaries have at all times conformed, in all material respects, to the Company's and its Subsidiaries' respective privacy policies. Since the Inception Date, the Company and its Subsidiaries have complied in all materials respects with all applicable Laws relating to privacy and personal data protection.

Section 4.15 Owned Real Property. Neither the Company nor any of its Subsidiaries owns any real property in fee (or the equivalent interest in the applicable jurisdiction) or is under contract to purchase any real property in fee (or the equivalent interest in the applicable jurisdiction).

Section 4.16 Leased Real Property. Schedule 4.16 of the Sellers' Disclosure Letter sets forth, as of the date hereof, each real property lease (together with any amendments, modifications, supplements, guarantees and renewals thereto, each, a "Lease") to which the Company or any of its Subsidiaries is party, and the street address of each parcel of real property which is leased by the Company or any of its Subsidiaries as lessee together with the identity of the lessee of such real property (all such real property being hereinafter collectively referred to as the "Leased Real Property"). Each identified lessee of any parcel of Leased Real Property has a valid and enforceable leasehold interest under each Lease to which it is a party, free and clear of all Encumbrances, except for Permitted Encumbrances. All Leases are in full force and effect, and neither the Company nor any of its Subsidiaries has received any written notice of any default or event that, with notice or lapse of time, or both, would constitute a default by the identified lessee under any Lease, or would result in the creation of any Encumbrance, except for Permitted Encumbrances, thereunder or pursuant thereto. The Leased Real Property constitutes all of the real property used, leased or otherwise occupied by the Company and its Subsidiaries to operate its Business. To the Knowledge of the Company, there are no condemnation, eminent domain or compulsory purchase proceedings or claims pending or threatened with respect to any portion of the Leased Real Property. Prior to the date hereof, true, correct and complete copies of each Lease have been made available to the Purchaser. No Lease has been amended or modified except as set forth on Schedule 4.16 of the Sellers' Disclosure Letter. Except as set forth on Schedule 4.16 of the Sellers' Disclosure Letter, neither of the Company nor its Subsidiaries has subleased any of the Leased Real Property, and, to the Knowledge of the Company, there are no other Persons occupying or having any current or future right to occupy any part of the Leased Real Property during the term of each of the Leases. There are no leasing or other fees or commissions due in connection with any Lease or any renewal or extension or expansion of any Lease that will be binding on Purchaser or any of its Affiliates or Representatives after the Closing, and no understanding or agreement with any party exists as to payment of any leasing commissions or fees regarding future leases. No security or other deposits made by the Company or any Subsidiary under any Lease has been applied towards the obligations of such party in accordance with such Lease and no security or other deposit is in the form of a letter of credit or any other form other than cash. No counterparty to any Lease has made a request for payment or performance by any guarantor to such Lease.

Section 4.17 Affiliate Transactions. Schedule 4.17 of the Sellers' Disclosure Letter sets forth a true, correct and complete

list of any agreement, arrangement or transaction between (a) the Company or any of its Subsidiaries, on the one hand, and (b) any equityholder (direct or indirect), officer, employee, manager, or director of the Company or any of its Subsidiaries, any Affiliate of the Company, or, to the Knowledge of the Company, any Affiliate or immediate family member of any equityholder (direct or indirect), officer, employee, manager or director of the Company or any of its Subsidiaries, on the other hand (other than ordinary course employment arrangements with employees of the Company on arms-length terms) (each an “Affiliate Transaction”). None of the Persons referenced in the foregoing clause (b) owns or has the right to use any asset or property (tangible or intangible) used in the Business.

Section 4.18 Insurance. Schedule 4.18 of the Sellers’ Disclosure Letter lists each material insurance policy maintained by the Company and any of its Subsidiaries. Copies of all material insurance policies under which the Company and its Subsidiaries are insured have been made available to the Purchaser, and all such policies are in full force and effect. The Company has not received any notice of cancellation, termination or denial of coverage or non-renewal of any such policy. All premiums due and payable thereon have been paid in full, and neither the Company nor any of its Subsidiaries is in material breach or default under the terms of any such insurance policy. There is no material claim by or with respect to the Company or any of its Subsidiaries or any of their assets or property pending under any of such policies as to which coverage has been denied or disputed by the insurer.

Section 4.01 Taxes. Except as set forth on Schedule 4.19 of the Sellers’ Disclosure Letter:

(a) All income and other material Tax Returns required to be filed by the Company or any of its Subsidiaries have been filed (except those under extension). All material Taxes of the Company and its Subsidiaries (whether or not shown as due on such Tax Returns) have been paid, except for any such Taxes being contested in good faith and for which appropriate reserves have been established on the Company Financial Statements in accordance with GAAP.

(b) No Tax Authority is currently claiming, asserting or threatening in writing against the Company or any of its Subsidiaries any adjustment, deficiency or claim for payment of additional Taxes.

(c) No Tax examinations or audits of the Company or any of its Subsidiaries are in progress, pending or threatened in writing.

(d) There are no Tax liens (other than liens for Taxes not yet due and payable) on any assets of the Company or any of its Subsidiaries.

(e) All Taxes required to be withheld, collected or deposited by the Company or any of its Subsidiaries in connection with amounts paid to any employee, independent contractor, creditor, equityholder or other third party have been withheld, collected or deposited and, to the extent required, have been paid to the relevant Tax Authority.

(f) No written claim has been made by a Tax Authority in a jurisdiction in which Tax Returns are not filed by the Company or its Subsidiaries, that the Company or any of its Subsidiaries are subject to taxation by that jurisdiction.

(g) No closing agreements, private letter rulings, technical advice memoranda or similar agreements or rulings, in each case in respect of Taxes, have been sought from, entered into or issued by any Governmental Authority directly related to the Company or any of its Subsidiaries.

(h) Neither the Company nor any of its Subsidiaries (i) is or has been a member of an “affiliated group” within the meaning of Section 1504(a) of the Code filing a consolidated federal income Tax Return (other than an affiliated group the sole members of which are any of Company or any of its Subsidiaries) (ii) has any liability for the Taxes of any Person (other than the Company or any of its Subsidiaries) under Treasury Regulations Section 1.1502-6 (or any similar provision of state, local, or non-

U.S. Law), as transferee or successor or by Contract (other than a Contract entered into the ordinary course of business the principal subject of which is not Taxes).

(i) Neither the Company nor any of its Subsidiaries is a party to any Tax allocation or Tax sharing agreement (other than any such agreement exclusively between or among any of the Company or any of its Subsidiaries, or any such agreement entered into in the ordinary course of business the principal subject of which is not Taxes).

(j) No members of the Company will be required to include any material item of income in, or exclude any material item of deduction from, taxable income for any Post-Closing Tax Period as a result of any (i) change in method of accounting for a taxable period ending on or prior to the Closing Date made prior to the Closing, (ii) “closing agreement” as described in Section 7121 of the Code (or comparable provision of state, local or foreign Tax law) executed prior to the Closing, (iii) installment sale or open transaction disposition made prior to the Closing or (iv) prepaid amount or advance payment received prior to the Closing.

(k) Neither the Company nor any of its Subsidiaries is or has been a party to any “listed transaction” as defined in Section 6707A(c)(2) of the Code or Treasury Regulations Section 1.6011-4(b)(2).

(l) Neither the Company nor any of its Subsidiaries has distributed stock or other equity interests of another Person in a transaction after the Inception Date that was purported or intended to be governed by Sections 355 or 361 of the Code.

(m) All non-income Taxes, and all income Taxes with respect to jurisdictions outside the United States, in each case required to be paid by or with respect to the Company and its Subsidiaries for any Pre-Closing Tax Period will have either been paid prior to the Closing or accrued on the Closing Balance Sheet and taken into account in computing Closing Working Capital.

(n) The Company is classified as a partnership for U.S. federal income tax purposes under Treasury Regulations Section 301.7701-3. Each Subsidiary of the Company (other than the Foreign Subsidiaries) is classified as a disregarded entity for U.S. federal income tax purposes under Treasury Regulations Section 301.7701-3.

(o) Neither the Company nor any of its Subsidiaries has made any election under Treasury Regulations Section 301.9100-22T to apply the amended partnership audit rules promulgated by the Bipartisan Budget Act of 2015 to a taxable year beginning before January 1, 2018.

(p) No Foreign Subsidiary (i) holds assets that constitute U.S. property within the meaning of Section 956 of the Code or (ii) has generated more than two million dollars (\$2,000,000) of “subpart F income” (within the meaning of Section 952 of the Code) or “tested income” (within the meaning of Section 951A(c)(2) of the Code), in each case, in the taxable period which includes the Closing Date.

(q) The taxable year of each of the Foreign Subsidiaries (as determined under Section 898 of the Code) which includes the Closing Date began on or after January 1, 2018.

(r) Neither the execution and delivery of this Agreement or any other document contemplated hereby, nor the consummation of the Transactions, either alone or in combination with another event (whether contingent or otherwise) will result in any “excess parachute payment” within the meaning of Section 280G of the Code. Neither the Company nor any of its Subsidiaries has any obligation to make a “gross-up” or similar payment in respect of any Taxes that may become payable under Section 409A or Section 4999 of the Code.

(s) No compensation paid by the Company or any of its Subsidiaries has been within the past six years, or could reasonably be expected to be, includable in the gross income of any “service provider” (within the meaning of Section 409A or Section 457A of the Code) of the Company or any of its Subsidiaries by reason of non-compliance with the requirements of Section 409A and/or Section 457A of the Code.

Section 4.02 Environmental Matters. Except as, individually or in the aggregate, would not reasonably be expected to be material to the Company and its Subsidiaries, taken as a whole, (a) the Company and its Subsidiaries, as applicable, are, and since the Inception Date, have been, in compliance with all applicable federal, state, and local Laws governing pollution or the protection of the environment or human health and safety (“Environmental Laws”), (b) since the Inception Date, no written notice or claim has been received from any Governmental Authority or third party alleging that the Company or any of its Subsidiaries are in violation of any Environmental Laws (including claims related to human health and safety) or caused a “release” of a “hazardous substance” (as those terms are defined in the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. sec. 9601 et seq.), and (c) to the Knowledge of the Company, there have been no “releases” of any such “hazardous substance” in excess of a reportable and actionable quantity on any real property including the Leased Real Property.

Section 4.03 Employee Benefit Plans.

(a) Schedule 4.21(a) of the Sellers’ Disclosure Letter sets forth a list of each material Employee Plan. Except as otherwise provided by this Agreement or required by applicable Law, neither the Company nor any of its Subsidiaries has any made any commitment to adopt or enter into any additional Employee Plan or to amend or terminate any existing Employee Plan.

(b) With respect to each material Employee Plan, the Company has made available to the Purchaser a true and complete copy, as applicable, of: (i) each plan document (or, if not written, a written summary of its material terms) and all material amendments thereto, (ii) the three most recent annual reports with accompanying schedules and attachments, filed with respect to each Employee Plan required to make such a filing, (iii) the most recent summary plan description for each Employee Plan for which a summary plan description is required by applicable law (as well as any modifications or amendments thereto), (iv) the most recently received determination letter, if any, issued by the IRS and each currently pending application for a determination letter with respect to any Employee Plan that is intended to qualify under Section 401(a) of the Code, (v) the three most recently prepared actuarial reports, financial statements and trustee reports, if any, relating to the Employee Plan, (vi) all material records, notices and filings concerning IRS or U.S. Department of Labor audits or investigations arising or continuing during the last three years, and (vii) all non-routine, written communications and filings with any Governmental Authority relating to any such Employee Plan that were sent or received since the Inception Date.

(c) Each Employee Plan which is intended to be qualified under Section 401(a) of the Code, has received a favorable determination, opinion or advisory letter from the IRS with respect to each such Employee Plan as to its qualified status under the Code. To the Knowledge of the Company, no facts or circumstances exist that would reasonably be expected to adversely affect the qualified status of any such Employee Plan.

(d) No Employee Plan is, and none of the Company, its Subsidiaries or any ERISA Affiliate contributes to, has within the preceding six years sponsored, maintained or contributed to or has any liability or obligation, whether fixed or contingent, with respect to any single employer plan or other pension plan that is subject to Title IV of ERISA or Section 302 of ERISA or Section 412 of the Code (other than any multiemployer plan set forth on Schedule 4.21(d)). Except as set forth on Schedule 4.21(d) of the Sellers’ Disclosure Letter, no Employee Plan is, and none of the Company, its Subsidiaries or any ERISA Affiliate contributes to, has within the preceding six years sponsored, maintained or contributed to or has any liability or obligation, whether fixed or contingent, with respect to, (i) any “multiple employer plan” (within the meaning of Section 413 of the Code), (ii) any multiple employer welfare arrangement (within the meaning of Section 3(40) of ERISA) or (iii) any multiemployer plan (within the meaning of Section 3(37) or 4001(a)(3) of ERISA). With respect to the Employee Plans set forth on Schedule 4.21(d), (A) no failure to meet the minimum funding standard under Section 412 or 430 of the Code or Section 302 or 303 of ERISA has occurred, (B) all contributions (including instalments) to such plan required by Section 301 of ERISA and Sections 412 or 430 of the Code have been

timely made, (C) no withdrawal liability, within the meaning of Section 4201 of ERISA, has been incurred which withdrawal liability has not been satisfied in full or, to the Knowledge of the Company, is reasonably expected to be incurred, (D) no liability to the Pension Benefit Guaranty Corporation has been incurred by any such entity, which liability has not been satisfied in full, (E) no proceeding has been initiated to terminate such plan, (F) such plan is not, and is not expected to be, in “critical” or “endangered” status, within the meaning of Section 432 of the Code or Section 305 of ERISA, (G) no event has occurred that is expected to result in the incurrence by Purchaser, any of Purchaser’s Affiliates, the Company or any Subsidiaries of the Company of any liability with respect to the withdrawal or partial withdrawal from, or termination of such plan, and (H) none of the Sellers or its Affiliates has engaged in any transaction described in Sections 4069 or 4212(c) of ERISA.

(e) Each Employee Plan has been maintained, operated and administered in accordance with its terms and the requirements of all applicable Laws, including, without limitation, ERISA and the Code, except as, individually or in the aggregate, has not been and would not reasonably be expected to be material to the Company and its Subsidiaries.

(f) As of the date of this Agreement, no Action is pending or, to the Knowledge of the Company, threatened against, by or on behalf of any Employee Plan or the assets, fiduciaries or administrators thereof (other than routine claims for benefits in the ordinary course of business) that, individually or in the aggregate, has been or would reasonably be expected to be material to the Company and its Subsidiaries. None of the Company or any of its Subsidiaries, or, to the Knowledge of the Company, any of their respective directors, officers, employees or agents has engaged in or been a party to any non-exempt prohibited transaction (within the meaning of Section 406 of ERISA or Section 4975 of the Code) with respect to any Employee Plan.

(g) No Employee Plan, and none of the Company, its Subsidiaries or any Employee Plan fiduciary with respect to any Employee Plan, in any case, is the subject of an audit or investigation that is pending or, to the Knowledge of the Company, threatened by the IRS, the Department of Labor, the Pension Benefit Guaranty Corporation or any other Governmental Authority.

(h) Except as set forth on Schedule 4.21(h) of the Sellers’ Disclosure Letter, or as otherwise provided by this Agreement or pursuant to applicable Law, neither the execution and delivery of this Agreement nor the consummation of the Transactions will, either alone or in combination with another event, (i) entitle any current or former Service Provider to any additional rights to severance or termination pay, (ii) accelerate the time of payment or vesting, or trigger any funding, of any compensation or benefits, or (iii) materially increase the amount of compensation due to any such Service Provider.

(i) No Employee Plan provides, and neither the Company nor any of its Subsidiaries has any obligation to provide, health, medical or other welfare benefits to any current or former Service Providers (or any spouse, beneficiary or dependent of the foregoing) beyond the termination of employment or other service of such Service Provider (other than for continuation coverage required under Section 4980(B)(f) of the Code or applicable Law where the cost thereof is borne entirely by the former Service Provider (or his or her eligible dependents or beneficiaries) or coverage through the end of the calendar month in which a termination of employment occurs). No Employee Plan is a voluntary employee benefit association under Section 501(a)(9) of the Code.

(j) The Company and each of its Subsidiaries, and each of their respective ERISA Affiliates, are in compliance in all material respects with (i) the applicable requirements of Section 4980B of the Code and any similar state law, and (ii) the applicable requirements of the Patient Protection and Affordable Care Act of 2010, as amended.

(k) Except as set forth on Schedule 4.21(k) of the Sellers’ Disclosure Letter, no Employee Plan that is governed by the laws of any jurisdiction other than the United States or provides compensation or benefits to any current or former Service Provider (or any dependent thereof) who at any point primarily provided services to the Company and/or its Subsidiaries outside of the United States.

(a) Except as set forth on Schedule 4.22(a) of the Sellers' Disclosure Letter, neither the Company nor any of its Subsidiaries is or has at any time since the Inception Date been bound by any collective bargaining agreement, works' council agreement or other labor or similar agreement relating to its employees. Except as would not, individually or in the aggregate, reasonably be expected to result in a material liability to the Company and its Subsidiaries, taken as a whole: (a) there are and have been since the Inception Date no labor related material grievances, strikes, walkouts, lockouts or other organized work interruptions pending or, to the Knowledge of the Company, threatened against the Company or any of its Subsidiaries, and (b) no labor union has made a pending written demand for recognition or certification and, to the Knowledge of the Company, there is no pending union organizing campaign. There are no unfair labor practice charges pending before the National Labor Relations Board or any other Governmental Authority, nor any judicial or administrative proceedings or material grievances, complaints or claims, in each case, which are pending or, to the Knowledge of the Company, threatened by or on behalf of any employees of the Company or any of its Subsidiaries.

(b) The Company and each of its Subsidiaries are in compliance in all material respects with all Laws respecting employment and employment practices, including all such Laws relating to wages and hours, pay equity, wrongful discharge, collective bargaining, fair labor standards, health and safety, immigration, workers' compensation, employment discrimination and harassment and the WARN Act and any similar state or local Law relating to closures and layoffs. There is no Action pending, or, to the Knowledge of the Company, threatened in any written notice addressed and delivered to the Company or any of its Subsidiaries against the Company or any of its Subsidiaries relating to alleged employment Law violations before any Governmental Authority.

(c) (i) The Company and each of its Subsidiaries has paid in full to all of its employees or adequately accrued for all wages, salaries, commissions, bonuses, benefits and other compensation due to or on behalf of such employees; and (ii) there is no material claim with respect to payment of wages, salary or overtime pay that has been asserted since the Inception Date or which is now pending or, to the Knowledge of the Company, threatened before any Governmental Authority with respect to any Persons currently or formerly employed by the Company or any of its Subsidiaries.

(d) Since the Inception Date, neither the Company nor any of its Subsidiaries has engaged in or effectuated any "plant closing" or employee "mass layoff" (in each case, as defined in the WARN Act, or any similar state or local statute, rule or regulation) affecting any site of employment or one or more facilities or operating units within any site of employment or facility of the Company or any of its Subsidiaries.

(e) With respect to each Employee Plan and with respect to each state workers' compensation arrangement that is funded wholly or partially through an insurance policy or public or private fund, all premiums required to have been paid to date under such insurance policy or fund have been paid.

(f) Sellers have delivered to Purchaser a list that is true, correct and complete in all material respects as of the date of this Agreement of the names and current annual salary rates or current hourly wages, as applicable, bonus opportunity, hire date, accrued vacation and paid-time-off, principal work location and leave status of all present employees of the Company and its Subsidiaries and each such employee's status as being exempt or nonexempt from the application of state and federal wage and hour laws applicable to employees who do not occupy a managerial, administrative, or professional position. As of the date hereof, no executive or member of the executive leadership team of the Company or its Subsidiaries, has informed the Company or any of its Subsidiaries (whether orally or in writing) of any plan to terminate employment with or services for the Company or any of its Subsidiaries, and, to the Knowledge of the Company as of the date hereof, no such Person or Persons has any plans to terminate employment with or services for the Company or any of its Subsidiaries.

(g) Sellers have delivered to Purchaser a true, correct and complete list as of the date of this Agreement of all

individual independent contractors, consultants, agents or agency employees currently engaged by the Company or any of its Subsidiaries, along with the position, date of retention and rate of remuneration for each such Person, other than such Services Providers that are not employed or do not provide services primarily at a “home office location” of the Company. The Company and each of its Subsidiaries has properly classified all of its individual service providers as either employees, partners/members or independent contractors and as exempt or non-exempt for all purposes and has made all appropriate filings in connection with services provided by, and compensation paid to, such service providers.

Section 4.05 Foreign Corrupt Practices Act: Anti-Corruption.

(a) In the past five (5) years, neither the Company nor any of its Subsidiaries, nor, to the Knowledge of the Company, any employee, officer, director, agent, Representative or any other Person acting on behalf of the Company or any of its Subsidiaries (each, a “Company Agent”), has directly or indirectly, with respect to the business of the Company, violated any Anti-Corruption Laws; nor has the Company, any of its Subsidiaries, or, to the Knowledge of the Company, any Company Agent offered, promised to pay, authorized, solicited, ratified or made a payment; or taken any act in furtherance of an offer, promise to pay, authorization, solicitation, ratification, or payment of anything of value, directly or indirectly, regardless of form, whether in money, property, gifts or services, to any Government Official or Governmental Body in order to obtain, retain or direct business, to improperly influence any official act or decision of a Government Official or Governmental Body, or obtain any improper advantage in violation of the Anti-Corruption Laws or that would otherwise constitute a bribe, or improper or illegal payment or benefit.

(b) In the past five (5) years, neither the Company nor any of its Subsidiaries has received any notice of (i) any actual or potential investigation of or request for information from the Company or its Subsidiaries relating to its business by any Government Official or Governmental Body regarding the Anti-Corruption Laws; or (ii) any other allegation, investigation or inquiry regarding any actual or possible violation of the Anti-Corruption Laws.

Section 4.06 Assets and Properties. The Company or its Subsidiaries have (in the case of owned property) good title to, or (in the case of leased property) a valid leasehold interest in all of the assets and properties (tangible or intangible, excluding Intellectual Property) reflected in the Company Financial Statements or thereafter acquired by the Company or any Subsidiary, free and clear of all Encumbrances (other than Permitted Encumbrances). The Company and its Subsidiaries’ non-real property assets reflected in the Company Financial Statements or thereafter acquired by the Company or any Subsidiary are in good operating condition (normal wear and tear excepted) and are fit, in all material respects, for use in the ordinary course of business, except as would not reasonably be expected to be material to the Company and its Subsidiaries, taken as a whole. The assets and properties (tangible or intangible) the Company and its Subsidiaries will own, lease or license immediately following the Closing, together with the assets, properties and services to be provided to Purchaser and its Affiliates pursuant to the Transition Services Agreement, constitute all of the assets, properties and services necessary to operate the Acquired Business in substantially the same manner the Acquired Business is being operated immediately prior to the Closing.

Section 4.07 No Brokers. Other than Moelis & Company, LLC (any and all fees of which will be deemed Company Indebtedness for the Sellers’ account and paid at Closing), no broker, finder, investment banker or similar agent is entitled to any brokerage, finder’s, success or other fee or commission in connection with this Agreement or the Transactions based upon arrangements made by or on behalf of the Company or any of its Subsidiaries or Affiliates (including the Sellers).

ARTICLE 5

REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

Except as disclosed in the letter which has been delivered by the Purchaser to the Sellers prior to the execution of this Agreement (the “Purchaser’s Disclosure Letter”), the Purchaser makes the following representations and warranties:

Section 5.01 Organization and Authority of the Purchaser. The Purchaser is duly organized, validly existing and in good

standing under the laws of its jurisdiction of organization or formation and has all requisite power and authority to enter into this Agreement and the other agreements, documents or certificates contemplated hereby to which it is or will be a party, to perform its obligations hereunder and thereunder, and to consummate the Transactions.

Section 5.02 Due Authorization. The execution and delivery by the Purchaser of this Agreement and the other agreements, documents or certificates contemplated hereby to which it is or will be a party, the performance by the Purchaser of its obligations hereunder and thereunder, and the consummation by the Purchaser of the Transactions have been duly authorized by all requisite action on the part of the Purchaser. Each of this Agreement and the other agreements, documents or certificates contemplated hereby to which it is or will be a party has been duly and validly executed and delivered by the Purchaser and, assuming due authorization, execution and delivery by the other parties hereto and thereto, each of this Agreement and the other agreements, documents or certificates contemplated hereby to which it is or will be a party constitutes a legal, valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms, subject, as to enforcement, to the Enforceability Exceptions.

Section 5.03 Governmental Consents and Approvals. Except (a) for compliance with the applicable requirements of the HSR Act and the expiration of the applicable waiting period thereunder, (b) for matters specifically relating to the Purchaser or its Affiliates and (c) as set forth on Schedule 5.03 of the Purchaser's Disclosure Letter, the execution, delivery and performance by the Purchaser of this Agreement and the other agreements, documents or certificates contemplated hereby to which it is a party and the consummation of the Transactions does not require any consent, approval, authorization or other order of, action by, filing with, or notification to, any Governmental Authority except for those the failure of which to obtain or make would not materially impair or delay the Purchaser's ability to consummate the Transactions or to perform its obligations under this Agreement and the other agreements, documents or certificates contemplated hereby to which the Purchaser is a party.

Section 5.04 No Conflict. The execution, delivery and performance by the Purchaser of this Agreement and the other agreements, documents or certificates contemplated hereby to which the Purchaser is a party and the consummation of the Transactions will not: (a) violate, conflict with or result in a breach of any provision of its organizational or governing documents; (b) conflict with or violate any Law or Governmental Order applicable to the Purchaser or by which any of its assets, properties or businesses is bound or affected; or (c) conflict with, result in any breach or violation of, constitute a default (or event which with the giving of notice or lapse of time, or both, would become a default) under, require any consent, approval or notice by or to any Person under, or give to others any rights of termination, amendment, modification, acceleration, suspension, revocation, or cancellation of, or result in the creation of any Encumbrance on any of the assets or properties of the Purchaser pursuant to any Contract to which the Purchaser is a party or by which any of its assets or properties are bound or affected, except in the case of clauses (b) and (c), to the extent that any such conflict, violation, breach, default, right of termination, amendment, modification, acceleration, suspension, revocation, cancellation or Encumbrance would not materially impair or delay the Purchaser's ability to consummate the Transactions or to perform its obligations under this Agreement and the other agreements, documents or certificates contemplated hereby to which it is a party.

Section 5.05 Absence of Litigation. As of the date of this Agreement, there is no Action pending or, to the Knowledge of the Purchaser, threatened in any written notice against the Purchaser or its Affiliates, before any Governmental Authority or as part of any private arbitration procedure that would materially and adversely impair or delay the Purchaser's ability to consummate the Transactions or to perform its obligations hereunder.

Section 5.06 Availability of Funds. The Purchaser will have at Closing cash available in an amount adequate to pay to the Sellers the Closing Purchase Price and any adjustments thereto pursuant to this Agreement.

Section 5.07 Investment Intention. The Purchaser is acquiring the Membership Interests for its own account, for investment purposes only and not with a view to, or for sale in connection with, any distribution (as such term is used in Section 2(11) of the Securities Act) thereof in violation of the Securities Act, or any applicable foreign securities Laws. The Purchaser understands that the Membership Interests have not been registered under the Securities Act, any state securities Law or any applicable state or foreign securities Law, and cannot be sold unless subsequently registered under the Securities Act or applicable foreign securities Laws or pursuant to an applicable exemption therefrom and pursuant to state securities Laws, as applicable.

Section 5.08 Solvency. The Purchaser is not entering into the Transactions with the actual intent to hinder, delay or defraud either present or future creditors of the Purchaser, the Sellers or the Company or any of its Subsidiaries. Assuming (a) that the representations and warranties of the Company and the Sellers contained in this Agreement are true and correct, (b) the performance by the Company and the Sellers of their respective obligations hereunder and (c) that the estimates, projections and forecasts of the Company and its Subsidiaries that have been provided to the Purchaser and its Representatives prior to the date of this Agreement have been prepared in good faith upon assumptions that are and continue to be reasonable, at and immediately after the Closing, the Purchaser and the Company and its Subsidiaries will be Solvent immediately after and giving effect to the Transactions. As used in this paragraph, the term “Solvent” means, with respect to a particular date, that on such date (i) the sum of the assets, at a fair valuation, of the Purchaser will exceed its debts, (ii) the Purchaser has not incurred and does not intend to incur, and does not believe that it will incur, debts beyond its ability to pay such debts as such debts mature and (iii) the Purchaser has sufficient capital with which to conduct its business. For purposes of this Section 5.08, “debt” means any liability on a claim, and “claim” means (a) any right to payment whether or not such a right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured or (b) any right to an equitable remedy for breach of performance if such breach gives rise to a payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

Section 5.09 No Other Information.

(a) Except for the representations and warranties contained in Article 3 and Article 4, none of the Sellers, the Company or its Subsidiaries or any other Person on behalf of the Sellers or the Company or its Subsidiaries makes any express or implied representation or warranty with respect to the Sellers or the Company or its Subsidiaries or with respect to any other information provided to the Purchaser in connection with the Transactions. None of the Sellers, the Company or its Subsidiaries or any other Person will have or be subject to any liability or indemnification obligation to the Purchaser or any other Person resulting from the distribution to the Purchaser, or the Purchaser’s use of, or reliance on, any such information, including any information, documents, projections, forecasts or other material made available to the Purchaser in an electronic “dataroom,” management presentations, or offering memoranda in expectation of the Transactions, unless and to the extent any such information is included in a representation or warranty contained in Article 3 and Article 4.

(b) The Purchaser acknowledges and agrees that it (i) has had an opportunity to discuss the business and affairs of the Company and its Subsidiaries with the management of the Company and its Subsidiaries and the Sellers, (ii) has had reasonable access to (A) the Books and Records of the Company and its Subsidiaries and (B) the electronic dataroom maintained in connection with the Transactions, (iii) has been afforded the opportunity to ask questions of and receive answers from officers of the Company and its Subsidiaries, and (iv) has conducted its own independent investigation of the Company and its Subsidiaries, the Business and the Transactions, and has relied solely on the results of its own independent investigation and has not relied on any representation, warranty or other statement by any Person on behalf of the Sellers or the Company or its Subsidiaries, other than the representations and warranties of the Sellers or the Company expressly contained in Article 3 and Article 4 of this Agreement and that all other representations and warranties are specifically disclaimed.

(c) Notwithstanding anything herein to the contrary, nothing in this Section 5.09 shall constitute the waiver of, or be deemed to limit any rights of the Purchaser in the case of Fraud.

Section 5.10 No Brokers. Other than Goldman Sachs & Co., no broker, finder or investment banker is entitled to any brokerage, finder’s, success or other fee or commission in connection with this Agreement and the Transactions based upon arrangements made by or on behalf of the Purchaser or any of its Affiliates.

ARTICLE 6

COVENANTS AND ADDITIONAL AGREEMENTS

Section 6.01 Conduct of Business Prior to the Closing.

(a) The Company covenants and agrees that, except as expressly required by this Agreement (including in connection with the Restructuring Transactions), as set forth in Schedule 6.01(a) of the Sellers' Disclosure Letter, as required by applicable Law or as consented to by the Purchaser in advance and in writing (which consent shall not be unreasonably conditioned, withheld or delayed), at all times from and after the date hereof through and prior to the Closing or such earlier date as this Agreement has been terminated in accordance with its terms, it will and it will cause its Subsidiaries to: (i) operate its business in the ordinary course; and (ii) use commercially reasonable efforts to: (A) preserve in all material respects its present business operations, organization and goodwill, and (B) preserve in all material respects the present relationships it has with its key distributors, suppliers and other Persons having business relationships with the Company and its Subsidiaries, taken as a whole.

(b) The Company covenants and agrees that, except as (w) otherwise expressly required by this Agreement (including in connection with the Restructuring Transactions), (x) as set forth in Schedule 6.01(b) of the Sellers' Disclosure Letter, (y) as required by applicable Law, or (z) as consented to by the Purchaser in advance and in writing (which consent shall not be unreasonably conditioned, withheld or delayed); provided that Purchaser shall be deemed to have consented to matters for which the Purchaser does not provide affirmative denial of consent within three (3) Business Days after receipt of written request (addressed and delivered to the individual set forth on Schedule 6.01(b) of the Sellers' Disclosure Letter) for consent from the Company, at all times from and after the date hereof through and prior to the Closing or such earlier date as this Agreement has been terminated in accordance with its terms, the Company shall not and shall cause its Subsidiaries not to:

(i) authorize, declare, set aside, make or pay any dividend or other distribution (other than distributions payable in Cash and Cash Equivalents or dividends or distributions of Cash and Cash Equivalents made by any wholly-owned Subsidiary of the Company to the Company or to any other such wholly-owned Subsidiary in a manner consistent with the past cash management practices of the Company or in the ordinary course of business) in respect of the equity or other securities of, or other ownership interests in, the Company or any of its Subsidiaries (including any equity-linked or phantom securities) or repurchase, redeem or otherwise acquire, or authorize the repurchase, redemption or acquisition of, any equity interests or other securities of, or other ownership interests in, the Company or any of its Subsidiaries (including any equity-linked or phantom securities);

(ii) transfer, issue, sell or dispose, or authorize the transfer, issuance, sale or disposal of, any membership units, membership interests, shares of capital stock or other ownership or equity interests (including any equity-linked or phantom securities) in the Company or any of its Subsidiaries, or grant options, warrants, calls, subscriptions or other rights to purchase or otherwise acquire membership units, membership interests, shares of capital stock or other ownership or equity interests (including any equity-linked or phantom securities) in the Company or any of its Subsidiaries;

(iii) acquire any property, plant, facility, furniture, equipment or other tangible assets in excess of \$250,000, individually, or \$750,000, in the aggregate;

(iv) sell, lease, license, subject to any Encumbrance (other than a Permitted Encumbrance) or dispose of any interest in any of the property or assets of the Company or any of its Subsidiaries, taken as a whole, with a value in excess of \$100,000, other than (a) distributions of Cash and Cash Equivalents permitted by clause (i) above, (b) pursuant to the terms and conditions of any Material Contracts or Leases existing as of the date hereof or (c) disposition of damaged, worn out or obsolete assets;

(v) make any loans, advances or capital contributions to, or investments in any Person other than loans, advances or capital contributions made by the Company to any of its wholly-owned Subsidiaries or by any wholly-owned Subsidiary of the Company to any other such wholly-owned Subsidiary or to the Company in a manner consistent with the

past cash management practices of the Company or in the ordinary course of business;

(vi) (A) terminate (other than at the expiration of its stated term), modify, extend, renew or amend any Material Contract or Lease or waive any benefit or right under any Material Contract; provided, however, that the foregoing shall not be deemed to prohibit or restrict any verbal arrangement made between parties to any Material Contract to the extent any such arrangement (w) functions as a temporary accommodation or waiver in favor of the counterparty thereto, (x) are made in the ordinary course of business regarding the day-to-day operations of a hotel, (y) individually or in the aggregate, have no more than a *de minimis* impact on the economic value of such Material Contract and (z) would otherwise not, individually or in the aggregate, reasonably be expected to be material to the Company and its Subsidiaries, taken as a whole, or (B) permit any of the individuals set forth on Schedule 6.01(b)(vi)(B) to take any action or omit any action, in each case, with the intent of giving rise to a right or option of termination of the counterparty under any Hotel Management Agreement;

(vii) enter into or assume any Contract that would have been required to be disclosed in clause (a) of Section 4.12 if such Contract had been in effect on the date of this Agreement;

(viii) except in the ordinary course of business under lines of credit existing as of the date hereof or with respect to any arrangements between the Company and any of its wholly-owned Subsidiaries or by any wholly-owned Subsidiary of the Company to any other such wholly-owned Subsidiary or to the Company, incur any Indebtedness, issue any debt securities or assume, guarantee or endorse the obligations of any other Person;

(ix) except (x) as required by the terms of any Employee Plan as in effect as of the date of this Agreement or applicable Law or (y) with respect to any compensation or benefit plans, programs, policies, agreements or arrangements for the benefit of any current or former Service Providers to the extent employed or providing services to any of the properties managed but not owned by the Company or any of its Subsidiaries where all costs of the foregoing are borne in their entirety by the owners of such properties, (A) adopt, enter into, materially amend or terminate any Employee Plan (or any plan, program, policy, agreement or arrangement that would be an Employee Plan if in effect on the date hereof), other than to replace or amend any Employee Plan, in connection with the Company's and its Subsidiaries' annual renewals and reenrollment of health and welfare plans in the ordinary course of business consistent with past practice, so long as (I) following such replacement or amendment, the applicable Employee Plan is generally consistent with the analogous Employee Plan prior to such replacement or amendment and (II) the cost of providing benefits under the replaced or amended Employee Plan is not materially increased, (B) pay, announce, promise or grant, whether orally or in writing, any increase in or establishment of (as applicable) any form of compensation or benefits payable by the Company or any of its Subsidiaries, except for (I) merit-based salary increases for non-executive employees to the extent that such increases are in the ordinary course of business consistent with past practice and do not exceed 3.0% in the aggregate, and (II) actions associated with entering into or making available plans, agreements, benefits and compensation adjustments or arrangements to newly hired non-executive employees or in the context of promotions based on job performance or workplace requirements in the ordinary course of business consistent with past practice, (C) grant any additional rights to severance, retention, change in control or termination pay to any Service Providers, (D) terminate the employment of any executives, officers or key employees of the Company (other than terminations of employment for "cause"), or (E) accelerate the vesting or payment of any compensation or benefits under any Employee Plan;

(x) recognize any labor union or enter into or amend any collective bargaining agreement;

(xi) make any material change in any of the Company's or its Subsidiaries' present accounting methods, principles or practices, except as required by GAAP or applicable Law;

(xii) make or change any material Tax election except in the ordinary course of business; change any annual Tax accounting period or material method of Tax accounting; amend or otherwise modify any income or other material Tax Return of the Company or its Subsidiaries, file any ruling or request with any Governmental Authority that relates to Taxes or Tax Returns of the Company or any of its Subsidiaries; settle or compromise any Tax audit or other Tax proceeding; enter into any Tax allocation agreement or Tax sharing agreement (other than any such agreement entered into in the ordinary course of business the principal subject of which is not Taxes); enter into any material closing agreement related to any Tax; or enter into any transaction or take any action outside the ordinary course of business which would reasonably be expected to cause any Foreign Subsidiary to recognize a material amount of “subpart F income” (as defined in Section 952 of the Code) or “tested income” (as defined in Section 951A(c)(2) of the Code);

(xiii) amend, supplement, restate or modify or authorize the amendment, supplementation, restatement or modification of the Company’s or any Subsidiary’s organizational documents;

(xiv) except for Actions solely covered under any insurance policy maintained for the benefit of the Company or any of its Subsidiaries (provided, that (A) such insurance policy covers all amounts owed, including recovery costs, pursuant to any release, assignment, compromise, waiver or settlement of such Action and no increase in premium results in connection therewith and (B) any such release, assignment compromise, waiver or settlement of such Action does not restrict, impair or alter the operation of the Business), release, assign, compromise, waive or settle any Action that (i) results in the imposition of any material restriction upon the operations of the Company and its Subsidiaries, taken as a whole, or (ii) could reasonably be expected to involve an amount of Losses in excess of \$250,000 individually or \$1,000,000 in the aggregate;

(xv) effect or agree to effect any merger, acquisition, recapitalization, reclassification, consolidation, bankruptcy, liquidation (complete or partial), dissolution or other reorganization with respect to the Company or any of its Subsidiaries;

(xvi) acquire any corporation, partnership, limited liability company or other business organization or Person or division thereof or any material assets, properties or equity interest thereof or enter into any joint venture, partnership or similar arrangement with any Person;

(xvii) make, commit or authorize any capital commitment or capital expenditure (or series of capital commitments or expenditures) other than those capital commitments or capital expenditures set forth on the capital expenditures budget disclosed to the Purchaser prior to the date of this Agreement;

(xviii) allow any material Permit to lapse or otherwise fail to take any action required by any material Permit to remain valid and in full force and effect;

(xix) cancel or allow any insurance policies that are currently in effect to lapse, without renewal or replacement on commercially reasonable terms; or

(xx) authorize, agree or commit to any of the foregoing, whether in writing or otherwise.

Notwithstanding anything to the contrary in this Agreement, prior to the Closing, nothing in this Agreement shall prohibit or otherwise restrict the Company from (i) declaring and paying any dividends or distributions of, or otherwise transferring to the Sellers and their Affiliates, Cash and Cash Equivalents or (ii) engaging in the Restructuring Transactions.

(c) Nothing contained in this Agreement shall give the Purchaser, directly or indirectly, any rights to control or direct the Company's operations prior to the Closing. Prior to the Closing, the Company shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision of their respective operations.

Section 6.02 Access to Information; Preservation of Records.

(a) Subject to Section 6.03, prior to the Closing Date, the Purchaser shall be entitled, through its officers, employees and Representatives, to reasonable access during normal business hours to the officers, employees, agents and Representatives and offices of the Company and its Subsidiaries and their respective Books and Records (including such financial and accounting information as the Purchaser reasonably requests); provided, however, that such access shall be subject to any applicable Laws relating to privacy or data protection and shall only be upon reasonable notice, shall not unreasonably disrupt personnel, operations and properties of the Company and its Subsidiaries, and shall be at the Purchaser's sole risk and expense. In exercising its rights hereunder, the Purchaser shall conduct itself so as not to unreasonably interfere in the conduct of the Business prior to the Closing. The Purchaser acknowledges and agrees that any contact or communication by the Purchaser and its agents and Representatives with officers, employees, agents or Representatives of the Company and its Subsidiaries hereunder shall be arranged and supervised by Representatives of the Company, unless the Company otherwise expressly consents in writing with respect to any specific contact. Notwithstanding anything to the contrary set forth in this Agreement, none of the Sellers' Representative, the Sellers, the Company or any of their respective Subsidiaries or Affiliates shall be required to disclose to the Purchaser or any agent or Representative thereof any information (i) relating to any sale process conducted by the Sellers, the Company or any of their Affiliates for the Business or the Sellers', the Company's or any of their Affiliates' (or their Representatives') evaluation of the Company and its Subsidiaries in connection therewith, including projections, financial or other information relating thereto or (ii) if doing so would violate any Contract or Law to which the Sellers, the Company or any of their respective Subsidiaries or Affiliates is a party or is subject or which such Person believes in good faith would reasonably be expected, based on the advice of outside counsel, to result in a loss of the ability to successfully assert a claim of privilege (including without limitation, the attorney-client and work product privileges) (provided that, in the case of this clause (ii), the Company and its Subsidiaries shall use commercially reasonable efforts to provide such access as can be provided (or otherwise find alternative means to convey such information regarding the applicable matter as can be conveyed) without violating such privilege, Law or Contract). Prior to the Closing, the Purchaser shall not (and shall cause its Representatives and agents not to) use any information obtained pursuant to this Section 6.02(a) for any purpose unrelated to the Transactions.

(b) After the Closing, upon reasonable written notice addressed and delivered to the Purchaser, the Purchaser shall furnish or cause to be furnished to the Sellers' Representative, the Sellers and each of their respective Representatives reasonable access, during normal business hours, to such information and the Books and Records relating to the Business and/or the Company and its Subsidiaries as is necessary for the preparation and filing of any Tax Return, the defense of any Tax claim or assessment, in connection with the defense of any Action, any insurance claims by, legal proceedings against or governmental investigations of the Sellers, the Company or any of its Subsidiaries or the Purchaser or any of their Affiliates (in each case, other than an Action arising out of this Agreement or related to the Transactions); provided, however, that such access shall be subject to any applicable Laws relating to privacy or data protection and shall only be upon reasonable notice, shall not unreasonably disrupt personnel, operations and properties of the Company and its Subsidiaries, and shall be at the Sellers and the Sellers' Representatives' sole risk and expense. In exercising its rights hereunder, each Seller and the Sellers' Representative shall conduct itself so as not to unreasonably interfere in the conduct of the Business. Notwithstanding anything to the contrary set forth in this Agreement, none of the Purchaser, the Company or any of their respective Subsidiaries or Affiliates shall be required to disclose to the Sellers, the Sellers' Representative or any agent or Representative thereof any information if doing so would violate any Contract or Law to which the Purchaser, the Company or any of their respective Subsidiaries or Affiliates is a party or is subject or which such Person believes in good faith would reasonably be expected, based on the advice of outside counsel, to result in a loss of the ability to successfully assert a claim of privilege (including without limitation, the attorney-client and work product privileges) (provided that, in such event, the Purchaser shall use commercially reasonable efforts to provide such access as can be provided (or otherwise find alternative means to convey such information regarding the applicable matter as can be conveyed) without violating such privilege, Law or Contract).

(c) Subject to Section 10.02, the Purchaser shall preserve and keep the books, records, documents, instruments, accounts, correspondence, writings, evidences of title and other papers and electronic files relating to the Business and/or the Company and its Subsidiaries in its possession or the possession of the Company (the “Books and Records”) for at least six (6) years following the Closing Date or for such longer period as may be required by Law or any applicable court order.

Section 6.03 Confidentiality; Non-Solicitation.

(a) The Purchaser and its Representatives (as such term is defined in the Confidentiality Agreement), on the one hand, and the Sellers, the Company and their respective Representatives (as such term is defined in the Confidentiality Agreement), on the other hand, shall treat all nonpublic information obtained in connection with this Agreement and the Transactions (including the entering into of this Agreement and the Transactions) as confidential in accordance with the terms of the Confidentiality Agreement. The terms of the Confidentiality Agreement are hereby incorporated by reference and shall continue in full force and effect until the Closing, at which time such Confidentiality Agreement shall terminate. If this Agreement is, for any reason, terminated prior to the Closing, the Confidentiality Agreement shall continue in full force and effect in accordance with its terms.

(b) For a period of three (3) years following the Closing, the Purchaser shall, and shall cause the Company and its Subsidiaries to, keep confidential and not use for any purpose all nonpublic information regarding the Sellers’ Representative, the Sellers or their Affiliates (other than the Company and its Subsidiaries) of which the Purchaser or the Company became aware as a result of the Transactions (i) unless such information becomes available to the general public through no act or omission of the Purchaser, the Company or its Subsidiaries in breach of this Agreement, (ii) is or becomes available to the Purchaser, the Company, its Subsidiaries or their respective Affiliates on a non-confidential basis from a source who is not, to the Knowledge of the Purchaser, subject to a confidentiality or similar agreement, duty or obligation prohibiting such disclosure, (iii) was independently developed without the use of such confidential information by the Purchaser, the Company, its Subsidiaries or their respective Affiliates after the Closing or (iv) unless such information is required by Law to be disclosed (provided, that prior to any disclosure pursuant to this clause (iv), to the extent reasonably practicable and permitted by Law, the Purchaser shall give the Sellers and Sellers’ Representative notice of such disclosure and reasonably cooperate with the Sellers and Sellers’ Representative to obtain a protective order or other confidential treatment with respect thereto, and in any event, only disclose such portion of such information as may be required by such Law).

(c) For a period of four (4) years following the Closing Date, each Seller and the Sellers’ Representative shall treat all data and information relating to the Purchaser, the Company or any of their respective Affiliates or their respective businesses (including the Acquired Business), assets, liabilities, and all data and information relating to the customers, suppliers, financial statements, conditions or operations of the Purchaser, the Company and their respective Affiliates, as confidential, preserve the confidentiality thereof, not duplicate or use or disclose to any Person such data or information and cause its Affiliates and Representatives who have had access to such data and information to keep confidential and not to use any such data or information (i) unless such data or information is now or is hereafter disclosed, through no act or omission of any Seller, or its Affiliates or Representatives, in a manner making it available to the general public, (ii) is or becomes available to the Sellers, the Sellers’ Representative or their respective Affiliates on a non-confidential basis from a source who is not, to the Knowledge of the Sellers, subject to a confidentiality or similar agreement, duty or obligation prohibiting such disclosure, (iii) was independently developed without the use of such confidential information by the Sellers, the Sellers’ Representative or their respective Affiliates after the Closing (and for the avoidance of doubt, was so independently developed without the benefit of any knowledge or confidential information (or access thereto) that any such Person has by virtue of Sellers’ pre-Closing ownership and operation of the Acquired Business) or (iv) unless such data or information is required by Law to be disclosed (provided, that prior to any disclosure pursuant to this clause (iv), to the extent reasonably practicable and permitted by Law, such Seller or such Affiliate or Representative shall give the Purchaser notice of such disclosure and reasonably cooperate with the Purchaser to obtain a protective order or other confidential treatment with respect thereto, and in any event, only disclose such portion of such data or information as may be required by such Law). The Purchaser acknowledges that, following the Closing, the Sellers and certain of their respective Affiliates will engage in (i) the Acquired Business, solely as it relates to conducting operations in the ordinary course to perform its obligations under (A) the Excluded Contracts (other than the Contracts described in clause (ii) in the definition thereof) in substantially the same

manner as prior to the Closing and (B) the Transition Services Agreement, and with respect to any other assets of the Business that are retained by NewCo, (ii) the ownership, operation, development and management of real property and related assets with respect to any hotel, resort or residential real property and related assets owned in whole or in part by any such Seller or any Affiliate of such Seller and (iii) any other business activities (other than the Acquired Business) any such Seller or any Affiliate of such Seller currently engages in and any natural extensions thereof (collectively, “ Ancillary Activities ”). Notwithstanding anything herein to the contrary, the Purchaser agrees that neither the Sellers, the Sellers’ Representative nor any of their respective Affiliates will be in breach of any provision of this Section 6.03(c) solely to the extent of the Sellers, the Sellers’ Representative or any of their respective Affiliates continuing to engage in such Ancillary Activities following the Closing Date, provided that the Sellers, the Sellers’ Representative or any of their respective Affiliates use commercially reasonable efforts to not use the data or information described in the first sentence of this Section 6.03(c) in connection with such activities described in clauses (ii) and (iii) of the definition of Ancillary Activities, and in any event, shall not disclose any such data or information other than to their Representatives that need to know the same in connection with the Ancillary Activities applicable to such Representative. Further, Purchaser acknowledges and agrees that Affiliates of Sellers own interests in various properties that are subject to Hotel Management Agreements and that nothing hereunder limits or restricts any such Affiliate’s ownership, access or use of any data or information related to any such properties.

(d) For a period of three (3) years following the Closing Date, each Seller agrees that it shall not, and shall cause its Affiliates not to, directly or indirectly, (i) solicit (or permit to be directly or indirectly solicited) or employ any Person who is set forth on Schedule 6.03(d) of the Sellers’ Disclosure Letter; provided that if any individual set forth on Schedule 6.03(d) is, immediately following the Closing, employed by NewCo, and such individual does not receive an offer of employment from Purchaser or its Affiliates within thirty (30) days following the termination of the Transition Services Agreement, then such individual shall be deemed to be removed from Schedule 6.03(d); provided further that the foregoing shall not prohibit (i) a general solicitation to the public by means of general advertising or similar methods of solicitation by search firms not specifically directed at such Person, (ii) the soliciting, recruiting or hiring of any such Person who has voluntarily ceased to be employed or retained by the Purchaser, the Company or any of their respective Affiliates for a period of at least sixty (60) days without any solicitation by any Seller; or (iii) the soliciting, recruiting or hiring of any such Person who has involuntarily ceased to be employed or retained by the Purchaser, the Company or any of their respective Affiliates.

Section 6.04 Best Efforts; Regulatory and Other Authorizations; Third Party Consents and Amendments.

(a) Upon the terms and subject to the conditions set forth in this Agreement, each of the parties hereto shall use its best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable under applicable Laws to consummate and make effective the Transactions as promptly as practicable, including (i) the obtaining of all necessary actions, waivers, consents and approvals from Governmental Authorities, (ii) the making of all necessary registrations and filings and the taking of all steps as may be necessary to obtain an approval or waiver from, or to avoid an Action by, any Governmental Authority, and (iii) defending any lawsuits or other legal proceedings, whether judicial or administrative, challenging this Agreement or the consummation of the Transactions, including seeking to have any stay or temporary restraining order entered by any court or other Governmental Authority vacated or reversed until the issuance of a final, non-appealable order.

(b) The Sellers, the Company and the Purchaser shall promptly, but in no event later than five (5) Business Days after the date hereof, make all required filings under (i) the HSR Act and (ii) any other applicable Laws, and thereafter make any other required submissions under the HSR Act and other such Laws and use reasonable best efforts and diligence to satisfy any other conditions necessary to comply with the HSR Act and any other applicable Laws and to obtain early termination of any waiting period pursuant thereto.

(c) The Sellers, the Company and the Purchaser shall keep each other apprised of the status of matters relating to the completion of the Transactions and promptly furnish the other with copies of notices or other communications between the Company, the Sellers or the Purchaser or any of their respective Subsidiaries, Representatives or counsel, as the case may be, and

any third party or any Governmental Authority with respect to the Transactions. Each of the Company and the Purchaser shall use its best efforts to take such action as may be required to cause the expiration of the waiting periods under applicable Law with respect to the Transactions as promptly as possible after the execution of this Agreement. The Sellers, the Company and the Purchaser shall keep each other timely apprised of any inquiries or requests for additional information from any Governmental Authority pursuant to any applicable Law and shall comply promptly with any such reasonable inquiry or request. The Company and the Purchaser shall permit counsel for the other party reasonable opportunity to review in advance, and consider in good faith the views of the other party in connection with, any proposed written communication to any Governmental Authority. Each of the Company and the Purchaser agrees not to participate in any substantive meeting or discussion, either in person or by telephone, with any Governmental Authority in connection with the Transactions unless it consults with the other party in advance and, to the extent not prohibited by such Governmental Authority, gives the other party the opportunity to attend and participate.

(d) In furtherance and not in limitation of the covenants of the parties contained in this Article 6, each of the parties hereto shall use their reasonable best efforts to resolve such objections, if any, as may be asserted by a Governmental Authority with respect to the application of the HSR Act to the Transactions. In furtherance of the foregoing, the Purchaser agrees (on behalf of itself and each of its Affiliates and Subsidiaries) to take or cause to be taken any and all actions necessary, proper or advisable to avoid, eliminate and resolve any and all impediments under the HSR Act or trade regulation law that may be asserted by any Governmental Authority (including the FTC or the Antitrust Division of the U.S. Department of Justice) or any other Person with respect to the Transactions contemplated by this Agreement so as to enable the consummation of the Transactions to occur as soon as reasonably possible (and in any event no later than the End Date) and to obtain all consents, approvals and waivers under the HSR Act that may be required by any Governmental Authority, including any such actions necessary, proper or advisable to avoid the entry of, or to have vacated or terminated, any decree, decision, order or judgment that would restrain, prevent or delay the consummation of the Transactions, on or before the End Date.

(e) In furtherance and not in limitation of the covenants of the parties contained in this Article 6, the Purchaser agrees (on behalf of itself and each of its Affiliates and Subsidiaries) to propose, negotiate, commit to and/or effect, by consent decree, hold separate order, or otherwise, so as to enable the consummation of the Transactions to occur as soon as reasonably possible (and in any event no later than the End Date), to (i) sell or otherwise dispose of, divest, transfer, license, or hold separate and agree to sell or otherwise dispose of, specific assets or categories of assets or properties or businesses of the Company and its Subsidiaries, any of the Purchaser's other assets or businesses (or the assets or businesses of any Affiliate of the Purchaser) now owned or presently or hereafter sought to be acquired by the Purchaser or such Affiliate; (ii) terminate, modify and/or assign any existing agreements, relationships and contractual rights and obligations; (iii) amend or terminate such existing licenses or other Intellectual Property agreements and to enter into such new licenses or other Intellectual Property agreements (and, in each case, to enter into agreements with the relevant Governmental Authority giving effect thereto); (iv) change or modify any course of conduct regarding future operations of the Purchaser (or any of its Affiliates or Subsidiaries) or the Company and its Subsidiaries, or (v) otherwise take or commit to take any other action that would limit the freedom of action of the Purchaser (or any of its Affiliates or Subsidiaries) with respect to, or their ability to retain, one or more of their respective operations, divisions, businesses, product lines, customers, assets or rights or interests, or their freedom of action with respect to the assets, properties or businesses to be acquired pursuant to this Agreement. The Purchaser, at its sole cost and expense, will timely comply with all restrictions and conditions, if any, specified, requested or imposed by the FTC or the Antitrust Division of the U.S. Department of Justice as a requirement for granting any necessary clearance or approval or terminating any applicable waiting period. Notwithstanding anything in this Agreement to the contrary, none of Purchaser or any of its Affiliates or Subsidiaries shall be required to agree to or proffer to sell, divest, hold separate, lease, license, transfer, dispose of or otherwise encumber or impair or take any other action with respect to Purchaser's or any of its Affiliates' or Subsidiaries' ability to own or operate any assets, properties, businesses or product lines of Purchaser or any of its Affiliates or Subsidiaries (including, for the avoidance of doubt, any equity or other interests of the Company or its Subsidiaries) or any assets, properties, businesses or product lines of the Company or any of its Subsidiaries, or otherwise take any action referenced in the foregoing clauses (i) through (v), in each case that, individually or in the aggregate, would reasonably be expected to have (i) a Material Adverse Effect, (ii) a material adverse effect on the Purchaser and its Affiliates and Subsidiaries, taken as a whole, or (iii) the Company, the Purchaser and their respective Subsidiaries, taken as a whole. The Company shall not, unless requested to do so by the Purchaser, commit to or effect any action contemplated in this Section 6.04(e).

(f) During the period from the date of this Agreement and continuing until the earlier of the termination of this Agreement or the Closing, except as required by this Agreement, the Purchaser and its Affiliates shall not, without the prior written consent of the Company, enter into any transaction that would be reasonably expected to materially impair or delay the Purchaser's ability to consummate the Transactions or perform its obligations hereunder. Without limiting the generality of the foregoing, none of the Purchaser, its Subsidiaries, or their respective Affiliates shall, and shall not cause any Person to, acquire (whether via merger, consolidation, stock or asset purchase or otherwise), or agree to so acquire, any material amounts of assets of or any material portion of the equity in any other Person or any business or division thereof, unless that acquisition or agreement would not reasonably be expected to (i) materially increase the risk of not obtaining any authorizations, consents, orders, declarations or approvals of any Governmental Authority necessary to consummate the Transactions or the expiration or termination of any waiting period under any applicable Law; or (ii) materially increase the risk of any Governmental Authority entering an order prohibiting the consummation of the Transactions, or materially increase the risk of not being able to remove any such order on appeal or otherwise.

Section 6.05 Insurance Policies. Prior to Closing, Sellers shall use commercially reasonable efforts (at the Purchaser's sole cost) to (a) notify its insurance providers with respect to insurance policies under which the Company is currently an insured by virtue of being a Subsidiary of the Sellers, that there has been a change in control with respect to the Company, and (b) endorse such insurance policies with the Company as an insured in respect of (i) occurrences occurring prior to the Closing Date for insurance written on an "occurrence" basis, and (ii) claims made on or after the Closing Date arising solely out of occurrences occurring prior to the Closing Date for insurance written on a claims made basis (also commonly known as "tail coverage").

Section 6.06 Sellers' Disclosure Letter. From time to time prior to the Closing, the Sellers and the Company shall have the continuing right to supplement the Sellers' Disclosure Letter (a "Disclosure Letter Update") in all respects solely for informational purposes. A Disclosure Letter Update shall not under any circumstances be deemed to have cured any breach of a representation and warranty or covenant that might have existed hereunder by reason of such event or otherwise amend the Sellers' Disclosure Letter in any respect.

Section 6.07 Employee Matters.

(a) For at least one (1) year following the Closing Date, the Purchaser shall, or shall cause its Affiliates to, provide each employee of the Company or any of its Subsidiaries, including employees not actively at work due to injury, vacation, military duty, disability or other leave of absence, who continues to be employed by the Purchaser or its Affiliates as of the Closing (each, a "Company Employee") with: (i) at least the same level of base salary or hourly wage rate, as the case may be, that was provided to such Company Employee immediately prior to the Closing, (ii) target annual cash performance bonus opportunity (but not equity-based incentive opportunities) that is no less than the target annual cash performance bonus opportunity in effect with respect to such Company Employee immediately prior to the Closing, (iii) without duplication of any other severance pay or benefit, severance pay and benefits for any Company Employee set forth on Schedule 6.07(a) of the Sellers' Disclosure Letter who incurs an involuntary termination by the Company (or its employing Affiliate) without cause (as determined by Purchaser in its good faith discretion) at any time during the one (1)-year period following the Closing, and who signs a general release of claims in favor of the Company and its Affiliates in a form prescribed by the Company, severance pay in the amount and for the duration following termination (payable in substantially equal installments over such post-termination period), each as set forth on Schedule 6.07(a) of the Sellers' Disclosure Letter with respect to such Company Employee (for clarity, the covenant contained in this clause (iii) shall not apply to any Company Employee who becomes entitled to severance during the relevant period pursuant to any agreement between such Company Employee and the Company or any of its Affiliates as in effect immediately prior to the Closing, rather, the terms of such agreement shall control) and (iv) health, welfare and retirement benefits (excluding any defined benefit pension benefits) that are no less favorable in the aggregate to those provided to either (A) similarly situated employees of the Purchaser or (B) such Company Employee immediately prior to the Closing. Notwithstanding the foregoing, the compensation and benefits of any Company Employee who is covered by a collective bargaining agreement shall be provided in accordance with the terms thereof.

(b) During the period commencing on the Closing Date and ending on December 31, 2018, Sellers and their Affiliates shall take all actions necessary to (i) maintain in effect each of Sellers' and its Affiliates' (other than the Company and its Subsidiaries) health (including medical, dental, vision, prescription, etc.), welfare, retirement (including 401(k)) and fringe benefit

plans in which Company Employees are eligible to participate as of the date of this Agreement on substantially the same terms as in effect, in each case, as of the date of this Agreement, and (ii) cause each Company Employee to remain eligible to participate in each such benefit plan on terms and conditions substantially similar to those in effect on the date hereof, subject to the terms of the applicable plan and applicable Law; provided, that to the extent that the incremental cost to the Sellers and their Affiliates of providing benefits under any applicable plan (exclusive of the costs to be reimbursed by the Purchaser pursuant to the next sentence) materially increases as a result of providing such benefits to the Company Employees, the Purchaser shall reimburse the Sellers for such increased costs. In respect of such period, Seller shall invoice the Purchaser monthly stating in reasonable detail the actual cost to Seller and its Affiliates of providing such benefits (including, without limitation, any administrative costs due to Company Employee participation), and the Purchaser shall reimburse Seller within thirty days after receiving each such invoice for Seller's actual costs so invoiced. For the avoidance of doubt, the provisions of this Section 6.07(b) shall fully satisfy the Purchaser's obligations under Section 6.07(a)(iv) hereof for the period beginning on the Closing Date and ending on December 31, 2018.

(c) The Purchaser shall honor the annual bonus and other cash incentive plans or arrangements of the Company and its Subsidiaries that are in place for Company Employees (except for any LTIP Awards under the LTIP) for the calendar year in which the Closing occurs; provided, that such bonus and cash incentive amounts shall be calculated and paid to the eligible Company Employees thereunder in the ordinary course of business consistent with past practice taking into account the impact of the Transaction on any applicable performance metrics and after consultation with the Purchaser, in each case, as determined by Purchaser in its good-faith discretion.

(d) Following the Closing Date, the Purchaser shall, or shall cause its Affiliates to, honor all vacation, sick pay and other paid time off for Company Employees accrued but unused as of the Closing Date, in each case, to the extent set forth on the Closing Balance Sheet (collectively, "Accrued PTO"); provided, however, that following the Closing Date, Company Employees shall be entitled to use such Accrued PTO only in accordance with applicable Company policies as in effect following the Closing.

(e) Years of service with the Company and its Subsidiaries and any of their respective predecessors shall be taken into account for purposes of determining eligibility, vesting, and benefit accrual for each Company Employee under all employee benefit plans, programs, policies or arrangements of the Purchaser or its Affiliates in which such Company Employee is eligible to participate on or following the Closing Date (each, a "Purchaser Benefit Plan"), in each case, to the same extent Company Employee was (or would have been) entitled, before the Closing Date, to credit for such service under a comparable Employee Plan prior to the Closing Date; provided, however, that no such crediting of service shall result in duplication of benefits for the same period of service.

(f) With respect to each Purchaser Benefit Plan that is a group health plan which replaces coverage under a comparable Company Benefit Plan in which any Continuing Employee participated immediately prior to the Closing Date, the Purchaser shall, or shall cause its Affiliates to use commercially reasonable efforts to: (i) waive all preexisting condition exclusions, evidence of insurability or good health, waiting periods, actively-at-work exclusions or other limitations with respect to participation and coverage requirements applicable to each Company Employee to the extent waived or satisfied under the comparable Employee Plan in which such Company Employee participated immediately prior to the Closing Date, and (iii) credit each Company Employee for any co-payments, deductibles and other eligible expenses incurred by such Company Employee (and his or her covered spouses, dependents or beneficiaries) under the terms of the Employee Plan for purposes of satisfying any applicable deductible, co-payment, coinsurance, maximum out-of-pocket requirements and like adjustments or limitations under the applicable Purchaser Benefit Plan that replaces such Employee Plan for the plan year in which the Closing Date occurs (to the extent such credit would have been given under comparable Employee Plans prior to the Closing Date).

(g) The Company shall use good faith efforts to obtain the execution and delivery of an LTIP Acknowledgment from each LTIP Recipient to the Company at or prior to Closing. On the Closing Date, the Company shall pay, through the Company's payroll processing, to such LTIP Recipient his or her LTIP Award (less any applicable withholding obligations), the amount of which is set forth on Schedule 6.07(g) of the Sellers' Disclosure Letter opposite such LTIP Recipient's name (net of

applicable tax withholding) (or if such amounts are not known on the date hereof, such amounts shall be included in an updated version of such Schedule 6.07(g) that is provided to Purchaser prior to Closing, which amounts shall be based on the Closing Purchase Price and the methodology for determining such amounts set forth in the applicable LTIP awards). The Company shall take all actions, including adopting such resolutions, providing such notices, and using good faith efforts to obtain any consents, in each case, as may be necessary or desirable, to ensure that, following the Closing (subject to the Company's satisfaction of the foregoing payment obligation), the LTIP and all awards thereunder shall be terminated and extinguished and no Person shall have any right, claim or interest in respect of any of the foregoing.

(h) Unless otherwise directed by the Purchaser in writing prior to the Closing, the Company shall take or cause to be taken all actions necessary to terminate any and all Employee Plans that are sponsored by the Company or any of its Subsidiaries which are intended to qualify as qualified cash or deferred arrangements under Section 401(a) of the Code (the "401(k) Plans"), effective no later than the day immediately prior to the Closing. Not less than three (3) days prior to the Closing, the Company shall provide the Purchaser with executed resolutions (in a form previously reviewed and approved by the Purchaser) effecting the termination of any such Employee Plan(s) no later than the day immediately prior to the Closing and amending any such Employee Plan to the extent necessary to comply with all applicable Laws.

(i) Nothing contained in this Section 6.07 or any other provision of this Agreement, expressed or implied, shall (i) give any third Person, other than the parties to this Agreement, any rights or remedies of any nature whatsoever, including but not limited to any right to continued employment or service with the Company or any of its Subsidiaries or the Purchaser or any of its Affiliates, under or by reason of this Section 6.07 or create any third-party beneficiary rights in any other person, including any current or former Service Provider, to enforce the provisions of this Section 6.07; (ii) prevent or restrict in any way the right of the Purchaser to terminate, reassign, promote or demote any Service Provider (or to cause any of the foregoing actions) at any time following the Closing Date, or to change (or cause the change of) the title, powers, duties, responsibilities, functions, locations, salaries, other compensation or terms or conditions of employment or service of any such Service Providers at any time following the Closing Date; (iii) obligate the Purchaser to adopt or maintain any particular plan or program or other compensatory or benefits arrangement at any time or prevent the Purchaser from modifying or terminating any such plan, program or other compensatory or benefits arrangement at any time or any other matter related thereto; or (iv) be construed to amend or modify any Employee Plan or any employee benefit plan, program, policy or arrangement sponsored by the Purchaser or its Affiliates.

(j) At or prior to the Closing (but no earlier than three (3) Business Days prior to the Closing), Sellers shall deliver to Purchaser updated lists including the information set forth in the first sentence of Section 4.22(f) and the first sentence of Section 4.22(g), provided all references to "the date of this Agreement" shall be replaced with "the date of delivery of such updated information" and any use of "current" or "currently" or "present" shall be interpreted as of the date of such delivery.

(k) Without limiting any other provision hereof, during the period commencing on the date hereof and ending October 31, 2018, Sellers and their Affiliates acknowledge and agree that they shall refrain, and shall cause NewCo to refrain, whether directly or indirectly, formally or informally, from soliciting, negotiating, offering employment to or hiring any of the any Retention Agreement Employee (such actions, collectively, the "Retention Employee Nonsolicit"). If, during such two (2)-week period, the Purchaser notifies Sellers that it intends to seek to enter into employment agreement(s) with one or more Retention Agreement Employees on terms sufficient to constitute a "Continuing Employment Offer" (within the meaning of the applicable Retention Agreement), then Sellers and their Affiliates acknowledge and agree that they shall, and shall cause NewCo to, continue to abide by the Retention Employee Nonsolicit with respect to any such Retention Employees through the Closing and for a period of no less than ninety (90) days thereafter.

(l) Effective as of immediately prior to the Closing, each of the Sellers, the Company and the Company's Subsidiaries, as applicable, shall take all necessary actions to transfer to NewCo: (x) (A) all Service Providers that are not employed at a "home office location" of the Company and who primarily provide services to any property the management of which will be transferred to NewCo pursuant to the Restructuring Transactions (the "Property-Level Retained Employees") and (B) all Retention

Agreement Retained Employees (the Property-Level Retained Employees and the Retention Agreement Retained Employees, together, the “Retained Employees”); (y) all employment agreements, service agreements retention, transaction and/or severance agreements or other bilateral agreements with any Retained Employees that govern terms of service and/or provide for the payment or provision of any compensation or benefits to or for the benefit of such Retained Employees (including without limitation the Retention Agreements); and (z) all accrued paid-time-off and any other obligations owed by the Company or any Subsidiaries of the Company to or in respect of any Retained Employee (including, without limitation, any accrued bonuses (whether performance-based or otherwise)). For clarity, in no event shall the Company or any of its Subsidiaries transfer to NewCo any Employee Plan that provides compensation or benefits to or for the benefit of any Service Providers of the Company or any of its Subsidiaries who are not Retained Employees. Upon the Closing, Sellers shall cause each Retention Agreement Retained Employee to be notified in writing (with such notification subject to the Purchaser’s advance review and comment) that such Retention Agreement Employee’s Retention Agreement and all rights and obligations thereunder has been transferred and assigned to NewCo effective as of immediately prior to the Closing and that any and all obligations to the Retention Agreement Employee thereunder (including, for the avoidance of doubt, any “Transaction Bonus,” “Retention Bonus,” “Severance Payment,” “Contingent Bonus” or similar payment thereunder (each as may be defined in the Retention Agreement Employee’s Retention Agreement)) shall be solely obligations of NewCo as of the Closing.

Section 6.08 Further Action. Each of the parties hereto shall use all reasonable efforts to take, or cause to be taken, all appropriate action, to do or cause to be done all things necessary, proper or advisable under applicable Law, and to execute and deliver such documents and other papers, each as may be required to carry out the provisions of this Agreement and to consummate and make effective the Transactions.

Section 6.09 D&O Indemnification.

(a) From and after the Closing Date, the Purchaser shall not, and shall cause the Company and its Subsidiaries not to, take any steps that would reasonably be expected to materially and adversely affect the rights of any individual who served as a director, manager or officer of the Company or any of its Subsidiaries at any time prior to the Closing Date (each, a “D&O Indemnified Person”) to be indemnified, either under applicable Law or the organizational documents of the Company and its Subsidiaries, as applicable, as they existed immediately prior to the Closing Date, against any costs or expenses (including attorneys’ fees and expenses of investigation, defense and ongoing monitoring), judgments, penalties, fines, losses, charges, demands, actions, suits, proceedings, settlements, assessments, deficiencies, Taxes, interest, obligations, damages, liabilities or amounts paid in settlement incurred in connection with any claim, whether civil, criminal, administrative or investigative, arising out of or pertaining to matters existing or occurring at or prior to the Closing Date and relating to the fact that the D&O Indemnified Person was a director, manager or officer of the Company or any of its Subsidiaries, whether asserted or claimed prior to, at or after the Closing Date.

(b) The Company shall, and Purchaser shall cause the Company to (i) maintain in effect for a period of six (6) years after the Closing Date the current policies of directors’ and officers’ liability insurance maintained by or on behalf of the Company and its Subsidiaries immediately prior to the Closing Date (provided that the Company may substitute therefor policies, of at least the same coverage and amounts and containing terms and conditions that are not less advantageous to the directors and officers of the Company or any of its Subsidiaries when compared to the insurance maintained by the Company as of the date hereof); provided, however, that in no event shall such policies provide for a premium amount of any one year in excess of 300% of the annual premium paid by the Company for coverage for its last full fiscal year for its directors and officers, or (ii) obtain as of the Closing Date a “tail” insurance policy with a claims period of six (6) years from the Closing Date with at least the same coverage and amounts, and containing terms and conditions that are not less advantageous to the directors and officers of the Company and its Subsidiaries, in each case with respect to claims arising out of or relating to events which occurred on or prior to the Closing Date (including in connection with the Transactions).

Section 6.10 R&W Policy. The Purchaser and the Sellers shall cooperate and use commercially reasonable efforts to enable Purchaser to obtain, at or prior to the Closing, a buyer-side representation and warranty insurance policy (with the primary policy being provided by Berkshire Hathaway Specialty Insurance Company (or an Affiliate thereof) and the excess coverage policy

being provided by Everest Indemnity Insurance Company (or an Affiliate thereof)) in the form set forth on Exhibit C (collectively, the “R&W Policy”). All premiums and related costs due under the R&W Policy shall be paid by the Purchaser to the applicable insurer at or prior to the Closing.

Section 6.11 Restructuring Transactions. The Company shall, and shall cause its Subsidiaries to, complete the Restructuring Transactions in accordance with the terms and conditions set forth in Schedule 2 hereto, including executing and delivering all related agreements, instruments, certificates and all other documents required to effect the actions contemplated thereby. Prior to the Closing, the Company will not, and will cause its Subsidiaries not to, take any action with respect to the Restructuring Transactions in any manner adverse to the Purchaser without the Purchaser’s prior written consent. Upon consummation of the Restructuring Transactions, the Sellers shall cause NewCo to sign a joinder to this Agreement in the form of Exhibit F attached hereto.

Section 6.12 Termination of Affiliate Transactions. Except as set forth in Schedule 6.12 of the Sellers’ Disclosure Letter, the Sellers and the Company shall, and shall cause their Subsidiaries to, take all necessary actions to ensure that all Affiliate Transactions are terminated at or prior to the Closing, with no further liability or other Losses to the Purchaser or its Affiliates (including the Company and its Subsidiaries) with respect thereto.

Section 6.13 Non-Solicitation. From the date hereof through the earlier of the Closing Date and the termination of this Agreement in accordance with Section 9.01 (the “Exclusivity Period”), each of the Sellers and the Company agree that, except with respect to the Restructuring Transactions or as otherwise expressly set forth herein, it will not, it will cause its Affiliates not to and it will direct its officers, managers, members, Representatives and advisors not to, directly or indirectly, without the Purchaser’s prior written consent, take actions to encourage, solicit, enter into, initiate or hold discussions or negotiations with, or provide any information to or respond to the submission of any proposal, offer or inquiry from, any Person (other than the Purchaser and the Purchaser’s Representatives) regarding, or enter into any contract, arrangement or understanding (including any letter of intent or memorandum of understanding for) any disposition or purchase of any equity interest in, any equity investment in or any sale of all or any significant part of the assets or Business of the Company or any of its Subsidiaries, or any merger, reorganization, recapitalization, consolidation, exchange of equity or other business combination or disposition involving the Company or any of its Subsidiaries (any offers or inquiries pertaining to any of the foregoing matters are referred to as an “Acquisition Transaction Proposal”). If, during the Exclusivity Period, any Person (other than the Purchaser) approaches the Sellers, the Company or any of their respective Representatives about an Acquisition Transaction Proposal, the Sellers shall promptly inform such Person of the existence of this provision and shall within two (2) Business Days advise the Purchaser following the receipt of any Acquisition Transaction Proposal.

Section 6.14 Certain Third Party Consents; Certain Post-Closing Actions.

(a) Prior to the Closing, the Sellers and the Company on the one hand, and Purchaser on the other hand, shall, and shall cause their respective Affiliates to, reasonably cooperate with each other in connection with, and use their respective commercially reasonable efforts to obtain (i) from any applicable third party (including, for the avoidance of doubt, the parties to the Contracts set forth in Section 4.06 of the Sellers’ Disclosure Schedule but excluding the parties to any Designated Contract) any required consent, approval or authorization with respect to the execution and delivery of this Agreement or the other agreements, documents and certificates contemplated hereby or the consummation of the Transactions, in each case, in form and substance reasonably satisfactory to Purchaser and (ii) all Designated Contract Amendments. In connection therewith, the parties shall take such reasonable actions as each other may request from time to time and shall coordinate with each other in respect thereof. Notwithstanding the foregoing, but subject to the covenants and agreements set forth in Section 6.14(c) with respect to Rebranding Costs, in no event shall the Purchaser or any of its Affiliates or the Company or any of its Subsidiaries be obligated to bear any expense or pay any fee (other than the payment of nominal administrative, processing or similar fees or charges) or grant any concession in connection with obtaining any such consent, approval or authorization or Designated Contract Amendment.

(b) Without limiting the generality of the foregoing, but in furtherance thereof, prior to the Closing the parties shall use their respective commercially reasonable efforts to (i) obtain a Specified Contract Consent in respect of each Specified Contract and a Designated Contract Amendment in respect of each Designated Contract, (ii) cause each Particular Contract to be terminated and (iii) following such termination, cause the owner of any Particular Hotel to deliver a Replacement Deliverable; provided, however, that, prior to the Closing, neither the Purchaser nor any of its Affiliates shall contact, directly or indirectly, any counterparty to any Specified Contract, Designated Contract, Particular Contract or any other Contract to which the Company or any of its Subsidiaries is a party without the prior written consent of the Company (not to be unreasonably withheld, conditioned or delayed) and, in any event, any such approved communication between the Purchaser or any of its Affiliates with any counterparty to any Specified Contract, Designated Contract, Particular Contract or any other Contract to which the Company or any of its Subsidiaries is a party shall require the reasonable participation of a Representative of the Company unless the parties agree otherwise; provided, further, that, during the ninety (90) day period immediately following the Closing, neither Sellers nor any of their respective Affiliates or Representatives shall contact, directly or indirectly, any counterparty to any Contract to which the Company or any of its Subsidiaries is a party unless such contact is made by one of the individuals set forth on Schedule 6.14(b), such individual first provides reasonable advance notice of such contact to Purchaser and such individual provides the opportunity for a Representative of Purchaser or the Company to participate in such communication. In connection with the foregoing, each party shall promptly provide each counterparty to any Specified Contract, Designated Contract or Particular Contract, as applicable, with such additional information as such counterparty may reasonably request, and the Purchaser and the Company shall each promptly notify the other of any material communication received by it or its Representatives from any such counterparty relating to the transactions contemplated by this Agreement and/or the actions described in the foregoing clauses (i), (ii) and (iii) and shall provide in such notification a summary of such communication. In addition, for the avoidance of doubt, any Specified Contract Consent, Designated Contract Amendment, termination of a Particular Contract or entry into a replacement Contract for a Particular Contract, in each case, obtained pursuant to the foregoing clauses (i), (ii) and (iii) shall be effective only upon the occurrence of the Closing. All communications pursuant to this Section 6.14(b) between the parties hereto and their respective Affiliates or Representatives, on the one hand, and any counterparty to any Specified Contract, Designated Contract, Particular Contract or any other Contract to which the Company or any of its Subsidiaries is a party shall be conducted in good faith and generally in furtherance of the business interests of each of the Sellers, the Company and the Purchaser.

(c) In connection with the parties' use of commercially reasonable efforts to complete the actions in respect of Particular Contracts and Particular Hotels described in clauses (ii) and (iii) of Section 6.14(b) (the "Rebranding Actions"), to the extent required to complete the Rebranding Actions, Sellers shall incur and pay Rebranding Costs with respect to each Particular Hotel in an amount up to the amount set forth across from such Particular Hotel's name on Schedule 6.14(c). In the event Sellers, the Company or their respective Affiliates incur and pay any such Rebranding Costs, and as a result thereof, complete the Rebranding Actions with respect to any Particular Hotel, Purchaser shall reimburse to Sellers an amount equal to Sellers' documented Rebranding Costs in respect of such Particular Hotel (in each case, up to the amount set forth across from such Particular Hotel's name on Schedule 6.14(c)). Purchaser shall be responsible for and indemnify and hold Seller and its Affiliates harmless from and against all costs, liabilities and expenses related to the transition of a Particular Hotel from the applicable legacy franchisor brand and network to the brand and network of Purchaser and its Affiliates; provided, that Sellers shall reimburse Purchaser an amount equal to fifty percent (50%) of all reasonable and documented out of pocket costs and expenses incurred by Purchaser or its Affiliates related to the transition of a Particular Hotel's website, signage and collateral.

(d) In the event that, as of the Closing, (i) any Specified Contract Consent has not been obtained, (ii) any Designated Contract Amendment has not been entered into by all parties thereto or (iii) with respect to any Particular Hotel, (A) the applicable Particular Contract has not been terminated or (B) a Replacement Deliverable has not been executed and delivered by the owner of such Particular Hotel, then the Closing Purchase Price will be reduced by virtue of the Aggregate Closing Reduction. In any such event, provided that the Purchase Price is an amount equal to less than \$600,000,000, for a period equal to one hundred twenty (120) days following the Closing (which period may be reasonably extended with respect to one or more Particular Hotels, Designated Hotels or Specified Hotels by mutual agreement of the Purchaser and Sellers' Representative to the extent the Purchaser determines in good faith that, as applicable, the granting of a Specified Contract Consent, entry into a Designated Contract Amendment or the termination of a Particular Contract and delivery of a Replacement Deliverable is reasonably likely to occur in the following ten (10) days), the parties will work together and continue to take the actions described in the foregoing Sections

6.14(a) and 6.14(b), and if, prior to the termination of such period, (1) any Specified Contract Consent that was not obtained at Closing is obtained, (2) any Designated Contract Amendment that was not entered into by all parties thereto prior to Closing is entered into by all such parties or (3) any Particular Contract that was not terminated at Closing is terminated and a Replacement Deliverable is delivered by the owner of the applicable Particular Hotel then, in each case, Purchaser will pay to NewCo the Per Hotel Reduction applicable to such Specified Contract, Designated Contract or Particular Hotel, as applicable; provided, however, that, notwithstanding the foregoing, Purchaser shall have no obligation to pay any amounts owing to NewCo pursuant to this sentence until the sum of (x) the difference between \$157,000,000 and the Aggregate Closing Reduction (without giving effect, for the avoidance of doubt, to the operation of the proviso at the end of the definition of “Purchase Price,” such amount, the “Pre-Closing Earned Reduction Amount”) and (y) the aggregate amount owing to NewCo pursuant to this sentence exceeds the Threshold Per Hotel Reduction Amount, at which point Purchaser shall only be required to pay NewCo amounts owing pursuant to this Section 6.14(d) in excess of the amount equal to the difference between the Threshold Per Hotel Reduction Amount and the Pre-Closing Earned Reduction Amount; provided, however, that in no event shall the sum of the Purchase Price plus the aggregate amount paid to the Sellers pursuant to this Section 6.14(d) exceed \$600,000,000. In the event that any Particular Contract is terminated and a Replacement Deliverable is delivered in accordance with the foregoing clause (3), concurrently with Purchaser’s payment of the applicable Per Hotel Reduction to the Sellers (or if no such payment is required pursuant to the foregoing proviso or otherwise, then promptly following the occurrence of such actions), the parties shall cause the Affiliate of the Sellers that is the party to or beneficiary of the applicable Replacement Deliverable to be transferred to Purchaser or its Affiliate, and the provisions of Section 6.08 shall apply thereto mutatis mutandis.

Section 6.15 Classic Resorts Earn-out Payments. In the event the Purchaser, the Company or their respective Affiliates incur and pay any Earn-Out Payment (as defined in the Classic Resorts Asset Purchase Agreement) in accordance with Section 2.7(f) of the Classic Resorts Asset Purchase Agreement, Sellers shall, severally and not jointly, reimburse to the Purchaser an amount equal to any such Earn-Out Payment, by wire transfer of immediately available funds to an account specified in writing by the Purchaser within three (3) Business Days of the later of (a) the date such Earn-Out Payment was paid and (b) the date Sellers received written notice that such Earn-Out Payment was paid.

Section 6.16 Transition Services Agreement Exhibits. The parties agree and acknowledge that the exhibits and schedules attached to the form of Transition Services Agreement attached as Exhibit A hereto are in draft form and do not reflect the parties’ final memorialization of such exhibits and schedules, and in furtherance thereof, from the date of this Agreement until the Closing, the parties will reasonably cooperate with each other and work in good faith to update and finalize such exhibits and schedules to the form of Transition Services Agreement (including by agreeing to appropriate service lengths and by describing such services in greater detail). Such finalized exhibits and schedules shall be attached to the Transition Services Agreement that is executed and delivered at Closing.

Section 6.17 Loyalty Program. Prior to Closing, Purchaser will work in good faith and use commercially reasonable efforts to transition hotels set forth on Schedule 6.17 onto the loyalty platform and program operated by Purchaser and its Affiliates, effective as of Closing. In connection therewith, Purchaser shall engage with the owners of such hotels to provide them with all reasonably requested information regarding such loyalty platform and program and shall otherwise use commercially reasonable efforts to manage Purchaser’s systems in a manner to appropriately implement such transition; provided, however, that, prior to the Closing, neither the Purchaser nor any of its Affiliates shall contact, directly or indirectly, any counterparty to any owners of such hotels without the prior written consent of the Company (not to be unreasonably withheld, conditioned or delayed) and, in any event, any such approved communication between the Purchaser or any of its Affiliates with any owners of such hotels shall require the reasonable participation of a Representative of the Company unless the parties agree otherwise. In furtherance thereof, Sellers will cause the owners of the hotels set forth on Section 6.17 of the Disclosure Schedule to agree to Purchaser’s standard loyalty program terms with respect to the operation of such hotels.

ARTICLE 7

CONDITIONS TO CLOSING

Section 7.01 Conditions to Obligations of the Sellers and the Company. The obligations of the Sellers and the Company to consummate the Transactions shall be subject to the satisfaction, or written waiver by the Company, at or prior to the Closing, of each of the following conditions:

(a) Representations, Warranties and Covenants. (i) (1) The representations and warranties of the Purchaser contained in Sections 5.01 (Organization and Authority of the Purchaser), 5.06 (Availability of Funds) and 5.10 (No Brokers) shall be true and correct in all respects and (2) all other representations and warranties of the Purchaser contained in this Agreement, disregarding all qualifications contained therein relating to materiality or Material Adverse Effect, shall be true and correct in all respects, in the case of clauses (1) and (2), as of the date hereof and as of the Closing with the same force and effect as though such representations and warranties had been made as of the Closing (except for such representations and warranties which are made as of an earlier date, in which case they shall be so true and correct as of such date), except in the case of clause (2) to the extent that the failure of such representations and warranties to be so true and correct, individually or in the aggregate, have not and would not reasonably be expected to materially impair or delay the Purchaser's ability to consummate the Transactions or to perform its obligations hereunder, and (ii) the covenants and agreements contained in this Agreement to be complied with by the Purchaser on or before the Closing shall have been complied with in all material respects, and the Sellers shall have received a certificate from the Purchaser to the effect of clauses (i) and (ii) above signed by a duly authorized officer thereof;

(b) No Order. There shall be no Law or Governmental Order of any nature of any Governmental Authority of competent jurisdiction that is in effect that prohibits, enjoins or restrains (whether temporarily or permanently) the consummation of the Transactions;

(c) Regulatory Approvals. All applicable waiting periods under the HSR Act with respect to the Transactions shall have expired or been terminated; and

(d) Closing Deliverables. The Sellers, the Company and other applicable Persons shall have received each of the applicable Closing deliverables set forth in Section 2.05.

Section 7.02 Conditions to Obligations of the Purchaser. The obligations of the Purchaser to consummate the Transactions shall be subject to the fulfillment, or written waiver by the Purchaser (in its sole discretion), at or prior to the Closing, of each of the following conditions:

(a) Representations, Warranties and Covenants. (i) (1) The representations and warranties set forth in Sections 3.01 (Organization and Authority of the Sellers), 3.02 (Due Authorization), 3.04 (Ownership of Membership Interests), 4.01 (Organization, Authority and Qualification of the Company), 4.02 (Subsidiaries), 4.03 (Due Authorization), 4.04(a) and (b) (Capitalization; Officers and Directors), and 4.25 (No Brokers), in each case, including to the extent made by NewCo in the Joinder, shall be true and correct in all respects and (2) all other representations and warranties of the Sellers and the Company contained in this Agreement or of NewCo contained in the Joinder, disregarding all qualifications contained therein relating to materiality or Material Adverse Effect, shall be true and correct in all respects, in the case of clauses (1) and (2), as of the date hereof and as of the Closing with the same force and effect as though such representations and warranties had been made as of the Closing (except for such representations and warranties which are made as of an earlier date, in which case they shall be so true and correct as of such date), except in the case of clause (2) to the extent that the failure of such representations and warranties to be so true and correct, individually or in the aggregate, have not had, and would not reasonably be expected to have a Material Adverse Effect, and (ii) the covenants and agreements contained in this Agreement to be complied with by the Sellers, the Sellers' Representative and the Company on or before the Closing shall have been complied with in all material respects, and the Purchaser shall have received a certificate from the Company to the effect of clauses (i) and (ii) above signed by a duly authorized officer thereof;

(b) No Order. There shall be no Law or Governmental Order of any nature of any Governmental Authority of competent jurisdiction that is in effect that prohibits, enjoins or restrains (whether temporarily or permanently) the consummation of

the Transactions;

(c) Regulatory Approvals. All applicable waiting periods under the HSR Act with respect to the Transactions shall have expired or been terminated;

(d) Restructuring Transactions. The Restructuring Transactions shall have been consummated;

(e) Unaffiliated Member Equity Purchase Agreement. The transactions contemplated by the Unaffiliated Member Equity Purchase Agreement shall have been consummated prior to the Closing;

(f) No Material Adverse Effect. Since the date hereof, there shall not have occurred any event, change, occurrence, development or circumstance that, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect under clause (y) of the definition thereof; and

(g) Closing Deliverables. The Purchaser shall have received each of the Closing deliverables set forth in Section 2.04.

ARTICLE 8

INDEMNIFICATION

Section 8.01 Survival; Remedies for Breach.

(a) The representations and warranties made by the Sellers, the Company and the Purchaser in this Agreement shall survive the Closing for a period of one (1) year following the Closing; provided, however, that the representations and warranties set forth in Section 3.01 (Organization and Authority of the Sellers), Section 3.02 (Due Authorization), Section 3.04 (Ownership of Membership Interests), Section 4.01 (Organization, Authority and Qualification of the Company), Section 4.02 (Subsidiaries), Section 4.03 (Due Authorization), Section 4.04(a) and (b) (Capitalization; Officers and Directors), Section 4.25 (No Brokers), Section 5.01 (Organization and Authority of the Purchaser), Section 5.06 (Availability of Funds), and Section 5.10 (No Brokers) (collectively, and, including to the extent made by NewCo in the Joinder, the “Fundamental Representations”) shall survive the Closing for a period of five (5) years following the Closing. The covenants and agreements of a party set forth in this Agreement which by their terms (a) contemplate performance prior to the Closing shall terminate on the date that is one (1) year after the Closing Date or (b) contemplate actions or impose obligations at or following the Closing shall survive the Closing and remain in full force and effect for the stated term of such covenant or agreement and, if no such term is stated, for the applicable statute of limitations (including all extensions and waivers thereof). Except as otherwise provided in Section 8.01(b), following the expiration of the applicable period during which a representation and warranty or covenant survives the Closing as set forth in this Section 8.01(a) (such period with respect to such representation and warranty or covenant being hereinafter the “Survival Period”), the applicable representations and warranties and covenants shall be of no further force or effect.

(b) If the written notice referred to in Section 8.02(b) or Section 8.03(b), as the case may be, of the breach or inaccuracy of any representation or warranty or covenant that would otherwise terminate at the expiration of the applicable Survival Period with respect thereto, has been given to the party against whom indemnification may be sought on or prior to the expiration of the applicable Survival Period, such representation or warranty or covenant shall survive only with respect to the matters specified in such notice and such survival shall only apply to the portion of any such representation or warranty or covenant with respect to which such breach or inaccuracy has occurred.

(c) After the Closing, absent Fraud, the indemnities set forth in this Article 8 shall be the sole and exclusive remedies of the parties hereto with respect to any breach of any representation, warranty or covenant in this Agreement or in any agreement, certificate or instrument contemplated hereby; provided, however, that nothing contained herein shall limit or impair the right of any party (1) to specific performance or injunctive relief (including under Section 11.13) in connection with another party's breach of its obligations under this Agreement, (2) in any dispute under Section 2.07 (which disputes will be resolved in accordance with the dispute mechanism set forth in Section 2.07(d)) or (3) in the case of Fraud. In furtherance of the foregoing, from and after the Closing Date, except (w) as otherwise provided in this Article 8, (x) for matters arising out of actions or omissions occurring after the Closing Date, (y) in the case of Fraud or (z) for breaches of this Agreement, (i) the parties, on behalf of themselves and their respective Affiliates and Representatives, hereby waive, and release each other and their respective Affiliates and Representatives from, to the fullest extent permitted by applicable Law, any and all other Losses, rights, defenses, claims and causes of action (including rights of contributions, if any), known or unknown, foreseen or unforeseen, which exist or may arise in the future, that it may have against the Sellers or any of their respective Affiliates or Representatives (in the case of the release provided by the Purchaser), or the Purchaser or any of its Affiliates (including the Company and its Subsidiaries) or Representatives (in the case of the release provided by the Sellers and the Sellers' Representative), as the case may be, arising under or based upon any federal, state or local Law (including any such Law arising under or based upon any securities Law, Environmental Law, common Law or otherwise), (ii) the Purchaser, the Sellers, the Sellers' Representative and the Company and their respective Subsidiaries and Affiliates, on behalf of themselves and their respective Affiliates and Representatives, hereby waive, and release any director or officer of the Company from, to the fullest extent permitted by applicable Law, any and all other rights, defenses, claims and causes of action (including rights of contributions, if any), known or unknown, foreseen or unforeseen, which exist or may arise in the future, that it may have against such director or officer in his or her capacity as such based upon any federal, state or local Law (other than any employment-related claims), and (iii) each of the parties expressly acknowledges that it has had, or has had and waived, the opportunity to be advised by independent legal counsel and hereby waives and relinquishes all rights and benefits afforded by, and does so understanding and acknowledging the significance and consequence of such specific waiver of, any applicable Law similar in nature to Section 1542 of the California Civil Code, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED THE SETTLEMENT WITH THE DEBTOR.

Section 8.02 Indemnification of the Purchaser.

(a) Subject to the provisions of this Section 8.02, Section 8.06 and the other Sections of this Article 8, following the Closing, the Purchaser and each of its Affiliates and Representatives (each hereinafter a "Purchaser Indemnified Party") shall be indemnified by the Sellers, severally and not jointly, from and against the amount of any and all Losses incurred by them arising out of:

(i) any breach of, or inaccuracy in, any representation or warranty, as of the date hereof or as of the Closing, made by such Seller under Article 3 of this Agreement or any certificate delivered pursuant hereto or made by NewCo in the Joinder;

(ii) any breach or failure to perform by such Seller of any of its covenants or agreements under this Agreement or any document contemplated hereby;

(iii) any breach of, or inaccuracy in, any representation or warranty, as of the date hereof or as of the Closing, made by the Company under Article 4 of this Agreement or any certificate delivered pursuant hereto or made by NewCo in the Joinder;

(iv) any breach or failure to perform by the Company of its covenants or agreements under this Agreement or any document contemplated hereby;

(v) (w) the NewCo Employee Liabilities, (x) the failure to deliver an LTIP Acknowledgment, (y) the Specified Matters or (z) any LTIP Remediation Costs (to the extent not counted in Company Indebtedness) (the indemnity provided in this clause (v), the “Employee Matters Indemnity”); and

(vi) any Loss related to any Excluded Contract (the indemnity provided in this clause (vi), the “Specific Indemnity”).

Notwithstanding anything herein to the contrary, no representation, warranty or covenant made by the Sellers or the Company in respect of Taxes, including under Section 4.19 (other than the representations and warranties in Sections 4.19(j), (o) or (q)), shall apply or give rise to any claims for Losses with respect to Taxes arising in the Post-Closing Tax Period, other than any imputed underpayments imposed under Section 6225 of the Code in a Post-Closing Tax Period which relate to a Pre-Closing Tax Period.

Except to the extent of its obligations in respect of the Specific Indemnity, in no event shall either Seller be responsible for Losses in excess of the portion of the Final Purchase Price paid to such Seller.

(b) Notwithstanding anything to the contrary in this Agreement, the Purchaser Indemnified Parties shall not be entitled to indemnification under Section 8.02(a) unless the Purchaser Indemnified Party has provided the Sellers’ Representative with written notice of such claim in accordance with Section 8.04(a) or 8.05(a), as applicable.

(c) The Purchaser shall use, and shall cause its Affiliates (including the Company and its Subsidiaries after the Closing) to use, commercially reasonable efforts in accordance with applicable Law to mitigate any Loss for which indemnification may be sought hereunder upon becoming aware of any event which would reasonably be expected to, or does, give rise thereto.

Section 8.03 Indemnification of the Sellers.

(a) Subject to the provisions of this Section 8.03, Section 8.06 and the other Sections of this Article 8, following the Closing, the Purchaser agrees to indemnify, defend and hold the Sellers, and each of their respective Affiliates and Representatives (each a “Seller Indemnified Party”) harmless from and against any and all Losses incurred by them arising out of:

(i) any breach of, or inaccuracy in, any representation or warranty, as of the date hereof or as of the Closing, made by the Purchaser under this Agreement or any certificate delivered pursuant hereto; and

(ii) any breach or failure to perform by the Purchaser of any of its covenants or agreements under this Agreement or any document contemplated hereby.

(b) Notwithstanding anything to the contrary in this Agreement, the Seller Indemnified Parties shall not be entitled to indemnification under this Section 8.03 unless the applicable Seller Indemnified Party has provided the Purchaser with written notice of such claim in accordance with Section 8.04(a), 8.05(a) or Section 10.03, as applicable.

(c) The Sellers shall use, and shall cause their Affiliates to use, commercially reasonable efforts in accordance with applicable Law to mitigate any Loss for which indemnification may be sought hereunder upon becoming aware of any event which would reasonably be expected to, or does, give rise thereto.

Section 8.04 Procedures for Indemnification Other Than Third-Party Claims.

(a) If any Purchaser Indemnified Party or any Seller Indemnified Party (hereinafter an “Indemnified Party”) shall claim to have suffered a Loss (other than with respect to any claim asserted, demand or other Action by any Person who is not a party to this Agreement (hereinafter a “Third-Party Claim”)) for which indemnification is available under Section 8.02 or 8.03, as the case may be (for purposes of this Section 8.04, regardless of whether such Indemnified Party is entitled to receive a payment in respect of such claim by virtue of the provisions of Section 8.05), the Indemnified Party shall notify the party required to provide indemnification (hereinafter an “Indemnifying Party”) in writing (a “Claim Notice”) of such claim promptly (but in no event more than thirty (30) days following the discovery of such claim and in no event after the expiration of the applicable Survival Period) (provided, that the failure by the Indemnified Party to so notify the Indemnifying Party shall not relieve the Indemnifying Party from any liability to the Indemnified Party except to the extent that such failure shall have actually and materially prejudiced the defense of such claim and then only to the extent of such prejudice), which written notice shall describe the facts and circumstances giving rise to such Loss, the basis upon which indemnity is being sought, the amount or estimated amount of the Loss, if known or reasonably ascertainable at the time such claim is made (or if not then reasonably ascertainable, the maximum amount of such claim reasonably estimated by the Indemnified Party), and the method of computation of such Loss, all with reasonable particularity and containing a reference to the provisions of this Agreement in respect of which such Loss shall have occurred.

(b) If the Indemnified Party shall have received from the Indemnifying Party, within fifteen (15) Business Days after the Indemnifying Party’s receipt of a Claim Notice made in accordance with Section 8.04(a), a written notice setting forth the Indemnifying Party’s objections to such claim and the Indemnifying Party’s reasons for such objection, then the parties shall negotiate in good faith for a period of at least twenty (20) Business Days from the date the Indemnified Party receives such objection (such period is hereinafter referred to as the “Negotiation Period”). After the Negotiation Period, if the parties still cannot agree on the claim, the Indemnified Party may, at any time thereafter, until the expiration of the applicable statute of limitations with respect to its claim for indemnification, commence legal proceedings against the Indemnifying Party to enforce its rights to indemnification from and against any Losses described in the written notice described in Section 8.04(a) above.

(c) In the event of a Third-Party Claim under this Agreement, at the reasonable request of the Indemnifying Party, the Sellers or the Purchaser, as applicable, and its and their Subsidiaries and its and their Representatives shall grant the Indemnifying Party and its Representatives reasonable access to the books, records and properties of the Sellers or the Purchaser, as applicable, and their Subsidiaries and their Representatives to the extent reasonably related to the matters to which the Third-Party Claim relates. All such access shall be granted during normal business hours and shall be granted under conditions designed to minimize the disruption to the businesses of the Sellers or the Purchaser, as applicable, and their Subsidiaries and Affiliates and their Representatives, as the case may be; provided, that such access would not reasonably be expected to jeopardize or violate any attorney-client or other applicable legal privilege, applicable Law or Contract or other confidentiality obligations (provided that, the Sellers or the Purchaser, as applicable, and their Subsidiaries and Affiliates and their Representatives, as the case may be, shall use commercially reasonable efforts to provide such access as can be provided (or otherwise find alternative means to convey such information regarding the applicable matter as can be conveyed) without violating such privilege, Law or Contract or other confidentiality obligation). The Indemnifying Party shall not, and shall cause its Representatives not to, use (except in connection with such Third-Party Claim) or disclose to any third person other than the Representatives of the Indemnifying Party (except as may be required by applicable Law) any confidential information obtained pursuant to this Section 8.04(c).

Section 8.05 Procedures for Third-Party Claims.

(a) Any Indemnified Party seeking indemnification pursuant to this Article 8 in respect of any Third-Party Claim shall give the Indemnifying Party from whom indemnification with respect to such claim is sought: (i) prompt written notice (but in no event more than ten (10) Business Days after the Indemnified Party acquires knowledge thereof and in no event after the expiration of the applicable Survival Period) of such Third-Party Claim; and (ii) copies of all material documents and information (including court papers) relating to any such Third-Party Claim within ten (10) Business Days of their being obtained by the Indemnified Party; provided, however, that the failure by the Indemnified Party to so notify or provide copies within either such ten

(10) Business Day period to the Indemnifying Party shall not relieve the Indemnifying Party from any liability to the Indemnified Party for any liability hereunder except to the extent that such failure shall have actually and materially prejudiced the defense of such Third-Party Claim and then only to the extent of such prejudice.

(b) In the event of a Third-Party Claim, the Indemnifying Party shall have the right, upon written notice to the Indemnified Party, to investigate, contest, defend or settle any Third-Party Claim that may result in Losses with respect to which the Indemnified Party is entitled to indemnification pursuant to this Article 8 and select legal counsel of its choosing in connection therewith (provided that such notice shall include an irrevocable acknowledgment of the Indemnifying Party that the Third-Party Claim may result in Losses, and that if such Losses do so result, then the Indemnified Party shall be entitled to indemnification by the Indemnifying Party pursuant to this Article 8); provided, however, that the Indemnified Party may, at its option and at its own expense, participate in the investigation, contesting, defense or settlement of any such Third-Party Claim through Representatives of its own choosing; provided, further, that the Indemnifying Party shall not settle or compromise any Third-Party Claim unless the terms of such settlement or compromise (i) call only for a payment to the Indemnified Party (or of the Third-Party Claim directly), the full amount of which is indemnified hereunder, (ii) does not impose an injunction or other equitable relief upon the Indemnified Party, (iii) does not require an admission or acknowledgment of fault, wrongdoing or violation of Law by the Indemnified Party, (iv) contains an unconditional release of the Indemnified Party in respect of such claim and (v) would not be reasonably expected, in the good faith judgment of the Indemnified Party, to establish a precedent, custom or practice materially adverse to the continuing business interests or prospects of the Indemnified Party or its Affiliates. If requested in writing by the Indemnifying Party, the Indemnified Party shall reasonably cooperate with the Indemnifying Party and its counsel in contesting any Third-Party Claim or, if appropriate and related to the Third-Party Claim in question, in making any reasonable counterclaim against the Person making such Third-Party Claim, or any cross-complaint against any Person (other than the Indemnified Party or its Affiliates) or similar action. If the Indemnifying Party shall not have elected to assume the defense of such Third-Party Claim within ten (10) Business Days of receipt of the Claim Notice, the Indemnified Party shall have the right, at its option and at the expense of the Indemnifying Party, to do so in such manner as it deems appropriate; provided, however, the Indemnifying Party shall have the right to assume the defense of such Third-Party Claim at any time thereafter if it acknowledges in writing that such Third-Party Claim may result in Losses, and that if such Losses do so result, then the Indemnified Party shall be entitled to indemnification by the Indemnifying Party pursuant to this Article 8. In the event any Indemnified Party settles or compromises or consents to the entry of any judgment with respect to any Third-Party Claim the defense of which, the Indemnifying Party has properly assumed hereunder without the prior written consent of the Indemnifying Party, such Indemnified Party shall be deemed to have irrevocably waived all rights to make a claim for indemnification pursuant to this Agreement with respect to such Third-Party Claim. The Indemnifying Party shall be entitled to participate in (but not to control) the defense of any Third-Party Claim which it has not elected to defend with its own counsel and at its expense. Notwithstanding anything herein to the contrary, in no event shall the Indemnifying Party be entitled to conduct or control the defense, compromise and settlement of any Third-Party Claim if (i) such claim seeks as the sole remedy an injunction, other equitable relief or any other non-monetary relief against the Indemnified Party, (ii) in the event such claim were to be decided adversely to the Indemnified Party, the aggregate amount of Losses associated therewith, together with all other outstanding claims would reasonably be expected to exceed the aggregate liability limitations set forth in this Article 8, (iii) such claim relates to or arises out of any allegedly criminal activity or quasicriminal activity, (iv) the Indemnifying Party is also a party or has an interest in such Third-Party Claim, which interest conflicts with the interests of the Indemnified Party (as determined by outside counsel applying the conflict-of-interest rules restricting attorney conduct in the applicable jurisdiction if counsel for the Indemnifying Party were to act as counsel for the Indemnified Party) or (v) indemnification in respect of such Third-Party Claim is being sought pursuant to the Specific Indemnity in respect of an Excluded Contract of the type described in clause (ii) of the definition thereof (provided, that in the case of this clause (v), the Indemnified Party shall not settle or compromise any such Third-Party Claim without the Indemnifying Party's prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed (it being agreed and understood that the determination as to whether it is reasonable to withhold, condition or delay such consent, shall take into account various factors, including costs associated with such settlement or compromise, expediency in resolving such Third-Party Claim and the totality of the other circumstances related to any such Third-Party Claim), unless (w) such settlement or compromise provides for a cash payment to the applicable third party of greater than \$3,000,000, (x) the applicable Excluded Contract has previously been terminated, or the applicable settlement or compromise includes as a term thereof, or otherwise results in, the termination of the applicable Excluded Contract and (y) the Indemnifying Party is not entitled to reimbursement of its indemnification obligations pursuant to Section 8.11(c) hereof, in which event such consent may be withheld, conditioned or delayed

in the Indemnifying Party's sole discretion)). In the event of any Third-Party Claim for which indemnification is being sought pursuant to the Specific Indemnity in respect of an Excluded Contract of the type described in clause (ii) of the definition thereof, (A) the Indemnifying Party shall at its own expense have the opportunity to participate in (but, for the avoidance of doubt, not control) the defense thereof, (B) the Indemnified Party will consult in good faith with the Indemnifying Party on a periodic basis with respect to litigation strategy and accrual of litigation costs and (C) the Indemnified Party will consider in good faith any comments or requests reasonably proposed by the Indemnifying Party with respect thereto.

(c) Notwithstanding anything to the contrary herein, the Indemnifying Party may only investigate, contest, defend or settle such Third-Party Claim if the insurer under the R&W Policy is not entitled, or if entitled does not elect, to assume the defense of such Third-Party Claim.

Section 8.06 Additional Limits on Rights to Indemnification.

(a) Notwithstanding anything to the contrary in this Agreement, except in the case of Fraud, in no event shall the Sellers be liable for indemnification pursuant to Section 8.02(a)(i) or Section 8.02(a)(iii):

(i) for any individual claim where the Losses relating to such claim (or other claims arising from substantially the same facts or circumstances) is less than \$25,000 (the "Individual Basket Amount") (and any such items shall not be aggregated for purposes of this Section 8.06(a)(i)); provided, however, that if such amount is exceeded, the Purchaser Indemnified Party may seek indemnification hereunder for any and all such Losses with respect to such claim (or claims);

(ii) except with respect to any breach of, or inaccuracy in, any Fundamental Representation or any representation or warranty set forth in Section 4.19 (Taxes), unless and until any Losses as to which the Purchaser Indemnified Parties otherwise may be entitled to indemnification hereunder exceed \$2,250,000 (the "Deductible Amount"); provided, however, that after the aggregate amount of all indemnifiable Losses exceeding the Individual Basket Amount with respect thereto exceeds the Deductible Amount, the Purchaser Indemnified Parties shall, in the aggregate, be entitled to indemnification only to the extent the aggregate amount of all such Losses exceeds the Deductible Amount;

(iii) for any Losses, in the aggregate, related to any breach of, or inaccuracy in, any representation or warranty made by the Sellers under Article 3 (other than a Fundamental Representation) or the Company under Article 4 (other than a Fundamental Representation or any representation or warranty set forth in Section 4.19 (Taxes)) to the extent that the aggregate amount of such Losses exceeds \$60,000,000 (the "Cap"); provided, however, that all Losses of the Purchaser Indemnified Parties shall be (A) applied first to satisfy the Deductible Amount as provided in Section 8.06(a)(ii) and (B) then recovered from the Sellers, up to a maximum amount not to exceed the difference between the Cap and the Deductible Amount; and

(iv) for any Losses in the aggregate related to breaches of Fundamental Representations or any representation or warranty set forth in Section 4.19 (Taxes), to the extent the aggregate amount of such Losses (together with all other Losses) exceeds an amount equal to the Final Purchase Price.

Notwithstanding anything to the contrary in this Agreement, the Purchaser Indemnified Parties' sole and exclusive remedy with respect to Losses for which they may be entitled to indemnification pursuant to Section 8.02(a)(i) or Section 8.02(a)(iii) (subject to the limitations set forth in Section 8.02, this Section 8.06 and the other Sections of this Article 8) shall be as follows: (A) with respect to representations and warranties other than Fundamental Representations or any representation or warranty set forth in Section 4.19 (Taxes), to satisfy the amount of such Losses first from payment by the Sellers of the Seller Self-Retention Amount and second out of the R&W Policy and (B) with respect to Fundamental Representations or any representation or warranty set forth in

Section 4.19 (Taxes), to satisfy the amount of such Losses in the following order of priority: (I) first, out of the R&W Policy (following payment by the Sellers of the Seller Self-Retention Amount) and (II) second, to the extent that any such Losses are in excess of the limits of the R&W Policy (or excluded from the scope thereof other than as a result of any breach by the Purchaser of the terms of the R&W Policy that is either (x) not disputed by the Purchaser or (y) that is finally resolved in favor of the insurer under the R&W Policy or any failure by Purchaser to timely file a claim under the R&W Policy or use commercially reasonable efforts to pursue recovery thereunder), directly against the Sellers. For purposes hereof, "Seller Self-Retention Amount" means one-half of the self-retention amount under the R&W Policy. For purposes of clarity and for the avoidance of doubt, the Sellers shall only be required to pay the Seller Self-Retention Amount on one occasion.

For the avoidance of doubt, the provisions of this Section 8.06(a) shall not apply to any claims in respect of, or brought pursuant to, the Specific Indemnity, even if the facts or circumstances giving rise to such claims would otherwise give rise to a claim for indemnification that would be subject to the provisions of this Section 8.06(a) (i.e., a claim for indemnification under Section 8.02(a)(i) or Section 8.02(a)(iii)).

(b) Notwithstanding anything to the contrary in this Agreement, except (x) in the case of Fraud or (y) for a breach of or inaccuracy in any Fundamental Representation (other than as set forth in clause (iv) below), in no event shall the Purchaser be liable for indemnification pursuant to Section 8.03(a)(i):

(i) for any individual claim where the Losses relating to such claim (or other claims arising from substantially the same facts or circumstances) is less than the Individual Basket Amount (and any such items shall not be aggregated for purposes of this Section 8.06(b)(i)); provided, however, that if such amount is exceeded, the Seller Indemnified Party may seek indemnification hereunder for any and all such Losses with respect to such claim (or claims) in excess of such threshold;

(ii) unless and until any Losses as to which the Seller Indemnified Parties otherwise may be entitled to indemnification hereunder exceed the Deductible Amount; provided, however, that after the aggregate amount of all indemnifiable Losses exceeding the Individual Basket Amount with respect thereto exceeds the Deductible Amount, the Seller Indemnified Parties shall, in the aggregate, be entitled to indemnification only to the extent the aggregate amount of all such Losses exceeds the Deductible Amount;

(iii) to the extent that the aggregate amount of such Losses exceeds the Cap; provided, however, that all Losses of the Seller Indemnified Parties shall be (1) applied first to satisfy the Deductible Amount as provided in Section 8.06(b)(ii) and (2) then recovered from the Purchaser, up to a maximum amount not to exceed the difference between the Cap and the Deductible Amount; and

(iv) for any Losses related to a breach of or inaccuracy in a Fundamental Representation under the Agreement, to the extent the aggregate amount of such Losses (together with all other Losses) exceeds the Final Purchase Price.

Notwithstanding anything to the contrary in this Agreement, the amounts owed (if any) by Purchaser to the Sellers pursuant to Article 10 shall not be subject to the limitations contained in this Section 8.06(b).

(c) An Indemnified Party shall not be entitled to double recovery for any Losses. In calculating amounts payable to an Indemnified Party hereunder, the amount of any indemnified Loss shall be determined without duplication of any other Loss for which an indemnification claim has been made under any other representation, warranty, covenant or agreement. Without limitation of the foregoing, an Indemnified Party shall not be entitled to indemnification for Losses (and the amount of any such Losses shall not be includable in determining whether the aggregate amount of the Losses exceeds the Deductible Amount) if and to the extent

that the amount of any Losses from any matter has been taken into account as a reduction to Purchase Price in the determination of Final Closing Indebtedness, or otherwise in the determination of the Final Closing Working Capital.

Section 8.07 Losses Net of Insurance, Tax Benefits, Reserves. The amount of any Loss for which indemnification is provided to a Purchaser Indemnified Party under this Article 8 shall be net of any tax benefit realized by the Purchaser Indemnified Party with respect to, and in the taxable year of or in the two taxable years following, such Loss and net of any amounts recovered by the Purchaser Indemnified Party with respect to such Loss under insurance policies or other third-party sources (in each case, net of any costs and expenses incurred in connection with the collection of any such amounts, and net of any deductible or increase in insurance premiums as a result of such Loss). The amount of any Loss for which indemnification is provided to a Seller Indemnified Party under this Article 8 shall be net of any tax benefit realized by the Seller Indemnified Party with respect to, and in the taxable year of or in the two taxable years following, such Loss and net of any amounts recovered by the Seller Indemnified Party with respect to such Loss under any insurance policies or other third-party sources. An Indemnified Party shall, to the extent practicable and commercially reasonable, submit claims under and use commercially reasonable efforts to diligently pursue recovery under all insurance policies under which any Losses may be insured (other than the R&W Policy). Any amounts recovered by an Indemnified Party and its Affiliates under any such insurance policies (other than the R&W Policy) shall reduce the amount of any Loss for which indemnification may be sought hereunder. A “tax benefit” shall mean, with respect to any Person, an actual reduction in Taxes payable attributable to any deduction, expense, loss, credit or refund to such person as a result of such Losses. The amount of any Loss shall be calculated net of any reserves related to the matter that is the subject of the Loss, but only to the extent such reserves are expressly taken into account as a reduction to the Final Purchase Price as a result of the final determination of the Final Closing Indebtedness.

Section 8.08 Materiality. Notwithstanding anything to the contrary contained in this Agreement, for purposes of determining the amount of any Losses that are the subject matter of a claim for indemnification pursuant to this Article 8, and for purposes of determining whether the representations and warranties giving rise to such indemnification have been breached or are inaccurate), each representation and warranty in this Agreement shall be read without regard and without giving effect to the term, or, as applicable, clause containing, “material,” “materiality” or similar phrases or clauses (including “Material Adverse Effect” or “material adverse effect”) contained in such representation or warranty.

Section 8.09 Subrogation of Rights. The Indemnifying Party shall be subrogated to all rights and remedies of the Indemnified Party, and each Indemnified Party shall use commercially reasonable efforts to perfect the above subrogation rights; provided, that, the Indemnifying Party shall not be required to perfect the above subrogation rights to the extent the Indemnifying Party determines in good faith that granting such subrogation rights would negatively impact the Indemnifying Party’s relationships, contractual or otherwise, with any Person having a business relationship with the Indemnifying Party.

Section 8.10 Tax Treatment of Payments. The Purchaser and the Sellers agree that all payments made pursuant to this Article 8, Article 10 or the second sentence of Section 6.14(c) shall be treated as adjustments to the Final Purchase Price for all Tax purposes to the maximum extent permitted by applicable law.

Section 8.11 Certain Limitations on Losses With Respect to the Employee Matters Indemnity and the Specific Indemnity.

(a) With respect to any amounts owed by the Sellers pursuant to any of the Employee Matters Indemnity or the Specific Indemnity (to the extent such Specific Indemnity claim is in respect of an Excluded Contract of the type described in clause (i) of the definition thereof), such amounts shall not include (i) punitive damages or (ii) exemplary or multiple damages or diminution in value, loss of profits or loss of business opportunity damages or other special, incidental or consequential damages and shall not be calculated by using a multiple of earnings, book value or other similar measure that may have been used in arriving at or that may be reflective of the Purchase Price (except, in the case of this clause (ii), to the extent that any such amounts are or were the reasonably foreseeable consequence of the circumstances giving rise thereto), it being understood that any Taxes, interest or penalties imposed by operation of law shall not be excluded from the scope of the Employee Matters Indemnity or the Specific Indemnity by operation of this Section 8.11; provided, that nothing in this Section 8.11 shall prevent a Purchaser Indemnified Party from recovering the actual amount paid by it in respect of any Third-Party Claim that is otherwise indemnifiable hereunder.

(b) With respect to any amounts owed by the Sellers pursuant to the Specific Indemnity in respect of an Excluded Contract of the type described in clause (ii) of the definition thereof, such amounts shall only include (i) Losses which are awarded to a third party in connection with any applicable Third-Party Claim, (ii) Losses which are paid to a third party in settlement or compromise of any Third-Party Claim and (iii) out-of-pocket costs or expenses incurred by any Purchaser Indemnified Party (including reasonable attorneys' fees and other professional services fees) in connection with such claim. Any such Losses shall be paid by Sellers to the Purchaser Indemnified Party (or as directed by the Purchaser Indemnified Party) on a periodic basis, promptly following (and in any event within fifteen (15) Business Days) such Purchaser Indemnified Party providing Sellers with reasonable documentation evidencing any such Losses, whether before or after the resolution of such Third-Party Claim.

(c) In the event any Purchaser Indemnified Party suffers Losses that are indemnifiable pursuant to the Specific Indemnity in respect of an Excluded Contract of the type described in clause (ii) of the definition thereof, and either (x) the applicable Excluded Contract remains in full force and effect following final resolution of the applicable Third-Party Claim (which final resolution shall be deemed to have occurred upon either (i) a final non-appealable ruling by a court of competent jurisdiction in respect thereof or (ii) a full and final written settlement of all matters related to such Third-Party Claim, duly executed by the parties thereto) or (y) the counterparty to the applicable Excluded Contract dismisses or otherwise withdraws the applicable Third-Party Claim and waives any breach or default under such Excluded Contract as a result of the consummation of the Transactions or as a result of the management of the applicable Specified Hotel by Purchaser or its Affiliates, which, in the case of either clause (x) or (y), results in Purchaser or its Affiliate remaining as the hotel manager thereunder, then such Purchaser Indemnified Party shall be required to reimburse to the Sellers (on a pro rata basis) an aggregate amount equal to the indemnifiable Losses in respect of such Third-Party Claim that Sellers have actually paid to such Purchaser Indemnified Party pursuant to the foregoing Section 8.11(b); provided that in no event shall such reimbursement exceed the Residual Value of the applicable Excluded Contract. For purposes hereof, the “Residual Value” applicable to any Excluded Contract shall be equal to seventy five percent (75%) of the Per Hotel Closing Reduction applicable to such Excluded Contract; provided, that to the extent the terms of the Excluded Contract are amended or modified in connection with the resolution of such Third-Party Claim under clause (x) or (y) above in a manner that is materially less favorable in the aggregate to the hotel manager thereunder, such Residual Value shall be equitably adjusted in accordance with the provisions hereof to reflect any change in the value of such Excluded Contract resulting therefrom. In any such event, the parties will work together in good faith to determine any such adjustments upon the request of either party. If the parties are unable to reach an agreement as to such adjustments within thirty (30) days of either party initiating the process for determination thereof, then the parties shall submit the dispute to a mutually agreed independent third party valuation firm, who shall resolve such matters; provided, however, that the valuation firm may not determine an adjustment that is in excess of that claimed by the party claiming the highest adjustment or less than that claimed by the party claiming the lowest adjustment. The parties shall cause the valuation firm to make such determination within forty-five (45) days following the submission of the matter thereto for resolution, and such determination shall be final, conclusive and binding upon the parties (absent fraud or manifest error) and may be entered and enforced in any court having jurisdiction. The parties shall instruct the valuation firm to make its determination based solely upon the written submissions of the Parties (i.e., not by independent review). Each of the parties agrees that it shall not have any right to, and shall not, institute any Action of any kind challenging such determination, except that the foregoing shall not preclude an Action to enforce such determination.

ARTICLE 9

TERMINATION

Section 9.01 Termination. This Agreement may be terminated at any time prior to the Closing Date (the “Termination Date”):

(a) by the Purchaser, effective upon written notice addressed and delivered to the Sellers and the Company, if (i) there shall have been a breach of any of the representations, warranties, agreements or covenants set forth in this Agreement on the part of the Sellers or the Company which would, or would be reasonably expected to, cause the satisfaction of any conditions set forth in Section 7.02 not to be satisfied prior to the End Date, and (ii) either such breach has not been waived in writing by the

Purchaser, or, if curable, such breach has not been cured by the earlier of (x) thirty (30) days following the receipt of Purchaser's written notice of such breach and (y) the End Date; provided, however, that the right to terminate this Agreement under this Section 9.01(a) shall not be available to the Purchaser if it is then in breach of any representation, warranty, agreement or covenant contained herein that would or would reasonably be expected to cause the conditions of Section 7.01 not to be satisfied prior to the End Date;

(b) by the Company, effective upon written notice addressed and delivered to the Purchaser, if (i) there shall have been a breach of any of the representations, warranties, agreements or covenants set forth in this Agreement on the part of the Purchaser which would, or would be reasonably expected to, cause the satisfaction of any conditions set forth in Section 7.01 not to be satisfied prior to the End Date, and (ii) either such breach has not been waived in writing by the Company, or, if curable, such breach has not been cured by the earlier of (x) thirty (30) days following the receipt of the Company's written notice of such breach and (y) the End Date; provided, however, that the right to terminate this Agreement under this Section 9.01(b) shall not be available to the Company if either the Sellers or the Company are then in breach of any representation, warranty, agreement or covenant contained herein that would or would reasonably be expected to cause the conditions of Section 7.02 not to be satisfied prior to the End Date;

(c) by the Company or the Purchaser, effective upon written notice addressed and delivered to the other party, if the Closing shall not have occurred on or prior to the date that is ninety (90) days after the date hereof (the "End Date"); provided, that the right to terminate this Agreement under this Section 9.01(c) shall not be available to any party whose failure to fulfill any obligation under this Agreement shall have been the principal cause of the failure of the Closing to occur on or prior to such date;

(d) by the Company or the Purchaser, effective upon written notice addressed and delivered to the other party, if there shall be in effect a final, non-appealable Law or Governmental Order of Governmental Authority of competent jurisdiction permanently prohibiting the consummation of the Transactions; provided, however, that the right to terminate this Agreement under this Section 9.01(d) shall not be available to a party whose failure to fulfill any obligation under this Agreement shall have been the principal cause of the foregoing; or

(e) by the mutual written consent of the Company and the Purchaser.

Section 9.02 Effect of Termination. In the event of termination of this Agreement as provided in Section 9.01, this Agreement shall forthwith become void and of no further force or effect and there shall be no liability on the part of any party hereto arising under or out of this Agreement except that the provisions of Section 6.03(a) (Confidentiality), this Article 9 (Termination), and Article 11 (General Provisions) shall survive the termination of this Agreement; provided, however, that nothing herein shall relieve either party from liability for Losses incurred by the other party resulting from (a) the willful and material breach by a party of any of its representations, warranties, covenants or agreements set forth in this Agreement or (b) the Purchaser's failure to pay any portion of the Purchase Price, or any adjustments thereto pursuant to this Agreement, upon satisfaction or waiver of the conditions to Closing set forth in Section 7.01 and Section 7.02 (other than those that are satisfied by action taken at the Closing, provided that such conditions are capable of being satisfied), as and solely to the extent required by, this Agreement. For purposes of this Agreement, "willful and material breach" shall mean any deliberate act or a deliberate failure to act, which act or failure to act constitutes in and of itself a material breach of this Agreement, if at the time of such act or failure to act it was the intention of the applicable Person to breach any of its representations, warranties, covenants or agreements set forth in this Agreement; provided, however, that a failure of either Sellers or the Purchaser to consummate the Transactions as and when required to do so in accordance with Section 2.03 upon the satisfaction of the conditions to Closing set forth in Article 7 (other than those conditions to be satisfied on the Closing Date, but subject to the written waiver or satisfaction of such conditions) in breach of this Agreement (in either case, following (a) written notice from the other party delivered on the date the Closing is required to occur pursuant to Section 2.03, which notice irrevocably confirms that all such conditions are satisfied and that the party delivering such notice is ready, able and willing to consummate such transactions on such date and (b) the party receiving such notice failing to consummate such closing within five (5) Business Days thereof) shall be deemed to be intentional and willful, including in the case of whether or not the Purchaser had sufficient funds available to consummate the Transactions or take such action.

ARTICLE 10

TAXES

Section 10.01 Preparation of Tax Returns; Payment of Taxes.

(a) The Sellers' Representative shall prepare and file (or cause to be prepared and filed) all Pass-Through Tax Returns that are required to be prepared by or with respect to the Company or any of its Subsidiaries for any taxable period ending on or before the Closing Date. The Sellers shall pay all Taxes arising from allocations of income to them with respect to such Tax Returns, whether or not shown as due on such Tax Returns. The Sellers' Representative shall prepare and file all Tax Returns for NewCo and the Sellers shall pay, or shall cause NewCo to pay, all Taxes in connection therewith or which are otherwise owed by NewCo. Sellers shall, or shall cause NewCo to, reimburse the Purchaser, the Company and their Affiliates for any withholding Taxes imposed on such parties with respect to the direct and indirect transfers of the shares of Alila pursuant to this Agreement or the Unaffiliated Member Equity Purchase Agreement.

(b) The Purchaser shall prepare (or cause to be prepared) and timely file (or cause to be timely filed), taking into account extensions, all income Tax Returns (other than Pass-Through Tax Returns described in Section 10.01(a)) of the Company and its Subsidiaries for any taxable period ending on or before the Closing Date for which a Tax Return is first required to be filed after the Closing Date (the "Pre-Closing Income Tax Returns"). All Pre-Closing Income Tax Returns shall be prepared by treating items on such Tax Returns in a manner consistent with past practice of the Company and its Subsidiaries, as applicable, with respect to such items, to the extent permissible under applicable Law. The Purchaser shall provide the Sellers' Representative with a copy of each Pre-Closing Income Tax Return, together with appropriate supporting information, at least thirty (30) days prior to the due date (including any extension thereof) for the filing of such Tax Return for the Sellers' Representative's review and approval prior to filing such Tax Return. The Sellers shall (in accordance with their Pro Rata Percentages) pay or cause to be paid the Taxes, if any, shown due on the Pre-Closing Income Tax Returns (other than to the extent that the liability for those Taxes is reserved against in, or taken into account in the preparation of, the Company Financial Statements).

(c) The Purchaser shall prepare and timely file (or cause to be prepared and timely filed), taking into account extensions, all income Tax Returns of the Company and its Subsidiaries for all Straddle Periods (the "Straddle Period Income Tax Returns"). All Straddle Period Income Tax Returns shall be prepared by treating items on such Tax Returns in a manner consistent with past practice of the Company and its Subsidiaries, as applicable, with respect to such items, to the extent permissible under applicable Law. The Purchaser shall provide the Sellers' Representative with a copy of each Straddle Period Income Tax Return and a statement (or draft Schedule K-1 or applicable equivalent under state, local or foreign Tax law) specifying the amount of Tax shown due on such Tax Return that is allocable to a Pre-Closing Tax Period pursuant to Section 10.01(e) (a "Straddle Period Statement"), together with appropriate supporting information, at least thirty (30) days prior to the due date (including any extension thereof) for the filing of such Tax Return for the Sellers' Representative's review and approval prior to filing such Tax Return. The Sellers shall (in accordance with their Pro Rata Percentages) pay or cause to be paid the Taxes, if any, set forth on the applicable Straddle Period Statement for which the Sellers are liable pursuant to Section 10.01(e) in respect of such Straddle Period Income Tax Returns (other than to the extent that the liability for those Taxes is reserved against in, or taken into account in the preparation of, the Company Financial Statements).

(d) The Purchaser shall prepare and timely file (or cause to be prepared and timely filed), taking into account extensions, all non-income Tax Returns of the Company and its Subsidiaries for all Pre-Closing Tax Periods and Straddle Periods that are required to be filed after the Closing Date (the "Non-Income Tax Returns"). All Non-Income Tax Returns shall be prepared by treating items on such Tax Returns in a manner consistent with past practice of the Company and its Subsidiaries, as applicable, with respect to such items, to the extent permissible under applicable Law. The Purchaser shall provide the Sellers' Representative with a copy of each Non-Income Tax Return at least ten (10) days prior to the due date (including any extension thereof) for the filing of such Tax Return, and the Purchaser shall consider in good faith any comments in respect of such Tax Return provided by the Sellers' Representative.

(e) For purposes of Section 10.01(c), where it is necessary to apportion between the Sellers and the Purchaser an

income Tax liability of the Company or any of its Subsidiaries for a Straddle Period, the amount of any Taxes for the portion of such Straddle Period ending on the Closing Date shall be determined based on an interim closing of the books as of the end of the day on the Closing Date (and for such purpose, the taxable period of any partnership or other pass-through entity in which the Company or any of its Subsidiaries holds an interest shall be deemed to terminate at that time), and partnership items shall be allocated using the interim closing method as of the Closing Date for purposes of Section 706 of the Code. For the avoidance of doubt, any estimated or prepaid income Taxes paid by the Sellers, the Company or any of its Subsidiaries to a Tax Authority prior to the Closing in respect of any Straddle Period or Pre-Closing Tax Period shall be for the account of the Sellers and shall reduce the amount of Taxes for which the Sellers are responsible with respect to any Straddle Period Income Tax Return.

(f) The Purchaser shall not, and shall cause its Affiliates, including the Company and its Subsidiaries, not to, (i) amend, refile, revoke or otherwise modify (or cause to be amended, refiled, revoked or otherwise modified) any Tax Return of the Company or any of its Subsidiaries relating to any Pre-Closing Tax Period, (ii) make or change (or cause to be made or changed) any Tax election that has retroactive effect to any Pre-Closing Tax Period of the Company or any of its Subsidiaries, (iii) file (or cause to be filed) a ruling request with any Tax Authority that relates to the Taxes or Tax Returns of the Company or any of its Subsidiaries for any Pre-Closing Tax Period, (iv) initiate (or cause to be initiated) any voluntary disclosure or similar proceedings with any Tax Authority regarding any Tax or Tax Return of the Company or any of its Subsidiaries for any Pre-Closing Tax Period, or (v) take any action (or cause to be taken any action) to extend the applicable statute of limitations with respect to any Tax Return of the Company or any of its Subsidiaries for a Pre-Closing Tax Period, in each case without the Sellers' Representative's written consent, which consent shall not be unreasonably withheld, conditioned or delayed. The Sellers' Representative acknowledges that withholding consent to an action in the preceding sentence is unreasonable if such action is required by Law.

(g) The Purchaser shall reimburse the Sellers, in accordance with each Seller's Pro Rata Percentage, for any additional tax owed by the Sellers (including tax owed by the Sellers due to any indemnification payment) resulting from any action or inaction by the Purchaser or its Affiliates, including any transaction engaged in by the Company or its Subsidiaries outside the ordinary course of business occurring after the Closing on the Closing Date, other than any such action or inaction required by applicable Law.

(h) Except with the express written consent of the Sellers' Representative, which consent may be withheld in the Sellers' Representative's absolute discretion, none of Purchaser, the Company or its Subsidiaries, or any of their respective Affiliates shall make any election with respect to any Foreign Subsidiary under Section 338(g) of the Code.

(i) Except as contemplated in this Agreement or the Unaffiliated Member Equity Purchase Agreement, the Purchaser shall not take or permit any action, and shall cause each Foreign Subsidiary which is a "controlled foreign corporation" for U.S. federal income tax purposes on the Closing Date (and their Subsidiaries, if any) not to take any action or engage in any transaction outside of the ordinary course of business that could increase such Foreign Subsidiary's "subpart F income" within the meaning of Section 952 of the Code from the time of the Closing through the end of the tax year of such Foreign Subsidiary ending on December 31, 2018.

(j) None of the Purchaser or its Affiliates shall take, or cause or permit any Foreign Subsidiary to take, any action outside the ordinary course of business of such Foreign Subsidiary on or after the Closing Date (including any restructuring or Tax election with respect to any Foreign Subsidiary) that would increase the earnings and profits of the Foreign Subsidiaries for the Tax periods ending on or before December 31, 2018 and including the Closing Date, as calculated for U.S. federal income Tax purposes.

(k) The parties agree that NewCo is the sole "withholding agent" (as such term is defined in the Code and the Treasury Regulations promulgated thereunder) with respect to the Unaffiliated Member Equity Purchase Agreement. Any amounts required to be deducted and withheld from the consideration payable under the Unaffiliated Member Equity Purchase Agreement shall be the responsibility of, and paid (or caused to be paid) by, the Sellers or NewCo following the Closing. The Purchaser shall not (and shall not cause or permit any of its Affiliates to) directly or indirectly deduct or withhold any Tax amounts in respect of transferred interests in Alila pursuant to the Unaffiliated Member Equity Purchase Agreement, nor shall Purchaser establish any reserve on the Closing Balance Sheet in connection therewith, in each case unless withholding is required as a result of a change in

applicable Law after the date of this Agreement. For the avoidance of doubt and notwithstanding anything herein to the contrary (except in the case of a change in applicable Law described in the forgoing sentence), for all purposes of this Agreement, the Sellers' Representative shall determine, in its sole discretion, whether any withholding Taxes are payable in respect of the transactions contemplated by the Unaffiliated Member Equity Purchase Agreement.

Section 10.02 Cooperation with Respect to Tax Matters. The Purchaser, the Company and its Subsidiaries, on the one hand, and the Sellers on the other hand, shall reasonably cooperate, as and to the extent reasonably requested by the other party, in connection with the filing of any Tax Returns pursuant to this Agreement and any audit or other action, including any defense thereof, in respect of Taxes. The Purchaser shall retain possession of, and shall provide the Sellers reasonable access to (including the right to make copies of), such supporting books and records and any other materials that the Sellers may specify with respect to Tax matters relating to any taxable period beginning before the Closing Date, or to otherwise enable the Sellers to satisfy their accounting and Tax requirements, and shall make employees available on a mutually convenient basis to provide additional information and explanation of such materials, until the relevant statute of limitations has expired. After such time, the Purchaser may dispose of such material, provided that, prior to such disposition, the Purchaser shall give the Sellers a reasonable opportunity to take possession of such materials.

Section 10.03 Tax Contests. The Purchaser, the Company and their Subsidiaries, on the one hand, and the Sellers' Representative, on the other hand, shall notify the other in writing promptly after (but in no event more than ten (10) days after) acquiring knowledge of any inquiry, claim, audit, assessment, proceeding or similar event with respect to any Pre-Closing Tax Period Straddle Period, or that otherwise may affect the Sellers' liability for Taxes, with respect to the Company and its Subsidiaries (any such inquiry, claim, audit, assessment, proceeding or similar event, a "Tax Contest"). Any failure to so notify the other party of any Tax Contest shall not relieve such other party of any liability with respect to such Tax Contest except to the extent that such failure shall have prejudiced the defense of such matter. The Sellers' Representative shall have the right, upon written notice addressed and delivered to the Purchaser, to control the conduct of any Tax Contest relating to (a) a Tax period ending on or before the Closing Date, and (b) the pre-Closing portion of a U.S. federal income Tax Straddle Period of the Company or any Subsidiary of the Company to the extent, in either case, such Tax Contest could affect the allocations of income to the Sellers, or could affect the Sellers' liability for Taxes under this Agreement; provided, however, that (i) the Sellers' Representative shall provide the Purchaser the opportunity to participate in the defense of such Tax Contest at the Purchaser's expense, with counsel of the Purchaser's choice at the Purchaser's expense, (ii) the Sellers' Representative shall keep the Purchaser reasonably informed of the progress of such Tax Contest, (iii) the Sellers' Representative shall not settle or compromise such Tax Contest without the Purchaser's prior written consent, which consent shall not be unreasonably withheld, conditioned, or delayed and (iv) in the case of any Tax Contest relating to income Taxes for a Straddle Period, (x) the Sellers' Representative's control rights shall be limited to those matters affecting the portion of such Straddle Period ending on and including the Closing Date (but, for the avoidance of doubt, excluding any extraordinary items allocated entirely to Purchaser or its Affiliates pursuant to Section 706 of the Code and the Treasury Regulations promulgated thereunder) and (y) Purchaser may direct, in its sole discretion, any Subsidiary of the Company to make an election under Section 6226 of the Code and the Treasury Regulations promulgated thereunder with respect to any Tax Contest for a taxable period beginning on or after January 1, 2018. With respect to all other Tax Contests, or if the Sellers' Representative has not elected to control the conduct of a Tax Contest described in the prior sentence within thirty (30) days after receipt of notice thereof, the Purchaser shall have the right to control the conduct of any Tax Contest, including any settlement or compromise thereof; provided, however, that (i) the Purchaser shall provide the Sellers' Representative the opportunity to participate in the defense of such Tax Contest at the Sellers' expense (in accordance with each Seller's Pro Rata Percentage), with counsel of the Sellers' Representative's choice at the Sellers' expense (in accordance with each Seller's Pro Rata Percentage), (ii) the Purchaser shall keep the Sellers' Representative reasonably informed of the progress of such Tax Contest and (iii) the Purchaser shall not settle or compromise such Tax Contest without the Sellers' Representative's prior written consent, which consent shall not be unreasonably withheld, conditioned, or delayed and provided further that the Sellers' Representative shall consent (or be deemed to consent) to the making of any election under Section 6226 of the Code and the Treasury Regulations promulgated thereunder with respect to any Tax Contest for a taxable period beginning on or after January 1, 2018. To the extent that a "partnership representative" (within the meaning of Section 6223(a) of the Code) of any Subsidiary of the Company is an Affiliate of the Purchaser, the Purchaser shall cause such partnership representative to cooperate in implementing the provisions of this Section 10.03, including the Sellers' Representative's rights under this Section 10.03 with respect to any Tax Contest with respect to a U.S. federal income Tax Straddle Period. In the case of any Tax Contest that is also a Third-Party Claim, the procedures set forth in this Section 10.03, and not those

set forth in Section 8.04 or Section 8.05, shall govern the conduct of such Tax Contest. Notwithstanding anything herein to the contrary, any Tax Contest relating to or involving NewCo or any of NewCo's direct or indirect owners shall be solely controlled by NewCo or NewCo's direct or indirect owners, as applicable, and the Purchaser shall have no rights hereunder with respect to any such Tax Contest.

Section 10.04 Tax Treatment. For United States federal, state and local income tax purposes, (i) the Company, the Sellers, and the Purchaser agree that the purchase and sale of the Membership Interests shall be treated as a taxable purchase by Purchaser of the assets of the Company and (ii) the Two Roads Hospitality LLC partnership, as in existence prior to the contribution of the Membership Interests to NewCo as set forth in Schedule 2 hereto, shall not terminate, and NewCo shall be treated as the partnership which is the continuation of such Two Roads Hospitality LLC partnership.

Section 10.05 Survival. Notwithstanding anything in this Agreement to the contrary, the covenants and agreements of the parties contained in this Article 10 shall survive the Closing and remain in full force until the expiration of the applicable statutes of limitation for the Taxes in question.

ARTICLE 11

GENERAL PROVISIONS

Section 11.01 Expenses. Except as otherwise provided in this Agreement, each of the Sellers, Sellers' Representative, Company and the Purchaser shall bear its own expenses; provided, however, that the Purchaser shall be responsible for payment of (i) all costs and expenses in connection with the filings of the notification and report forms under the HSR Act in connection with the Transactions, and (ii) all sales, use, real property or stock transfer, real property gains, transfer, stamp, registration, documentary, recording, intangible or similar Taxes or charges, of any nature whatsoever, applicable to, or resulting from, the Transactions, together with any interest, penalties, fines or fees with respect thereto (" Transfer Taxes "). Notwithstanding Section 10.01 of this Agreement, which shall not apply to Tax Returns relating to Transfer Taxes, any Tax Returns that must be filed in connection with Transfer Taxes shall be prepared and filed when due by the Purchaser. The Purchaser and the Sellers shall, and the Purchaser shall cause the Company to, cooperate in the preparation, execution, and filing of all Tax Returns relating to Transfer Taxes which become payable in connection with the Transactions.

Section 11.02 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly delivered, given, made and received): (a) if delivered in person, when delivered; (b) if delivered by facsimile or by e-mail by means of a "portable document format" data file, upon written confirmation of transmission or so long as the sender has not received an automatic notification indicating delivery failure; (c) if by overnight courier, one (1) Business Day following the day on which such notice is sent; and (d) if by U.S. mail, five (5) days after being mailed, certified or registered mail, with postage prepaid to the respective parties at the following addresses or facsimile numbers (or at such other address or facsimile number for a party as shall be specified in a notice given in accordance with this Section 11.02):

If to the Sellers' Representative, the Sellers or, prior to the Closing, the Company:

Lowe Hospitality Group, Inc.

11777 San Vicente Blvd., Suite 900
Los Angeles, CA 90049

Attn: John M. DeMarco, Esq.

Facsimile No.: (310) 820-8131

with a copy (which will not constitute notice) to:

Skadden, Arps, Slate, Meagher & Flom LLP

300 South Grand Avenue, Suite 3400

Los Angeles, California 90071

Attn: Brian J. McCarthy

Andrew D. Garelick

Telephone No.: (213) 687-5000

Facsimile No.: (213) 687-5600

If to the Purchaser or, following the Closing, the Company:

Hyatt Hotels Corporation

150 North Riverside Plaza

Chicago, Illinois 60606

Attn: General Counsel; Global Head of Transactions

Telephone No.: (312) 750-1234

with a copy (which will not constitute notice) to:

Latham & Watkins LLP

330 N. Wabash Ave., Suite 2800

Chicago, Illinois 60611

Attn: Michael A. Pucker

Scott W. Hairston

Jonathan P. Solomon

Telephone No.: (312) 876-7700

Facsimile No.: (312) 993-9767

Section 11.03 Headings. The descriptive headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 11.04 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any Law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the Transactions is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the Transactions are consummated as originally contemplated to the greatest extent possible.

Section 11.05 Entire Agreement. This Agreement, together with all exhibits and schedules hereto and all documents and instruments referred to herein or delivered in connection herewith (including the Sellers' Disclosure Letter, the Purchaser's Disclosure Letter, the Confidentiality Agreement, the Guarantees and any other agreements or arrangements delivered by any of the

parties or any of their respective Affiliates on the date hereof), constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and undertakings, both written and oral, among the parties hereto with respect to the subject matter hereof.

Section 11.06 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned, whether directly or indirectly and whether by operation of law or otherwise, by any party without the prior written consent of each other party hereto. Notwithstanding the foregoing, the Purchaser shall be permitted to assign any of its rights, interests or obligations hereunder to any Affiliate of the Purchaser, including the assignment of Purchaser rights and obligations hereunder to any number of its Affiliates, whereby any such Affiliate shall purchase any Membership Interests as designated by Purchaser; provided, that, no such assignment shall relieve the Purchaser of its obligations hereunder.

Section 11.07 No Third-Party Beneficiaries. This Agreement shall be binding upon and inure solely to the benefit of each party and its respective successors and permitted assigns. Except with respect to a D&O Indemnified Person as set forth in Section 6.09, with respect to the Indemnified Parties under Article 8 and with respect to the Retained Firm as set forth in Section 11.15 (each of whom is an express third-party beneficiary of this Agreement), nothing in this Agreement, express or implied, is intended to, shall or shall be deemed to confer upon any other Person other than the parties and their respective successors and permitted assigns, any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement, including any third-party beneficiary rights.

Section 11.08 Amendment. This Agreement may not be amended or modified except (a) by an instrument in writing signed by each of the parties hereto or (b) by a waiver in accordance with Section 11.09.

Section 11.09 Extension; Waiver. At any time prior to the Closing, the Purchaser, each of the Sellers and the Company by action taken or authorized by their respective managers, members, general partners, boards of directors or other similar Persons with such authority, may, to the extent permitted by applicable Law (a) extend the time for or waive the performance of any of the obligations or other acts of the other parties hereto, (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto and (c) waive compliance with any of the agreements or conditions contained herein or in any document delivered pursuant hereto. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in a written instrument signed on behalf of such party. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver of the same term or condition, or a waiver of any other term or condition, of this Agreement or any document delivered pursuant hereto. The failure of any party to assert any of its rights hereunder or under any document delivered pursuant hereto shall not constitute a waiver of any of such rights.

Section 11.10 Governing Law; Jurisdiction. This Agreement shall be governed by, and construed in accordance with, the Laws of the State of New York applicable to contracts executed in and to be performed in that State without regard to the conflict of laws rules thereof other than Sections 5-1401 and 5-1402 of the New York General Obligations Law and Rule 327(b) of the New York Civil Practice Laws and Rules. Each of the parties hereto irrevocably (a) consents to submit to the exclusive jurisdiction of the courts of the State of New York, City of New York and of the United States of America located in the State of New York, City of New York, (b) waives any objection to the laying of venue of any action, suit or proceeding brought in such court, (c) waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum, and (d) agrees that service of process or of any other papers upon such party by registered mail at the address to which notices are required to be sent to such party under Section 11.02 shall be deemed good, proper and effective service upon such party.

Section 11.11 Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE OTHER DOCUMENTS CONTEMPLATED BY THIS AGREEMENT, THE CONFIDENTIALITY AGREEMENT OR THE TRANSACTIONS. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OF THE OTHER PARTIES HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT ANY OF THE OTHER PARTIES WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 11.11.

Section 11.12 Public Announcements. Prior to the Closing Date, the Sellers, the Company and the Purchaser shall not issue any press release or public announcement concerning this Agreement or the Transactions without obtaining the prior written approval of the other parties hereto, which approval will not be unreasonably conditioned, withheld or delayed, unless disclosure is otherwise required by applicable Law or by the applicable rules of any stock exchange, provided, however, that, to the extent required by applicable Law or by the applicable rules of any stock exchange, the party intending to make such release shall, to the extent permissible by such applicable Law or stock exchange law, permit the other parties to review such release and consult with the other parties hereto with respect to the text thereof and to consider in good faith any proposed modifications thereto prior to such release.

Section 11.13 Specific Performance. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed by the parties hereto in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Purchaser, on the one hand, and the Sellers, on the other hand, shall be entitled to an injunction or injunctions to prevent breaches of this Agreement by the other (as applicable) and to enforce specifically the terms and provisions of this Agreement and to thereafter cause the Transactions to be consummated on the terms and subject to the conditions thereto set forth in this Agreement. The foregoing rights are in addition to and without limitation of any other remedy to which the parties may be entitled at law or in equity. The parties further agree not to assert that a remedy of specific performance is unenforceable, invalid, contrary to law or inequitable for any reason, nor to assert that a remedy of monetary damages would provide an adequate remedy. Each of the parties hereto hereby waives (a) any defenses in any action for specific performance, including the defense that a remedy at law would be adequate and (b) any requirement under any Law to post a bond or other security as a prerequisite to obtaining equitable relief. If any party brings any Action to enforce specifically the performance of the terms and provisions hereof by any other party, the End Date shall automatically be extended by (x) the amount of time during which such Action is pending, plus twenty (20) Business Days, or (y) such other time period established by the New York court presiding over such Action.

Section 11.14 Counterparts; Effectiveness. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received a counterpart hereof signed by the other parties hereto. For the convenience of the parties, any number of counterparts hereof may be executed, each such executed counterpart shall be deemed an original and all such counterparts together shall constitute one and the same instrument. In the event that any signature to this Agreement is delivered by facsimile transmission or by e-mail delivery of a “portable document format” data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or “portable document format” signature page were an original thereof. No party hereto shall raise the use of a facsimile transmission or e-mail delivery of a “portable document format” data file to deliver a signature to this Agreement or the fact that such signature was transmitted or communicated through the use of a facsimile transmission or e-mail delivery of a “portable document format” data file as a defense to the formation or enforceability of a legally binding agreement and each party hereto forever waives any such defense.

Section 11.15 Certain Legal Representation Matters.

(a) In any dispute or proceeding arising under or in connection with this Agreement or the Transactions, the Sellers' Representative, the Sellers and their respective Affiliates shall have the right, at their election, to retain the firm of Skadden, Arps, Slate, Meagher & Flom LLP (the "Retained Firm") to represent them in such matter and the Purchaser hereby irrevocably consents to, and waives any conflict associated with, any such representation in any such matter. Each of the Purchaser, the Sellers' Representative and the Sellers acknowledges and agrees that the Retained Firm has acted as counsel for the Sellers' Representative, the Sellers and the Company in connection with this Agreement. The parties agree that the fact that the Retained Firm has represented the Sellers' Representative, the Sellers and the Company prior to the Closing shall not prevent the Retained Firm from representing the Sellers' Representative, the Sellers (or any of their Affiliates) in connection with any matters involving this Agreement, including any disputes between any of the parties that may arise after the Closing. The Purchaser, the Sellers' Representative, and the Sellers hereby waive any actual or potential conflict of interest relating to the Retained Firm's representation of the Sellers' Representative and the Sellers in the Transactions.

(b) The Purchaser, on behalf of itself and its Affiliates, including, after the Closing, the Company (and their respective directors, officers, employees, Affiliates, controlling persons and representatives and their respective successors and assigns), hereby irrevocably acknowledges and agrees that all attorney-client communications between, on the one hand, the Sellers' Representative, the Sellers and/or the Company and its Subsidiaries (and their respective directors, officers, employees, Affiliates, controlling persons and representatives) and, on the other hand, their counsel, including the Retained Firm, to the extent related to the negotiation, preparation, execution and delivery of this Agreement or any schedule, certificate or other document delivered pursuant hereto or thereto or in connection with the Transactions or in connection with the Closing and that are subject to the attorney-client privilege in accordance with applicable Laws, shall be deemed privileged communications as to which such privilege may only be waived by the Sellers' Representative or the Sellers, as applicable, and neither the Purchaser nor any Person purporting to act on behalf of or through the Purchaser shall seek to obtain any such privileged communications by any process, other than in connection with any third party or any investigation conducted by a Governmental Authority.

Section 11.16 Sellers' Representative.

(a) For purposes of this Agreement, the Sellers hereby designate Lowe Hospitality Group, Inc. to serve as the sole and exclusive representative of the Sellers (the "Sellers' Representative") from and after the Closing with respect to those provisions of this Agreement that contemplate action by the Sellers' Representative after the Closing; provided, however, that if Lowe Hospitality Group, Inc. at any time is unable or unwilling to serve as Sellers' Representative or resigns as Sellers' Representative, then Lowe Hospitality Group, Inc. shall appoint a successor Sellers' Representative. Each successor Sellers' Representative, if required to serve, shall sign an acknowledgment in writing agreeing to perform and be bound by all of the provisions of this Agreement applicable to the Sellers' Representative. Each successor Sellers' Representative shall have all of the power, authority, rights and privileges conferred by this Agreement upon the original Sellers' Representative, and the term "Sellers' Representative" as used herein shall be deemed to include any successor Sellers' Representative.

(b) The Sellers' Representative is hereby constituted and appointed as agent and attorney-in-fact for and on behalf of each of the Sellers. This power of attorney and all authority hereby conferred is granted and shall be irrevocable and shall not be terminated by any act of any Seller, by operation of Law or any other event. The Sellers' Representative shall promptly deliver to each Seller any notice received by the Sellers' Representative concerning this Agreement and the Transactions. Without limiting the generality of the foregoing, the Sellers' Representative has full power and authority, on behalf of each Seller and such Seller's successors and assigns, to: (i) interpret the terms and provisions of this Agreement and the documents to be executed and delivered by the Sellers in connection herewith, (ii) execute and deliver and receive deliveries of all agreements, certificates, statements, notices, approvals, extensions, waivers, undertakings, amendments, and other documents required or permitted to be given in connection with the consummation of the transactions contemplated by this Agreement, (iii) receive service of process in connection with any claims under this Agreement, (iv) agree to, negotiate, enter into settlements and compromises of, assume the defense of claims, and demand arbitration and comply with orders of courts and awards of arbitrators with respect to such claims, and to take all actions necessary or appropriate in the judgment of the Sellers' Representative for the accomplishment of the foregoing, (v) give and

receive notices and communications, and (vi) take all actions necessary or appropriate in the judgment of the Sellers' Representative on behalf of the Sellers in connection with this Agreement and the Transactions.

(c) Service by the Sellers' Representative shall be without compensation except for the reimbursement by the Sellers of out-of-pocket expenses and indemnification specifically provided herein. Notwithstanding anything to the contrary contained in this Agreement, the Sellers' Representative shall have no duties or responsibilities except those expressly set forth herein, and no implied covenants, functions, responsibilities, duties, obligations or liabilities on behalf of the Company or any Seller shall otherwise exist against the Sellers' Representative.

(d) Neither the Sellers' Representative nor any agent employed by the Sellers' Representative shall be liable to any Seller relating to the performance of such Sellers' Representative's duties under this Agreement for any errors in judgment, negligence, oversight, breach of duty or otherwise except to the extent it is finally determined in a court of competent jurisdiction by clear and convincing evidence that the actions taken or not taken by the Sellers' Representative constituted fraud or were taken or not taken in bad faith. The Sellers' Representative shall be indemnified and held harmless by the Sellers against all losses, including costs of defense, paid or incurred in connection with any action, suit, proceeding or claim to which the Sellers' Representative is made a party by reason of the fact that the Sellers' Representative was acting as the Sellers' Representative pursuant to this Agreement; provided, however, that the Sellers' Representative shall not be entitled to indemnification hereunder to the extent it is finally determined in a court of competent jurisdiction by clear and convincing evidence that the actions taken or not taken by the Sellers' Representative constituted fraud or were taken or not taken in bad faith. The Sellers' Representative shall be protected in acting upon any notice, statement or certificate believed by the Sellers' Representative to be genuine and to have been furnished by the appropriate Person and in acting or refusing to act in good faith on any matter.

(e) Following the Closing, the Purchaser shall be entitled to rely conclusively (without further evidence of any kind whatsoever) upon any actions taken by the Sellers' Representative as the duly authorized action of the Sellers' Representative on behalf of each Seller with respect to any matters set forth in this Agreement or related hereto and no party shall have any cause of action against the Purchaser for any action taken by the Purchaser in reliance upon the instructions or decisions of, or execution of documents by, the Sellers' Representative.

Section 11.17 Several Liability. For purposes of clarity and avoidance of doubt, all representations, warranties, covenants and agreements of the Sellers hereunder are several obligations of the Sellers and not joint and several.

[Signature page follows]

IN WITNESS WHEREOF, each of the parties hereto has executed, or has caused to be executed by its duly authorized representative, this Agreement as of the date first written above.

“COMPANY”

TWO ROADS HOSPITALITY LLC

By: /s/ James Sabatier

Sabatier

Name: James

Title: CEO

“SELLERS”

CL VIE HOLDINGS, LLC

By: /s/ Omar Palacios

Name: Omar Palacios

Title: Authorized

Signatory

Address: Pier 5

The Embarcadero,

Suite 102

San Francisco,

California 94111

No. of Membership Interests Held: 100,000 Class B Units

Percentage Interest: 40.00%

LOWE HOSPITALITY GROUP, INC.

By: /s/ Robert J. Lowe, Jr.

Name: Robert J.

Lowe, Jr.

Title: Co-CEO

Address: 11777 San Vicente Boulevard Suite 900

Los Angeles, California 90049

No. of Membership Interests Held: 100,000 Class A Units

Percentage Interest: 60.00%

“SELLERS’ REPRESENTATIVE”

LOWE HOSPITALITY GROUP, INC.

By: /s/ Robert J. Lowe, Jr.

Name: Robert J.

Lowe, Jr.

Title: Co-CEO

“PURCHASER”

HYATT HOTELS CORPORATION

By: /s/ Mark Hoplamazian

Name: Mark

Hoplamazian

Title: President and

Chief Executive Officer

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AMENDED & RESTATED
CERTIFICATE OF INCORPORATION
OF
HYATT HOTELS CORPORATION

**(Under Sections 242 and 245 of the
Delaware General Corporation Law)**

It is hereby certified that:

1. The name of the corporation (hereinafter called the "Corporation") is HYATT HOTELS CORPORATION.
2. The Certificate of Incorporation of the Corporation was originally filed under the name "Global Hyatt, Inc." with the Secretary of State of the State of Delaware on August 4, 2004.
3. This Amended and Restated Certificate of Incorporation of the Corporation has been duly adopted by the Board of Directors and stockholders of the Corporation in accordance with Sections 242 and 245 of the General Corporation Law of the State of Delaware and by the written consent of its stockholders in accordance with Section 228 of the General Corporation Law of the State of Delaware.
4. The Certificate of Incorporation of the Corporation is hereby amended and restated in its entirety to read as follows:

ARTICLE I

NAME

The name of this corporation (the "Corporation") is: Hyatt Hotels Corporation.

ARTICLE II

ADDRESS OF REGISTERED OFFICE:

NAME OF REGISTERED AGENT

The address of the Corporation's registered office in the State of Delaware is 2711 Centerville Road, Suite 400, Wilmington, County of New Castle, Delaware 19808. The name of the Corporation's registered agent at such address is Corporation Service Company.

ARTICLE III

PURPOSE

The purpose of the Corporation is to engage in any lawful activity for which corporations may be organized under the General Corporation Law of the State of Delaware, as amended (the "DGCL").

ARTICLE IV

CAPITAL STOCK

Section 1. Authorized Shares. The total number of shares of stock which the Corporation is authorized to issue is 1,510,000,000 shares, of which 1,000,000,000 shares shall be shares of Class A Common Stock, par value \$0.01 per share (the "Class A Common Stock"), 500,000,000 shares shall be shares of Class B Common Stock, par value \$0.01 per share (the "Class B Common Stock"), and together with the Class A Common Stock, the "Common Stock"), and 10,000,000 shares shall be shares of Preferred Stock, par value \$0.01 per share ("Preferred Stock").

Upon this Amended and Restated Certificate of Incorporation becoming effective pursuant to the DGCL (the "Effective Time"), each share of the Corporation's Common Stock, par value \$0.01 per share, issued and outstanding immediately prior to the Effective Time (the "Old Common Stock") (a) that is then held of record by any holder specified in the resolutions duly adopted by the Board of Directors on October 9, 2009 (the "Specified Holders") will automatically be reclassified into one share of Class A Common Stock and (b) that is then held of record by any holder other than a Specified Holder will automatically be reclassified into one share of Class B Common Stock. Each certificate that theretofore represented shares of Old Common Stock shall thereafter represent such number of shares of Class A Common Stock or Class B Common Stock, as applicable, into which the shares of Old Common Stock represented by such certificate have been reclassified.

Section 2. Common Stock. The Class A Common Stock and the Class B Common Stock shall have the following powers, designations, preferences and rights and qualifications, limitations and restrictions:

(a) Voting Rights.

(i) Except as otherwise provided herein or by applicable law, the holders of Class A Common Stock and Class B Common Stock shall at all times vote together as a single class on all matters (including election of directors) submitted to a vote of the stockholders of the Corporation.

(ii) Each holder of Class A Common Stock shall be entitled to one vote for each share of Class A Common Stock held of record by such holder as of the applicable record date on any matter that is submitted to a vote of the stockholders of the Corporation.

(iii) Each holder of Class B Common Stock shall be entitled to ten votes for each share of Class B Common Stock held of record by such holder as of the applicable record date on any matter that is submitted to a vote of the stockholders of the Corporation.

Notwithstanding the foregoing, except as otherwise required by applicable law, holders of Common Stock, as such, shall not be entitled to vote on any amendment to this Amended and Restated Certificate of Incorporation (including any certificate filed with the Secretary of State establishing the terms of a series of Preferred Stock in accordance with Section 3 of this Article IV) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series of Preferred Stock are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to applicable law or this Amended and Restated Certificate of Incorporation (including any certificate filed with the Secretary of State establishing the terms of a series of Preferred Stock in accordance with Section 3 of this Article IV).

(b) Dividends and Distributions. Except as may be provided in a resolution or resolutions of the Board of Directors providing for any series of Preferred Stock outstanding at any time, the holders of Class A Common Stock and the holders of Class B Common Stock shall be entitled to share equally, on a per share basis, in such dividends and other distributions of cash, property or shares of stock of the Corporation as may be declared by the Board of Directors from time to time with respect to the Common Stock out of assets or funds of the Corporation legally available therefor; provided, however, that in the event that such dividend is paid in the form of Common Stock or rights to acquire Common Stock, the holders of Class A Common Stock shall receive shares of Class A Common Stock or rights to acquire shares of Class A Common Stock, as the case may be, and the holders of shares of Class B Common Stock shall receive shares of Class B Common Stock or rights to acquire shares of Class B Common Stock, as the case may be.

(c) Liquidation, etc. Except as may be provided in a resolution or resolutions of the Board of Directors providing for any series of Preferred Stock outstanding at any time, in the event of a voluntary or involuntary liquidation, dissolution, distribution of assets or winding up of the Corporation, the holders of Class A Common Stock and the holders of Class B Common Stock shall be entitled to share equally, on a per share basis, in all assets of the Corporation of whatever kind available for distribution to the holders of Common Stock.

(d) Subdivision or Combination. If the Corporation in any manner subdivides or combines the outstanding shares of one class of Common Stock, the outstanding shares of the other class of Common Stock will be subdivided or combined in the same manner.

(e) Equal Status. Except as expressly provided in this Article IV, shares of Class A Common Stock and Class B Common Stock shall have the same rights and privileges and rank equally, share ratably and be identical in all respect as to all matters. In any merger, consolidation, reorganization or other business combination, the consideration received per share by the holders of the Class A Common Stock and the holders of the Class B Common Stock in such merger, consolidation, reorganization or other business combination shall be identical; provided, however, that if such consideration consists, in whole or in part, of shares of capital stock of, or other equity interests in, the Corporation or any other corporation, partnership, limited liability company or other entity, then the powers, designations, preferences and relative, common, participating, optional or other special rights and qualifications, limitations and restrictions of such shares of capital stock or other equity interests may differ to the extent that the powers, designations, preferences and relative, common, participating, optional or other special rights and qualifications, limitations and restrictions of the Class A Common Stock and Class B Common Stock differ as provided herein (including, without limitation, with respect to the voting rights and conversion provisions hereof); and provided further, that, if the holders of the Class A Common Stock or the holders of the Class B Common Stock are granted the right to elect to receive one of two or more alternative forms of consideration, the foregoing provision shall be deemed satisfied if holders of the other class are granted identical election rights. Any consideration to be paid to or received by holders of Class A Common Stock or holders of Class B Common Stock pursuant to any employment, consulting, severance, non-competition or other similar arrangement approved by the Board of Directors, or any duly authorized committee thereof, shall not be considered to be "consideration received per share" for purposes of the foregoing provision, regardless of whether such consideration is paid in connection with, or conditioned upon the completion of, such merger, consolidation, reorganization or other business combination.

(f) Conversion.

(i) As used in this Section 2(f), the following terms shall have the following meanings:

(1) "2007 Investors" shall mean Madrone Capital, LLC, The Goldman Sachs Group, Inc. and Mori Building Capital Investment LLC, and their respective "Affiliates" (as defined in the 2007 Stockholders' Agreement).

(2) "2007 Stockholders' Agreement" shall mean that certain Global Hyatt Corporation 2007 Stockholders' Agreement, dated as of August 28, 2007, by and among the Corporation and the 2007 Investors signatory thereto, as amended from time to time.

(3) "Agreement Relating to Stock" shall mean that certain Agreement Relating to Stock, dated as of August 28, 2007, between and among each of Thomas J. Pritzker, Marshall E. Eisenberg and Karl J. Breyer, not individually but in their capacity as trustees, and the other parties signatory thereto, as amended from time to time.

(4) "Foreign Global Hyatt Agreement" shall mean that certain Amended and Restated Foreign Global Hyatt Agreement, dated as of October 1, 2009, between and among the parties signatory thereto, as amended from time to time.

(5) "Global Hyatt Agreement" shall mean that certain Amended and Restated Global Hyatt Agreement, dated as of October 1, 2009, between and among each of Thomas J. Pritzker, Marshall E. Eisenberg and Karl J. Breyer, not individually but in their capacity as trustees, and the other parties signatory thereto, as amended from time to time.

(6) "Permitted Transfer" shall mean:

(a) the Transfer of any share or shares of Class B Common Stock to one or more Permitted Transferees of the Registered Holder of such share or shares of Class B Common Stock, or to one or more other Registered Holders and/or Permitted Transferees of such other Registered Holders, or the subsequent Transfer of any share or shares of Class B Common Stock by any such transferee to the Registered Holder and/or one or more other Permitted Transferees of the Registered Holder; provided, however, that for so long as the 2007 Stockholders' Agreement, the Global Hyatt Agreement, the Foreign Global Hyatt Agreement or the Agreement Relating to Stock, as applicable, remains in effect, any such Transfer of any share or shares of Class B Common Stock held by (i) any Person that is party to, or any other Person directly or indirectly controlled by any one or more Persons that are party to, or otherwise bound by (including Persons who execute a joinder to, and thereby become subject to the provisions of) the 2007 Stockholders' Agreement, the Global Hyatt Agreement, the Foreign Global Hyatt Agreement or the Agreement Relating to Stock, as applicable, or (ii) with respect to the Foreign Global Hyatt Agreement, any Person directly or indirectly controlled by any one or more non-United States situs trusts which are for the benefit of one or more Pritzkers (even though such Person is not party to the Foreign Global Hyatt Agreement), shall not be a "Permitted Transfer" within the meaning of this Section 2(f)(i)(6)(a) unless, in connection with such Transfer, the transferee (and, in the case of a transferee that is a trust, the requisite number of trustees necessary to bind the trust) (to the extent not already party thereto) executes a joinder to, and thereby becomes subject to the provisions of, as applicable, the 2007 Stockholders' Agreement, the Global Hyatt Agreement, the Foreign Global Hyatt Agreement or the Agreement Relating to Stock;

(b) the grant of a revocable proxy to an officer or officers or a director or directors of the Corporation at the request of the Board of Directors in connection with actions to be taken at an annual or special meeting of stockholders;

(c) the pledge of a share or shares of Class B Common Stock that creates a security interest in such pledged share or shares pursuant to a bona fide loan or indebtedness transaction, in each case with a third party lender that makes such loan in the ordinary course of its business, so long as the Registered Holder of such pledged share or shares or one or more Permitted Transferees of the Registered Holder continue to exercise exclusive Voting Control over such pledged share or shares; provided, however, that a foreclosure on such pledged share or shares or other action that would result in a Transfer of such pledged share or shares to the pledgee shall not be a "Permitted Transfer" within the meaning of this Section 2(f)(i)(6)(c);

(d) the Transfer of any share or shares of Class B Common Stock held by any Registered Holder that is a 2007 Investor, to any Affiliate of such Registered Holder to the extent that a Transfer to such Affiliate is permitted by, and completed solely in accordance with the terms and conditions of, the 2007 Stockholders' Agreement; provided, however, that such Transfer by a 2007 Investor shall not be a "Permitted Transfer" within the meaning of this Section 2(f)(i)(6)(d) unless, in connection with such Transfer, the transferee (to the extent not already party thereto) executes a joinder to, and thereby becomes subject to the provisions of, the 2007 Stockholders' Agreement;

(e) the existence or creation of a power of appointment or authority that may be exercised with respect to a share or shares of Class B Common Stock held by a trust; provided, however, that the Transfer of such share or shares of Class B Common Stock upon the exercise of such power of appointment or authority shall not be a "Permitted Transfer" within the meaning of this Section 2(f)(i)(6)(e); and

(f) any Transfer approved in advance by the Board of Directors, or a majority of the independent directors serving thereon, upon a determination that such Transfer is consistent with the purposes of the foregoing provisions of this definition of "Permitted Transfer", so long as such Transfer otherwise complies with the provisions of Sections 2(f)(i)(6)(a) or 2(f)(i)(6)(d) of this Article IV, as applicable, requiring transferees (to the extent not already party thereto) to execute joinders to, and thereby become subject to the provisions of, the 2007 Stockholders' Agreement, the Global Hyatt Agreement, the Foreign Global Hyatt Agreement or the Agreement Relating to Stock, as applicable.

For the avoidance of doubt, the direct Transfer of any share or shares of Class B Common Stock by a Registered Holder to any other Person shall qualify as a "Permitted Transfer" within the meaning of this Section 2(f)(i)(6), if such Transfer could have been completed indirectly through one or more transactions involving more than one Transfer, so long as each Transfer in such transaction or transactions would otherwise have qualified as a "Permitted Transfer" within the meaning of this Section 2(f)(i)(6). For the further avoidance of doubt, a Transfer may qualify as a "Permitted Transfer" within the meaning of this Section 2(f)(i)(6) under any one or more than one of the clauses of this Section 2(f)(i)(6) as may be applicable to such Transfer, without regard to any proviso in, or requirement of, any other clause(s) of this Section 2(f)(i)(6).

(7) "Permitted Transferee" shall mean:

(a) with respect to any Pritzker:

(i) one or more other Pritzkers; and

(ii) the Pritzker Foundation, and/or any of the eleven private charitable foundations to which the Pritzker Foundation transferred a portion of its assets in September 2002, so long as a majority of the board of directors or similar governing body of such private charitable foundation is comprised of Pritzkers;

(b) with respect to any natural person:

(i) his or her lineal descendants who are Pritzkers (such persons are referred to as a person's "

Related Persons");

(ii) a trust or trusts for the sole current benefit of such natural person and/or one or more of such natural person's Related Persons; provided, however, that a trust shall qualify as a "Permitted Transferee" notwithstanding that a remainder interest in such trust is for the benefit of any Person other than such natural person and/or one or more of such natural person's Related Persons, until such time as such trust is for the current benefit of such Person;

(iii) one or more corporations, partnerships, limited liability companies or other entities so long as all of the equity interests in such entities are owned, directly or indirectly, by such natural person and/or one or more of such natural person's Related Persons, and such natural person and/or one or more of such natural person's Related Persons have sole dispositive power and exclusive Voting Control with respect to the shares of Class B Common Stock held by such corporation, partnership, limited liability company or other entity; and

(iv) the guardian or conservator of any such natural person who has been adjudged disabled, incapacitated, incompetent or otherwise unable to manage his or her own affairs by a court of competent jurisdiction, in such guardian's or conservator's capacity as such, and/or the executor,

administrator or personal representative of the estate of any such Registered Holder who is deceased, in such executor's, administrator's or personal representative's capacity as such;

(c) with respect to any trust:

(i) one or more current beneficiaries of such trust who are Pritzkers, any Permitted Transferee of any such current beneficiary and/or any appointee of a power of appointment exercised with respect to such trust, if such appointee is a Pritzker; provided, however, that any Person holding a remainder interest in such trust shall not be a "Permitted Transferee" of such trust unless such Person is a Pritzker or a Permitted Transferee of any current beneficiary who is a Pritzker;

(ii) any other trust so long as the current beneficiaries of such other trust are Pritzkers, and/or any other trust for the benefit of an appointee of a power of appointment exercised with respect to such trust, if such appointee is a Pritzker; provided, however, that such other trust shall qualify as a "Permitted Transferee" notwithstanding that a remainder interest in such other trust is for the benefit of any Person other than a Pritzker until such time as such other trust is for the current benefit of such Person;

(iii) any current trustee or trustees of such trust in the capacity as trustee of such trust, and any successor trustee or trustees in the capacity as trustee of such trust; and

(iv) one or more corporations, partnerships, limited liability companies or other entities so long as all of the equity interests in such entities are owned, directly or indirectly, by such trust and/or one or more Permitted Transferees of such trust, and such trust and/or one or more Permitted Transferees of such trust have sole dispositive power and exclusive Voting Control with respect to the shares of Class B Common Stock held by such corporation, partnership, limited liability company or other entity;

(d) with respect to any corporation, partnership, limited liability company or other entity (a "Corporate Person"), other than the 2007 Investors:

(i) the shareholders, partners, members or other equity holders of such Corporate Person, as applicable, who are Pritzkers, in accordance with their respective rights and interests therein, and/or any Permitted Transferee of any such shareholders, partners, members or other equity holders;

(ii) any other corporation, partnership, limited liability company or other entity so long as all of the equity interests in such other corporation, partnership, limited liability company or other entity are owned, directly or indirectly, by such Corporate Person and/or one or more Permitted Transferees of such Corporate Person, and such Corporate Person and/or one or more Permitted Transferees of such Corporate Person has sole dispositive power and exclusive Voting Control with respect to the shares of Class B Common Stock held by such other corporation, partnership, limited liability company or other entity; and

(iii) any other corporation, partnership, limited liability company or other entity so long as such other corporation, partnership, limited liability company or other entity owns, directly or indirectly, all of the equity interests of such Corporate Person, and such other corporation, partnership, limited liability company or other entity has sole dispositive power and exclusive Voting Control with respect to the equity interests of such Corporate Person;

(e) with respect to any bankrupt or insolvent Person, the trustee or receiver of the estate of such bankrupt or insolvent Person, in such trustee's or receiver's capacity as such; and

(f) with respect to any Person that holds Class B Common Stock as the guardian or conservator of any Person who has been adjudged disabled, incapacitated, incompetent or otherwise unable to manage his or her own affairs, or as the executor, administrator or personal representative of the estate of any deceased Person, or as the trustee or receiver of the estate of a bankrupt or insolvent Person, (i) any Permitted Transferee of such disabled, incapacitated, incompetent, deceased, bankrupt or insolvent Person or (ii) in the event that such disabled, incapacitated, incompetent, deceased, bankrupt or insolvent Person is a 2007 Investor, an Affiliate of such 2007 Investor.

For the avoidance of doubt, the "Permitted Transferees" of any Person within the meaning of this Section 2(f)(i)(7) may be determined under any one or more than one of the clauses of this Section 2(f)(i)(7), if such clauses are applicable to such Person. For the further avoidance of doubt, references to a "trust" shall mean the trust or the trustee or trustees of such trust acting in such capacity, as the context may require.

With respect to a share or shares of Class B Common Stock held by a 2007 Investor, following the "Restriction Expiration Date" (as defined in the 2007 Stockholders' Agreement), the "Permitted Transferee" of any 2007 Investor shall be determined for purposes of Sections 2(f)(i)(7)(b) and 2(f)(i)(7)(c) of this Article IV without regard to any references to Pritzkers contained therein.

(8) "Person" shall mean any natural person, trust, corporation, partnership, limited liability company or other entity.

(9) "Pritzker" shall mean the Pritzker family members, who are the lineal descendants of Nicholas J. Pritzker, deceased, and spouses or surviving spouses of such descendants, any trust that is a Permitted Transferee of any of the foregoing, and any other Person that is a Permitted Transferee of any of the foregoing.

(10) "Registered Holder" shall mean (a) the registered holder of any share or shares of Class B Common Stock immediately prior to the consummation of the initial public offering of shares of Class A Common Stock (the "IPO"), (b) the initial registered holder of any share or shares of Class B Common Stock that are originally issued by the Corporation after the consummation of the IPO, and (c) any Person that becomes the registered holder of any share or shares of Class B Common Stock as a result of a Permitted Transfer in accordance with this Section 2(f).

(11) "Transfer" of a share or shares of Class B Common Stock shall mean any direct or indirect sale, exchange, assignment, transfer, conveyance, gift, hypothecation or other transfer or disposition (including, without limitation, the granting or exercise of a power of appointment or a proxy, attorney in fact, power of attorney or otherwise) of such share or shares or any legal or beneficial interest in such share or shares, whether or not for value and whether voluntary or involuntary or by operation of law. A "Transfer" shall include, without limitation, a transfer of a share or shares of Class B Common Stock to a broker or other nominee (regardless of whether or not there is a corresponding change in beneficial ownership), and the transfer of, or entering into any agreement, arrangement or understanding with respect to, Voting Control over a share or shares of Class B Common Stock. Any sale, exchange, assignment, transfer, conveyance, gift, hypothecation or other transfer or disposition by any Person that is not a Pritzker (other than a 2007 Investor) of less than 5% of the equity interests of any other Person that holds shares of Class B Common Stock, shall not be deemed to result in a "Transfer" of such shares of Class B Common Stock within the meaning of this Section 2(f)(i)(11). In addition, the existence of, the joinder of any Person to and agreement to become subject to the provisions of, or the voting of shares of Class B Common Stock in accordance with, the 2007 Stockholders' Agreement, the Global Hyatt Agreement, the Foreign Global Hyatt Agreement or the Agreement Relating to Stock, shall not be deemed to result in a "Transfer" of shares of Class B Common Stock within the meaning of this Section 2(f)(i)(11).

(12) "Voting Control" shall mean, with respect to a share or shares of Class B Common Stock, the power, whether exclusive or shared, revocable or irrevocable, to vote or direct the voting of such share or shares of Class B Common Stock, by proxy, voting agreement or otherwise.

(ii) Each share of Class B Common Stock shall be convertible into one fully paid and non-assessable share of Class A Common Stock at the option of the holder thereof at any time, and from time to time, upon written notice to the transfer agent of the Corporation.

(iii) Subject to Section 2(f)(vii) of this Article IV, a share of Class B Common Stock shall automatically, without any further action on the part of the Corporation, any holder of Class B Common Stock or any other party, convert into one fully paid and non-assessable share of Class A Common Stock upon a Transfer of such share, other than a Permitted Transfer; provided, however, that each share of Class B Common Stock transferred to a Permitted Transferee or an Affiliate of a 2007 Investor pursuant to a Permitted Transfer shall automatically convert into one fully paid and non-assessable share of Class A Common Stock if any event occurs, or any state of facts arises or exists, that causes such Person to no longer qualify, as applicable, as a "Permitted Transferee" within the meaning of Section 2(f)(i)(7) of this Article IV or as an "Affiliate" of such 2007 Investor as defined in Section 2(f)(i)(1) of this Article IV.

(iv) For so long as the 2007 Stockholders' Agreement, the Global Hyatt Agreement, the Foreign Global Hyatt Agreement or the Agreement Relating to Stock, as applicable, remains in effect, each share of Class B Common Stock held by (a) any trust that is party to, or any other Person directly or indirectly controlled by any one or more trusts that are party to, or otherwise bound by (including any trust who executes, or whose trustees execute, a joinder to, and thereby become subject to the provisions of) the 2007 Stockholders' Agreement, the Global Hyatt Agreement, the Foreign Global Hyatt Agreement or the Agreement Relating to Stock, as applicable, or

(b) with respect to the Foreign Global Hyatt Agreement, any Person directly or indirectly controlled by any one or more non-United States situs trusts which are for the benefit of one or more Pritzkers (even though such Person is not party to the Foreign Global Hyatt Agreement), shall automatically, without any further action on the part of the Corporation, any holder of Class B Common Stock or any other party, convert into one fully paid and non-assessable share of Class A Common Stock upon any change in the trustees of any such trust that is a Pritzker (in the case of clause (a)) or any such non-United States situs trusts that are Pritzkers (in the case of clause (b)) unless, in connection therewith, the requisite number of trustees necessary to bind such trust (to the extent not already party thereto) execute a joinder to, and thereby become subject to the provisions of, as applicable, the 2007 Stockholders' Agreement, the Global Hyatt Agreement, the Foreign Global Hyatt Agreement or the Agreement Relating to Stock.

(v) Each share of Class B Common Stock shall automatically, without any further action on the part of the Corporation, any holder of Class B Common Stock or any other party, convert into one fully paid and non-assessable share of Class A Common Stock if, as of the record date for determining the stockholders entitled to vote at any annual or special meeting of the stockholders of the Corporation, the aggregate number of shares of Common Stock owned, directly or indirectly, by the Registered Holders is less than fifteen percent of the aggregate number of outstanding shares of Common Stock.

(vi) The Board of Directors, or any duly authorized committee thereof, may, from time to time, establish such policies and procedures relating to the conversion of a share or shares of Class B Common Stock into a share or shares of Class A Common Stock and the general administration of this dual class common stock structure, including the issuance of stock certificates with respect thereto, as it may deem necessary or advisable, and may request or require that holders of a share or shares of Class B Common Stock furnish affidavits or other proof to the Corporation as it may deem necessary or advisable to verify the ownership of such share or shares of Class B Common Stock and to confirm that an automatic conversion into a share or shares of Class A Common Stock has not occurred. If the Board of Directors, or a duly authorized committee thereof, determines that a share or shares of Class B Common Stock have been inadvertently Transferred in a Transfer that is not a Permitted Transfer, or any other event shall have occurred, or any state of facts arisen or come into existence, that would inadvertently cause the automatic conversion of such shares into Class A Common Stock pursuant to Section 2(f)(iii) of this Article IV, and the Registered Holder shall have cured or shall promptly cure such inadvertent Transfer or the event or state of facts that would inadvertently cause such automatic conversion, then the Board of Directors, or a duly authorized committee thereof, may determine that such share or shares of Class B Common Stock shall not have been automatically converted into Class A Common Stock pursuant to Section 2(f)(iii) of this Article IV.

(vii) In the event of a conversion of a share or shares of Class B Common Stock into a share or shares of Class A Common Stock pursuant to this Section 2, such conversion shall be deemed to have been made (a) in the event of a voluntary conversion pursuant to Section 2(f)(ii) of this Article IV, at the close of business on the business day on which written notice of such voluntary conversion is received by the transfer agent of the Corporation, (b) in the event of an automatic conversion upon a Transfer or if any other event occurs, or any state of facts arises or exists, that would cause an automatic conversion pursuant to Section 2(f)(iii) of this Article IV, at the time that the Transfer of such share or shares occurred or at the time that such other event occurred, or state of facts arose, as applicable, (c) in the event of an automatic conversion of shares upon the failure of the new trustee or trustees to assume the obligations under, as applicable, the 2007 Stockholders' Agreement, the Global Hyatt Agreement, the Foreign Global Hyatt Agreement or the Agreement Relating to Stock, at the time such new trustee or trustees become such, and (d) in the event of an automatic conversion of all shares of Class B Common Stock pursuant to Section 2(f)(v) of this Article IV, at the close of business on the record date on which the Registered Holders own less than the requisite percentage of outstanding shares of Common Stock. Upon any conversion of a share or shares of Class B Common Stock to a share or shares of Class A Common Stock, subject only to rights to receive any dividends or other distributions payable in respect of such share or shares of Class B Common Stock with a record date prior to the date of such conversion, all rights of the holder of a share or shares of Class B Common Stock shall cease and such Person shall be treated for all purposes as having become the registered holder of such share or shares of Class A Common Stock. Shares of Class B Common Stock that are converted into shares of Class A Common Stock as provided in this Section 2 shall be retired and may not be reissued.

(g) Reservation of Stock. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Class A Common Stock, solely for the purpose of effecting the conversion of the shares of Class B Common Stock, such number of its shares of Class A Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of Class B Common Stock into shares of Class A Common Stock.

(h) Limitation on Future Issuance. Except as otherwise provided in or contemplated by Sections 2(b), 2(d) or 2(e) of this Article IV, the Corporation shall not issue additional shares of Class B Common Stock after the Effective Time.

Section 3. Preferred Stock. The Board of Directors is authorized, subject to limitations prescribed by law, to provide by resolution or resolutions for the issuance of a share or shares of Preferred Stock in one or more series and, by filing a certificate of designation pursuant to the DGCL setting forth a copy of such resolution or resolutions, to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences, and rights of the shares of each such series and the qualifications, limitations, and restrictions thereof. The authority of the Board of Directors with respect to the Preferred Stock and any series shall include, but not be limited to, determination of the following:

- (a) the number of shares constituting any series and the distinctive designation of that series;
- (b) the dividend rate on the shares of any series, whether dividends shall be cumulative and, if so, from which date or dates, and the relative rights of priority, if any, of payment of dividends on shares of that series;
- (c) whether any series shall have voting rights, in addition to the voting rights provided by applicable law, and, if so, the number of votes per share and the terms and conditions of such voting rights;
- (d) whether any series shall have conversion privileges and, if so, the terms and conditions of conversion, including provision for adjustment of the conversion rate upon such events as the Board of Directors shall determine;
- (e) whether the shares of any series shall be redeemable and, if so, the terms and conditions of such redemption, including the date or dates upon or after which they shall be redeemable and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates;
- (f) whether any series shall have a sinking fund for the redemption or purchase of shares of that series, and, if so, the terms and amount of such sinking fund;
- (g) the rights of the shares of any series in the event of voluntary or involuntary dissolution or winding up of the Corporation, and the relative rights of priority, if any, of payment of shares of that series; and
- (h) any other powers, preferences, rights, qualifications, limitations, and restrictions of any series.

Notwithstanding the provisions of Section 242(b)(2) of the DGCL, the number of authorized shares of Preferred Stock and Common Stock may, without a class or series vote, be increased or decreased (but not below the number of shares thereof then outstanding) from time to time by the affirmative vote of the holders of at least a majority of the voting power of the Corporation's then outstanding capital stock, voting together as a single class.

ARTICLE V

BOARD OF DIRECTORS

Section 1. Powers of the Board. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. In addition to the powers and authority expressly conferred upon them by applicable law or by this Amended and Restated Certificate of Incorporation or the Bylaws of the Corporation, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation.

Section 2. Classification of the Board. Except as may be provided in a resolution or resolutions of the Board of Directors providing for any series of Preferred Stock with respect to any directors elected (or to be elected) by the holders of such series, effective upon the Effective Time, the directors of the Corporation shall be divided into three classes as nearly equal in size as is practicable, hereby designated Class I, Class II and Class III. The Board of Directors may assign members of the Board of Directors already in office to such classes as of the Effective Time. The term of office of the initial Class I directors shall expire at the first regularly-scheduled annual meeting of the stockholders following the Effective Time; the term of office of the initial Class II directors shall expire at the second annual meeting of the stockholders following the Effective Time; and the term of office of the initial Class III directors shall expire at the third annual meeting of the stockholders following the Effective Time. Except as may be provided in a resolution or resolutions of the Board of Directors providing for any series of Preferred Stock with respect to any directors elected (or to be elected) by the holders of such series, at each annual meeting of stockholders, commencing with the first regularly-scheduled annual meeting of stockholders following the Effective Time, each of the successors elected to replace the directors of a class whose term shall have expired at such annual meeting shall be elected to hold office until the third annual meeting next succeeding his or her election and until his or her respective successor shall have been duly elected and qualified.

Section 3. Number of Directors. Except as may be provided in a resolution or resolutions of the Board of Directors providing for any series of Preferred Stock with respect to any directors elected (or to be elected) by the holders of such series, (a) the total number of directors constituting the entire Board of Directors shall consist of not less than five nor more than fifteen members, with the precise number of directors to be determined from time to time exclusively by a vote of a majority of the entire Board of Directors, and (b) if the number of directors is changed, any increase or decrease shall be apportioned among such classes of directors in such manner as the Board of Directors shall determine so as to maintain the number of directors in each class as nearly equal as possible, but in no case will a decrease in the number of directors shorten the term of any incumbent director.

Section 4. Removal of Directors. Except as may be provided in a resolution or resolutions of the Board of Directors providing for any series of Preferred Stock with respect to any directors elected by the holders of such series and except as otherwise required by applicable law, any or all of the directors of the Corporation may be removed from office only for cause and only by the affirmative vote of the holders of at least a majority of the voting power of the Corporation's then outstanding capital stock entitled to vote generally in the election of directors, voting together as a single class.

Section 5. Vacancies. Except as may be provided in a resolution or resolutions providing for any series of Preferred Stock with respect to any directors elected (or to be elected) by the holders of such series, any vacancies in the Board of Directors for any reason and any newly created directorships resulting by reason of any increase in the number of directors may be filled only by the Board of Directors (and not by the stockholders), acting by majority of the remaining directors then in office, although less than a quorum, or by a sole remaining director, and any directors so appointed shall hold office until the next election of the class of directors to which such directors have been appointed and until their successors are elected and qualified.

Section 6. Bylaws. The Board of Directors shall have the power to adopt, amend, alter, change or repeal any and all Bylaws of the Corporation. In addition, the stockholders of the Corporation may adopt, amend, alter, change or repeal any and all Bylaws of the Corporation by the affirmative vote of the holders of at least eighty percent of the voting power of the Corporation's then outstanding capital stock entitled to vote, voting together as a single class (notwithstanding the fact that a lesser percentage may be specified by applicable law).

Section 7. Elections of Directors. Elections of directors need not be by ballot unless the Bylaws of the Corporation shall so provide.

Section 8. Officers. Except as otherwise expressly delegated by resolution of the Board of Directors, the Board of Directors shall have the exclusive power and authority to appoint and remove officers of the Corporation.

ARTICLE VI

STOCKHOLDERS

Section 1. Actions by Consent. Except as may be provided in a resolution or resolutions of the Board of Directors providing for any series of Preferred Stock, any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of such stockholders and may not be effected by any written consent in lieu of a meeting by such stockholders.

Section 2. Special Meetings of Stockholders. Except as may be provided in a resolution or resolutions of the Board of Directors providing for any series of Preferred Stock, special meetings of stockholders of the Corporation may be called only by the Chairman of the Board of Directors or by the Secretary upon direction of the Board of Directors pursuant to a resolution adopted by a majority of the entire Board of Directors.

ARTICLE VII

DIRECTOR LIABILITY

A director of the Corporation shall not be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL as it presently exists or may hereafter be amended. Any amendment, modification or repeal of the foregoing sentence shall not adversely affect any right arising prior to the time of such amendment, modification or repeal.

ARTICLE VIII

INDEMNIFICATION

Section 1. Right of Indemnification. The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person (a "Covered Person") who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding"), by reason of the fact that he or she, or a person for whom he or she is the legal representative, is or was a director or officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees) reasonably incurred by such Covered Person. Notwithstanding the preceding sentence, except as otherwise provided in Section 3 of this Article VIII, the Corporation shall be required to indemnify a Covered Person in connection with a Proceeding (or part thereof) commenced by such Covered Person only if the commencement of such Proceeding (or part thereof) by the Covered Person was authorized in the specific case by the Board of Directors.

Section 2. Prepayment of Expenses. The Corporation shall to the fullest extent not prohibited by applicable law pay the expenses (including attorneys' fees) incurred by a Covered Person in defending any Proceeding in advance of its final disposition, provided, however, that, to the extent required by law, such payment of expenses in advance of the final disposition of the Proceeding shall be made only upon receipt of an undertaking by the Covered Person to repay all amounts advanced if it should be ultimately determined that the Covered Person is not entitled to be indemnified under this Article VIII or otherwise.

Section 3. Claims. If a claim for indemnification (following the final disposition of the Proceeding with respect to which indemnification is sought, including any settlement of such Proceeding) or advancement of expenses under this Article VIII is not paid in full within thirty days after a written claim therefor by the Covered Person has been received by the Corporation, the Covered Person may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim to the fullest extent permitted by applicable law. In any such action the Corporation shall have the burden of proving that the Covered Person is not entitled to the requested indemnification or advancement of expenses under this Article VIII and applicable law.

Section 4. Non-exclusivity of Rights. The rights conferred on any Covered Person by this Article VIII shall not be exclusive of any other rights which such Covered Person may have or hereafter acquire under any statute, any other provision of this Amended and Restated Certificate of Incorporation, the Bylaws of the Corporation, or any agreement, vote of stockholders or disinterested directors or otherwise.

Section 5. Amendment or Repeal. Any right to indemnification or to advancement of expenses of any Covered Person arising hereunder shall not be eliminated or impaired by an amendment to or repeal of this Article VIII after the occurrence of the act or omission that is the subject of the civil, criminal, administrative or investigative action, suit or proceeding for which indemnification or advancement of expenses is sought.

Section 6. Other Indemnification and Advancement of Expenses. This Article VIII shall not limit the right of the Corporation, to the extent and in the manner permitted by law, to indemnify and to advance expenses to persons other than Covered Persons when and as authorized by appropriate corporate action.

ARTICLE IX

SECTION 203

The Corporation elects not to be governed by Section 203 of the DGCL.

ARTICLE X

AMENDMENT

The Corporation hereby reserves the right to amend, alter, change or repeal any provision contained in this Amended and Restated Certificate of Incorporation in any manner permitted by the DGCL and all rights and powers conferred upon stockholders and/or directors herein are granted subject to this reservation. Except as may be provided in a resolution or resolutions of the Board of Directors providing for any series of Preferred Stock, any such amendment, alteration, change or repeal shall require the affirmative vote of both (a) sixty-six and 2/3rds percent of the entire Board of Directors and (b) eighty percent of the voting power of the Corporation's then outstanding capital stock entitled to vote, voting together as a single class (notwithstanding the fact that a lesser percentage may be specified by applicable law). Any vote of stockholders required by this Article X shall be in addition to any other vote that may be required by applicable law, the Bylaws of the Corporation or any agreement with a national securities exchange or otherwise.

IN WITNESS WHEREOF, Hyatt Hotels Corporation has caused this Amended and Restated Certificate of Incorporation to be executed by its duly authorized officer this 4th day of November, 2009

HYATT HOTELS CORPORATION

By: /s/ Harmit J. Singh

Harmit J. Singh
Chief Financial Officer

CERTIFICATE OF RETIREMENT
OF
38,000,000 SHARES OF CLASS B COMMON STOCK
OF
HYATT HOTELS CORPORATION

Pursuant to Section 243(b)
of the General Corporation Law
of the State of Delaware

Hyatt Hotels Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"),
HEREBY CERTIFIES as follows:

1. 38,000,000 outstanding shares of Class B Common Stock, par value \$0.01 per share ("Class B Common Stock"), of the Corporation have been converted into 38,000,000 shares of Class A Common Stock, par value \$0.01 per share ("Class A Common Stock"), of the Corporation.
 2. The Amended and Restated Certificate of Incorporation of the Corporation filed with the Secretary of State of the State of Delaware on November 4, 2009 provides that any shares of Class B Common Stock which are converted into shares of Class A Common Stock shall be retired and may not be reissued by the Corporation.
 3. The Board of Directors of the Corporation has adopted resolutions retiring the 38,000,000 shares of Class B Common Stock that converted into 38,000,000 shares of Class A Common Stock.
 4. Accordingly, pursuant to the provisions of Section 243(b) of the General Corporation Law of the State of Delaware, upon the effective date of the filing of this Certificate of Retirement, the Certificate of Incorporation of the Corporation shall be amended so as to reduce the total authorized number of shares of the capital stock of the Corporation by 38,000,000 shares, such that the total number of authorized shares of the Corporation shall be 1,472,000,000, such shares consisting of 1,000,000,000 shares designated Class A Common Stock, 462,000,000 shares designated Class B Common Stock, and 10,000,000 shares designated Preferred Stock, par value \$0.01 per share.
-

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Retirement to be signed by its duly authorized officer, this 11th day of December, 2009.

HYATT HOTELS CORPORATION

By: /s/ Susan T. Smith

Susan T. Smith

General Counsel, Senior Vice President and Secretary

**CERTIFICATE OF RETIREMENT
OF
539,588 SHARES OF CLASS B COMMON STOCK
OF
HYATT HOTELS CORPORATION**

Pursuant to Section 243(b)
of the General Corporation Law
of the State of Delaware

Hyatt Hotels Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"),
HEREBY CERTIFIES as follows:

1. 539,588 outstanding shares of Class B Common Stock, par value \$0.01 per share ("Class B Common Stock"), of the Corporation have been converted into 539,588 shares of Class A Common Stock, par value \$0.01 per share ("Class A Common Stock"), of the Corporation.
2. The Amended and Restated Certificate of Incorporation of the Corporation filed with the Secretary of State of the State of Delaware on November 4, 2009, as amended by a certificate of retirement of 38,000,000 shares of Class B Common Stock filed with the Secretary of State of the State of Delaware on December 11, 2009, provides that any shares of Class B Common Stock which are converted into shares of Class A Common Stock shall be retired and may not be reissued by the Corporation.
3. The Board of Directors of the Corporation has adopted resolutions retiring the 539,588 shares of Class B Common Stock that converted into 539,588 shares of Class A Common Stock.
4. Accordingly, pursuant to the provisions of Section 243(b) of the General Corporation Law of the State of Delaware, upon the effective date of the filing of this Certificate of Retirement, the Certificate of Incorporation of the Corporation shall be further amended so as to reduce the total authorized number of shares of the capital stock of the Corporation by 539,588 shares, such that the total number of authorized shares of the Corporation shall be 1,471,460,412, such shares consisting of 1,000,000,000 shares designated Class A Common Stock, 461,460,412 shares designated Class B Common Stock, and 10,000,000 shares designated Preferred Stock, par value \$0.01 per share.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Retirement to be signed by its duly authorized officer, this 14th day of September, 2010.

HYATT HOTELS CORPORATION

By: /s/ Harmit J. Singh

Harmit J. Singh

Executive Vice President, Chief Financial Officer

**CERTIFICATE OF RETIREMENT
OF
8,987,695 SHARES OF CLASS B COMMON STOCK
OF
HYATT HOTELS CORPORATION**

Pursuant to Section 243(b)
of the General Corporation Law
of the State of Delaware

Hyatt Hotels Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), HEREBY CERTIFIES as follows:

1. 8,987,695 outstanding shares of Class B Common Stock, par value \$0.01 per share ("Class B Common Stock"), of the Corporation have been converted into 8,987,695 shares of Class A Common Stock, par value \$0.01 per share ("Class A Common Stock"), of the Corporation.
2. The Amended and Restated Certificate of Incorporation of the Corporation filed with the Secretary of State of the State of Delaware on November 4, 2009, as amended, provides that any shares of Class B Common Stock which are converted into shares of Class A Common Stock shall be retired and may not be reissued by the Corporation.
3. The Board of Directors of the Corporation has adopted resolutions retiring the 8,987,695 shares of Class B Common Stock that converted into 8,987,695 shares of Class A Common Stock.
4. Accordingly, pursuant to the provisions of Section 243(b) of the General Corporation Law of the State of Delaware, upon the filing of this Certificate of Retirement the Certificate of Incorporation of the Corporation shall be amended so as to reduce the total authorized number of shares of the capital stock of the Corporation by 8,987,695 shares, such that the total number of authorized shares of the Corporation shall be 1,462,472,717, such shares consisting of 1,000,000,000 shares designated Class A Common Stock, 452,472,717 shares designated Class B Common Stock, and 10,000,000 shares designated Preferred Stock, par value \$0.01 per share.

Signature page follows.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Retirement to be signed by its duly authorized officer, this 18th day of May, 2011.

HYATT HOTELS CORPORATION

By: /s/ Rena Hozore Reiss

Rena Hozore Reiss

Executive Vice President, General Counsel and
Secretary

**CERTIFICATE OF RETIREMENT
OF
863,721 SHARES OF CLASS B COMMON STOCK
OF
HYATT HOTELS CORPORATION**

Pursuant to Section 243(b)
of the General Corporation Law
of the State of Delaware

Hyatt Hotels Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), HEREBY CERTIFIES as follows:

1. 863,721 outstanding shares of Class B Common Stock, par value \$0.01 per share ("Class B Common Stock"), of the Corporation have been converted into 863,721 shares of Class A Common Stock, par value \$0.01 per share ("Class A Common Stock"), of the Corporation.
2. The Amended and Restated Certificate of Incorporation of the Corporation filed with the Secretary of State of the State of Delaware on November 4, 2009, as amended, provides that any shares of Class B Common Stock which are converted into shares of Class A Common Stock shall be retired and may not be reissued by the Corporation.
3. The Board of Directors of the Corporation has adopted resolutions retiring the 863,721 shares of Class B Common Stock that converted into 863,721 shares of Class A Common Stock.
4. Accordingly, pursuant to the provisions of Section 243(b) of the General Corporation Law of the State of Delaware, upon the filing of this Certificate of Retirement the Certificate of Incorporation of the Corporation shall be amended so as to reduce the total authorized number of shares of the capital stock of the Corporation by 863,721 shares, such that the total number of authorized shares of the Corporation shall be 1,461,608,996, such shares consisting of 1,000,000,000 shares designated Class A Common Stock, 451,608,996 shares designated Class B Common Stock, and 10,000,000 shares designated Preferred Stock, par value \$0.01 per share.

Signature page follows.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Retirement to be signed by its duly authorized officer, this 14th day of February, 2012.

HYATT HOTELS CORPORATION

By: /s/ Rena Hozore Reiss

Rena Hozore Reiss

Executive Vice President, General Counsel and
Secretary

**CERTIFICATE OF RETIREMENT
OF
1,000,000 SHARES OF CLASS B COMMON STOCK
OF
HYATT HOTELS CORPORATION**

Pursuant to Section 243(b)
of the General Corporation Law
of the State of Delaware

Hyatt Hotels Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), HEREBY CERTIFIES as follows:

1. 1,000,000 outstanding shares of Class B Common Stock, par value \$0.01 per share ("Class B Common Stock"), of the Corporation have been converted into 1,000,000 shares of Class A Common Stock, par value \$0.01 per share ("Class A Common Stock"), of the Corporation.
2. The Amended and Restated Certificate of Incorporation of the Corporation filed with the Secretary of State of the State of Delaware on November 4, 2009, as amended, provides that any shares of Class B Common Stock which are converted into shares of Class A Common Stock shall be retired and may not be reissued by the Corporation.
3. The Board of Directors of the Corporation has adopted resolutions retiring the 1,000,000 shares of Class B Common Stock that converted into 1,000,000 shares of Class A Common Stock.
4. Accordingly, pursuant to the provisions of Section 243(b) of the General Corporation Law of the State of Delaware, upon the filing of this Certificate of Retirement the Certificate of Incorporation of the Corporation shall be amended so as to reduce the total authorized number of shares of the capital stock of the Corporation by 1,000,000 shares, such that the total number of authorized shares of the Corporation shall be 1,461,472,717, such shares consisting of 1,000,000,000 shares designated Class A Common Stock, 451,472,717 shares designated Class B Common Stock, and 10,000,000 shares designated Preferred Stock, par value \$0.01 per share.

Signature page follows

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Retirement to be signed by its duly authorized officer, this 27th day of September, 2012.

HYATT HOTELS CORPORATION

By: /s/ Rena Hozore Reiss

Rena Hozore Reiss

Executive Vice President, General Counsel and
Secretary

**CERTIFICATE OF RETIREMENT
OF
1,623,529 SHARES OF CLASS B COMMON STOCK
OF
HYATT HOTELS CORPORATION**

Pursuant to Section 243(b)
of the General Corporation Law
of the State of Delaware

Hyatt Hotels Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), HEREBY CERTIFIES as follows:

1. 1,623,529 outstanding shares of Class B Common Stock, par value \$0.01 per share ("Class B Common Stock"), of the Corporation have been converted into 1,623,529 shares of Class A Common Stock, par value \$0.01 per share ("Class A Common Stock"), of the Corporation.
2. The Amended and Restated Certificate of Incorporation of the Corporation filed with the Secretary of State of the State of Delaware on November 4, 2009, as amended, provides that any shares of Class B Common Stock which are converted into shares of Class A Common Stock shall be retired and may not be reissued by the Corporation.
3. The Board of Directors of the Corporation has adopted resolutions retiring the 1,623,529 shares of Class B Common Stock that converted into 1,623,529 shares of Class A Common Stock.
4. Accordingly, pursuant to the provisions of Section 243(b) of the General Corporation Law of the State of Delaware, upon the filing of this Certificate of Retirement the Certificate of Incorporation of the Corporation shall be amended so as to reduce the total authorized number of shares of the capital stock of the Corporation by 1,623,529 shares, such that the total number of authorized shares of the Corporation shall be 1,458,985,467, such shares consisting of 1,000,000,000 shares designated Class A Common Stock, 448,985,467 shares designated Class B Common Stock, and 10,000,000 shares designated Preferred Stock, par value \$0.01 per share.

Signature page follows.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Retirement to be signed by its duly authorized officer, this 13 day of December, 2012.

HYATT HOTELS CORPORATION

By: /s/ Rena Hozore Reiss

Rena Hozore Reiss

Executive Vice President, General Counsel and
Secretary

**CERTIFICATE OF RETIREMENT
OF
1,556,713 SHARES OF CLASS B COMMON STOCK
OF
HYATT HOTELS CORPORATION**

Pursuant to Section 243(b)
of the General Corporation Law
of the State of Delaware

Hyatt Hotels Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"),
HEREBY CERTIFIES as follows:

1. 1,556,713 outstanding shares of Class B Common Stock, par value \$0.01 per share ("Class B Common Stock"),
of the Corporation have been converted into 1,556,713 shares of Class A Common Stock, par value \$0.01 per share ("Class A Common
Stock"), of the Corporation.
2. The Amended and Restated Certificate of Incorporation of the Corporation filed with the Secretary of State of the State of
Delaware on November 4, 2009, as amended, provides that any shares of Class B Common Stock which are converted into shares of Class A
Common Stock shall be retired and may not be reissued by the Corporation.
3. The Board of Directors of the Corporation has adopted resolutions retiring the 1,556,713 shares of Class B Common
Stock that converted into 1,556,713 shares of Class A Common Stock.
4. Accordingly, pursuant to the provisions of Section 243(b) of the General Corporation Law of the State of Delaware, upon
the filing of this Certificate of Retirement the Certificate of Incorporation of the Corporation shall be amended so as to reduce the total authorized
number of shares of the capital stock of the Corporation by 1,556,713 shares, such that the total number of authorized shares of the Corporation
shall be 1,457,428,754, such shares consisting of 1,000,000,000 shares designated Class A Common Stock, 447,428,754 shares designated Class
B Common Stock, and 10,000,000 shares designated Preferred Stock, par value \$0.01 per share.

Signature page follows.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Retirement to be signed by its duly authorized officer, this 12th day of February, 2013.

HYATT HOTELS CORPORATION

By: /s/ Rena Hozore Reiss

Rena Hozore Reiss

Executive Vice President, General Counsel and
Secretary

**CERTIFICATE OF RETIREMENT
OF
1,498,019 SHARES OF CLASS B COMMON STOCK
OF
HYATT HOTELS CORPORATION**

Pursuant to Section 243(b)
of the General Corporation Law
of the State of Delaware

Hyatt Hotels Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"),
HEREBY CERTIFIES as follows:

1. 1,498,019 outstanding shares of Class B Common Stock, par value \$0.01 per share ("Class B Common Stock"), of the Corporation have been converted into 1,498,019 shares of Class A Common Stock, par value \$0.01 per share ("Class A Common Stock"), of the Corporation.

2. The Amended and Restated Certificate of Incorporation of the Corporation filed with the Secretary of State of the State of Delaware on November 4, 2009, as amended, provides that any shares of Class B Common Stock which are converted into shares of Class A Common Stock shall be retired and may not be reissued by the Corporation.

3. The Board of Directors of the Corporation has adopted resolutions retiring the 1,498,019 shares of Class B Common Stock that converted into 1,498,019 shares of Class A Common Stock.

4. Accordingly, pursuant to the provisions of Section 243(b) of the General Corporation Law of the State of Delaware, upon the filing of this Certificate of Retirement the Certificate of Incorporation of the Corporation shall be amended so as to reduce the total authorized number of shares of the capital stock of the Corporation by 1,498,019 shares, such that the total number of authorized shares of the Corporation shall be 1,455,930,735, such shares consisting of 1,000,000,000 shares designated Class A Common Stock, 445,930,735 shares designated Class B Common Stock, and 10,000,000 shares designated Preferred Stock, par value \$0.01 per share.

Signature page follows.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Retirement to be signed by its duly authorized officer, this 10th day of May, 2013.

HYATT HOTELS CORPORATION

By: /s/ Rena Hozore Reiss

Rena Hozore Reiss

Executive Vice President, General Counsel and
Secretary

**CERTIFICATE OF RETIREMENT
OF
295,072 SHARES OF CLASS B COMMON STOCK
OF
HYATT HOTELS CORPORATION**

Pursuant to Section 243(b)
of the General Corporation Law
of the State of Delaware

Hyatt Hotels Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), HEREBY CERTIFIES as follows:

1. 295,072 outstanding shares of Class B Common Stock, par value \$0.01 per share ("Class B Common Stock"), of the Corporation have been converted into 295,072 shares of Class A Common Stock, par value \$0.01 per share ("Class A Common Stock"), of the Corporation.
2. The Amended and Restated Certificate of Incorporation of the Corporation filed with the Secretary of State of the State of Delaware on November 4, 2009, as amended, provides that any shares of Class B Common Stock which are converted into shares of Class A Common Stock shall be retired and may not be reissued by the Corporation.
3. The Board of Directors of the Corporation has adopted resolutions retiring the 295,072 shares of Class B Common Stock that converted into 295,072 shares of Class A Common Stock.
4. Accordingly, pursuant to the provisions of Section 243(b) of the General Corporation Law of the State of Delaware, upon the filing of this Certificate of Retirement the Certificate of Incorporation of the Corporation shall be amended so as to reduce the total authorized number of shares of the capital stock of the Corporation by 295,072 shares, such that the total number of authorized shares of the Corporation shall be 1,455,635,663, such shares consisting of 1,000,000,000 shares designated Class A Common Stock, 445,635,663 shares designated Class B Common Stock, and 10,000,000 shares designated Preferred Stock, par value \$0.01 per share.

Signature page follows.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Retirement to be signed by its duly authorized officer, this 30th day of May, 2013.

HYATT HOTELS CORPORATION

By: /s/ Rena Hozore Reiss

Rena Hozore Reiss

Executive Vice President, General Counsel and
Secretary

**CERTIFICATE OF RETIREMENT
OF
1,113,788 SHARES OF CLASS B COMMON STOCK
OF
HYATT HOTELS CORPORATION**

Pursuant to Section 243(b)
of the General Corporation Law
of the State of Delaware

Hyatt Hotels Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), HEREBY CERTIFIES as follows:

1. 1,113,788 outstanding shares of Class B Common Stock, par value \$0.01 per share ("Class B Common Stock"), of the Corporation have been converted into 1,113,788 shares of Class A Common Stock, par value \$0.01 per share ("Class A Common Stock"), of the Corporation.
2. The Amended and Restated Certificate of Incorporation of the Corporation filed with the Secretary of State of the State of Delaware on November 4, 2009, as amended, provides that any shares of Class B Common Stock which are converted into shares of Class A Common Stock shall be retired and may not be reissued by the Corporation.
3. The Board of Directors of the Corporation has adopted resolutions retiring the 1,113,788 shares of Class B Common Stock that converted into 1,113,788 shares of Class A Common Stock.

Accordingly, pursuant to the provisions of Section 243(b) of the General Corporation Law of the State of Delaware, upon the filing of this Certificate of Retirement the Certificate of Incorporation of the Corporation shall be amended so as to reduce the total authorized number of shares of the capital stock of the Corporation by 1,113,788 shares, such that the total number of authorized shares of the Corporation shall be 1,454,521,875, such shares consisting of 1,000,000,000 shares designated Class A Common Stock, 444,521,875 shares designated Class B Common Stock, and 10,000,000 shares designated Preferred Stock, par value \$0.01 per share.

Signature page follows.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Retirement to be signed by its duly authorized officer, this 13th day of June, 2013.

HYATT HOTELS CORPORATION

By: /s/ Rena Hozore Reiss

Rena Hozore Reiss

Executive Vice President, General Counsel and
Secretary

CERTIFICATE OF RETIREMENT
OF
1,122,000 SHARES OF CLASS B COMMON STOCK
OF
HYATT HOTELS CORPORATION

Pursuant to Section 243(b)
of the General Corporation Law
of the State of Delaware

Hyatt Hotels Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), HEREBY CERTIFIES as follows:

1. 1,122,000 outstanding shares of Class B Common Stock, par value \$0.01 per share ("Class B Common Stock"), of the Corporation have been converted into 1,122,000 shares of Class A Common Stock, par value \$0.01 per share ("Class A Common Stock"), of the Corporation.
2. The Amended and Restated Certificate of Incorporation of the Corporation filed with the Secretary of State of the State of Delaware on November 4, 2009, as amended, provides that any shares of Class B Common Stock which are converted into shares of Class A Common Stock shall be retired and may not be reissued by the Corporation.
3. The Board of Directors of the Corporation has adopted resolutions retiring the 1,122,000 shares of Class B Common Stock that converted into 1,122,000 shares of Class A Common Stock.
4. Accordingly, pursuant to the provisions of Section 243(b) of the General Corporation Law of the State of Delaware, upon the filing of this Certificate of Retirement the Certificate of Incorporation of the Corporation shall be amended so as to reduce the total authorized number of shares of the capital stock of the Corporation by 1,122,000 shares, such that the total number of authorized shares of the Corporation shall be 1,453,399,875, such shares consisting of 1,000,000,000 shares designated Class A Common Stock, 443,399,875 shares designated Class B Common Stock, and 10,000,000 shares designated Preferred Stock, par value \$0.01 per share.

Signature page follows.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Retirement to be signed by its duly authorized officer, this 5th day of November, 2014.

HYATT HOTELS CORPORATION

By: /s/ Rena Hozore Reiss

Rena Hozore Reiss

Executive Vice President, General

CERTIFICATE OF RETIREMENT
OF
750,000 SHARES OF CLASS B COMMON STOCK
OF
HYATT HOTELS CORPORATION

Pursuant to Section 243(b)
of the General Corporation Law
of the State of Delaware

Hyatt Hotels Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), HEREBY CERTIFIES as follows:

1. 750,000 outstanding shares of Class B Common Stock, par value \$0.01 per share ("Class B Common Stock"), of the Corporation have been converted into 750,000 shares of Class A Common Stock, par value \$0.01 per share ("Class A Common Stock"), of the Corporation.
2. The Amended and Restated Certificate of Incorporation of the Corporation filed with the Secretary of State of the State of Delaware on November 4, 2009, as amended, provides that any shares of Class B Common Stock which are converted into shares of Class A Common Stock shall be retired and may not be reissued by the Corporation.
3. The Board of Directors of the Corporation has adopted resolutions retiring the 750,000 shares of Class B Common Stock that converted into 750,000 shares of Class A Common Stock.
4. Accordingly, pursuant to the provisions of Section 243(b) of the General Corporation Law of the State of Delaware, upon the filing of this Certificate of Retirement the Certificate of Incorporation of the Corporation shall be amended so as to reduce the total authorized number of shares of the capital stock of the Corporation by 750,000 shares, such that the total number of authorized shares of the Corporation shall be 1,452,649,875, such shares consisting of 1,000,000,000 shares designated Class A Common Stock, 442,649,875 shares designated Class B Common Stock, and 10,000,000 shares designated Preferred Stock, par value \$0.01 per share.

Signature page follows.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Retirement to be signed by its duly authorized officer, this 25th day of February, 2015.

HYATT HOTELS CORPORATION

By: /s/ Rena Hozore Reiss

Name: Rena Hozore Reiss

Title: Executive Vice President,
General Counsel and Secretary

CERTIFICATE OF RETIREMENT
OF
1,026,501 SHARES OF CLASS B COMMON STOCK
OF
HYATT HOTELS CORPORATION

Pursuant to Section 243(b)
of the General Corporation Law
of the State of Delaware

Hyatt Hotels Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), HEREBY CERTIFIES as follows:

1. 1,026,501 outstanding shares of Class B Common Stock, par value \$0.01 per share ("Class B Common Stock"), of the Corporation have been converted into 1,026,501 shares of Class A Common Stock, par value \$0.01 per share ("Class A Common Stock"), of the Corporation.
2. The Amended and Restated Certificate of Incorporation of the Corporation filed with the Secretary of State of the State of Delaware on November 4, 2009, as amended, provides that any shares of Class B Common Stock which are converted into shares of Class A Common Stock shall be retired and may not be reissued by the Corporation.
3. The Board of Directors of the Corporation has adopted resolutions retiring the 1,026,501 shares of Class B Common Stock that converted into 1,026,501 shares of Class A Common Stock.
4. Accordingly, pursuant to the provisions of Section 243(b) of the General Corporation Law of the State of Delaware, upon the filing of this Certificate of Retirement the Certificate of Incorporation of the Corporation shall be amended so as to reduce the total authorized number of shares of the capital stock of the Corporation by 1,026,501 shares, such that the total number of authorized shares of the Corporation shall be 1,451,623,374, such shares consisting of 1,000,000,000 shares designated Class A Common Stock, 441,623,374 shares designated Class B Common Stock, and 10,000,000 shares designated Preferred Stock, par value \$0.01 per share.

Signature page follows.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Retirement to be signed by its duly authorized officer, this 13th day of May, 2015.

HYATT HOTELS CORPORATION

By: /s/ Rena Hozore Reiss

Name: Rena Hozore Reiss

Title: Executive Vice President,

General Counsel

CERTIFICATE OF RETIREMENT
OF
1,881,636 SHARES OF CLASS B COMMON STOCK
OF
HYATT HOTELS CORPORATION

Pursuant to Section 243(b)
of the General Corporation Law
of the State of Delaware

Hyatt Hotels Corporation, a corporation organized and existing under the laws of the State of Delaware (the “Corporation”), HEREBY CERTIFIES as follows:

1. 1,881,636 outstanding shares of Class B Common Stock, par value \$0.01 per share (“Class B Common Stock”), of the Corporation have been converted into 1,881,636 shares of Class A Common Stock, par value \$0.01 per share (“Class A Common Stock”), of the Corporation.
2. The Amended and Restated Certificate of Incorporation of the Corporation filed with the Secretary of State of the State of Delaware on November 4, 2009, as amended, provides that any shares of Class B Common Stock which are converted into shares of Class A Common Stock shall be retired and may not be reissued by the Corporation.
3. The Board of Directors of the Corporation has adopted resolutions retiring the 1,881,636 shares of Class B Common Stock that converted into 1,881,636 shares of Class A Common Stock.
4. Accordingly, pursuant to the provisions of Section 243(b) of the General Corporation Law of the State of Delaware, upon the filing of this Certificate of Retirement the Certificate of Incorporation of the Corporation shall be amended so as to reduce the total authorized number of shares of the capital stock of the Corporation by 1,881,636 shares, such that the total number of authorized shares of the Corporation shall be 1,449,741,738, such shares consisting of 1,000,000,000 shares designated Class A Common Stock, 439,741,738 shares designated Class B Common Stock, and 10,000,000 shares designated Preferred Stock, par value \$0.01 per share.

Signature page follows.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Retirement to be signed by its duly authorized officer, this 22nd day of August, 2016.

HYATT HOTELS CORPORATION

By: /s/ Rena Hozore Reiss

Name: Rena Hozore Reiss

Title: Executive Vice President,

General Counsel and Secretary

CERTIFICATE OF RETIREMENT
OF
500,000 SHARES OF CLASS B COMMON STOCK
OF
HYATT HOTELS CORPORATION

Pursuant to Section 243(b)
of the General Corporation Law
of the State of Delaware

Hyatt Hotels Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), HEREBY CERTIFIES as follows:

1. 500,000 outstanding shares of Class B Common Stock, par value \$0.01 per share ("Class B Common Stock"), of the Corporation have been converted into 500,000 shares of Class A Common Stock, par value \$0.01 per share ("Class A Common Stock"), of the Corporation.
2. The Amended and Restated Certificate of Incorporation of the Corporation filed with the Secretary of State of the State of Delaware on November 4, 2009, as amended, provides that any shares of Class B Common Stock which are converted into shares of Class A Common Stock shall be retired and may not be reissued by the Corporation.
3. The Board of Directors of the Corporation has adopted resolutions retiring the 500,000 shares of Class B Common Stock that converted into 500,000 shares of Class A Common Stock.
4. Accordingly, pursuant to the provisions of Section 243(b) of the General Corporation Law of the State of Delaware, upon the filing of this Certificate of Retirement the Certificate of Incorporation of the Corporation shall be amended so as to reduce the total authorized number of shares of the capital stock of the Corporation by 500,000 shares, such that the total number of authorized shares of the Corporation shall be 1,449,241,738, such shares consisting of 1,000,000,000 shares designated Class A Common Stock, 439,241,738 shares designated Class B Common Stock, and 10,000,000 shares designated Preferred Stock, par value \$0.01 per share.

Signature page follows.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Retirement to be signed by its duly authorized officer, this 1st day of November, 2016.

HYATT HOTELS CORPORATION

By: /s/ Rena Hozore Reiss

Name: Rena Hozore Reiss

Title: Executive Vice President,

General Counsel and Secretary

CERTIFICATE OF RETIREMENT
OF
10,187,641 SHARES OF CLASS B COMMON STOCK
OF
HYATT HOTELS CORPORATION

Pursuant to Section 243(b)
of the General Corporation Law
of the State of Delaware

Hyatt Hotels Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), HEREBY CERTIFIES as follows:

1. 10,187,641 outstanding shares of Class B Common Stock, par value \$0.01 per share ("Class B Common Stock"), of the Corporation have been converted into 10,187,641 shares of Class A Common Stock, par value \$0.01 per share ("Class A Common Stock"), of the Corporation.
2. The Amended and Restated Certificate of Incorporation of the Corporation filed with the Secretary of State of the State of Delaware on November 4, 2009, as amended, provides that any shares of Class B Common Stock which are converted into shares of Class A Common Stock shall be retired and may not be reissued by the Corporation.
3. The Board of Directors of the Corporation has adopted resolutions retiring the 10,187,641 shares of Class B Common Stock that converted into 10,187,641 shares of Class A Common Stock.
4. Accordingly, pursuant to the provisions of Section 243(b) of the General Corporation Law of the State of Delaware, upon the filing of this Certificate of Retirement the Certificate of Incorporation of the Corporation shall be amended so as to reduce the total authorized number of shares of the capital stock of the Corporation by 10,187,641 shares, such that the total number of authorized shares of the Corporation shall be 1,439,054,097, such shares consisting of 1,000,000,000 shares designated Class A Common Stock, 429,054,097 shares designated Class B Common Stock, and 10,000,000 shares designated Preferred Stock, par value \$0.01 per share.

Signature page follows.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Retirement to be signed by its duly authorized officer, this 4th day of November, 2016.

HYATT HOTELS CORPORATION

By: /s/ Rena Hozore Reiss

Name: Rena Hozore Reiss

Title: Executive Vice President,

General Counsel and Secretary

CERTIFICATE OF RETIREMENT
OF
4,500,000 SHARES OF CLASS B COMMON STOCK
OF
HYATT HOTELS CORPORATION

Pursuant to Section 243(b)
of the General Corporation Law
of the State of Delaware

Hyatt Hotels Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), HEREBY CERTIFIES as follows:

1. 4,500,000 outstanding shares of Class B Common Stock, par value \$0.01 per share ("Class B Common Stock"), of the Corporation have been converted into 4,500,000 shares of Class A Common Stock, par value \$0.01 per share ("Class A Common Stock"), of the Corporation.
2. The Amended and Restated Certificate of Incorporation of the Corporation filed with the Secretary of State of the State of Delaware on November 4, 2009, as amended, provides that any shares of Class B Common Stock which are converted into shares of Class A Common Stock shall be retired and may not be reissued by the Corporation.
3. The Board of Directors of the Corporation has adopted resolutions retiring the 4,500,000 shares of Class B Common Stock that converted into 4,500,000 shares of Class A Common Stock.
4. Accordingly, pursuant to the provisions of Section 243(b) of the General Corporation Law of the State of Delaware, upon the filing of this Certificate of Retirement the Certificate of Incorporation of the Corporation shall be amended so as to reduce the total authorized number of shares of the capital stock of the Corporation by 4,500,000 shares, such that the total number of authorized shares of the Corporation shall be 1,434,554,097, such shares consisting of 1,000,000,000 shares designated Class A Common Stock, 424,554,097 shares designated Class B Common Stock, and 10,000,000 shares designated Preferred Stock, par value \$0.01 per share.

Signature page follows.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Retirement to be signed by its duly authorized officer, this 8th day of December, 2016.

HYATT HOTELS CORPORATION

By: /s/ Rena Hozore Reiss

Name: Rena Hozore Reiss

Title: Executive Vice President,

General Counsel and Secretary

CERTIFICATE OF RETIREMENT
OF
1,696,476 SHARES OF CLASS B COMMON STOCK
OF
HYATT HOTELS CORPORATION

Pursuant to Section 243(b)
of the General Corporation Law
of the State of Delaware

Hyatt Hotels Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), HEREBY CERTIFIES as follows:

1. 1,696,476 outstanding shares of Class B Common Stock, par value \$0.01 per share ("Class B Common Stock"), of the Corporation have been converted into 1,696,476 shares of Class A Common Stock, par value \$0.01 per share ("Class A Common Stock"), of the Corporation.
2. The Amended and Restated Certificate of Incorporation of the Corporation filed with the Secretary of State of the State of Delaware on November 4, 2009, as amended, provides that any shares of Class B Common Stock which are converted into shares of Class A Common Stock shall be retired and may not be reissued by the Corporation.
3. The Board of Directors of the Corporation has adopted resolutions retiring the 1,696,476 shares of Class B Common Stock that converted into 1,696,476 shares of Class A Common Stock.
4. Accordingly, pursuant to the provisions of Section 243(b) of the General Corporation Law of the State of Delaware, upon the filing of this Certificate of Retirement the Certificate of Incorporation of the Corporation shall be amended so as to reduce the total authorized number of shares of the capital stock of the Corporation by 1,696,476 shares, such that the total number of authorized shares of the Corporation shall be 1,432,857,621, such shares consisting of 1,000,000,000 shares designated Class A Common Stock, 422,857,621 shares designated Class B Common Stock, and 10,000,000 shares designated Preferred Stock, par value \$0.01 per share.

Signature page follows.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Retirement to be signed by its duly authorized officer, this 21st day of December, 2016.

HYATT HOTELS CORPORATION

By: /s/ Rena Hozore Reiss

Name: Rena Hozore Reiss

Title: Executive Vice President,

General Counsel and Secretary

CERTIFICATE OF RETIREMENT
OF
539,370 SHARES OF CLASS B COMMON STOCK
OF
HYATT HOTELS CORPORATION

Pursuant to Section 243(b)
of the General Corporation Law
of the State of Delaware

Hyatt Hotels Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), HEREBY CERTIFIES as follows:

1. 539,370 outstanding shares of Class B Common Stock, par value \$0.01 per share ("Class B Common Stock"), of the Corporation have been converted into 539,370 shares of Class A Common Stock, par value \$0.01 per share ("Class A Common Stock"), of the Corporation.
2. The Amended and Restated Certificate of Incorporation of the Corporation filed with the Secretary of State of the State of Delaware on November 4, 2009, as amended, provides that any shares of Class B Common Stock which are converted into shares of Class A Common Stock shall be retired and may not be reissued by the Corporation.
3. The Board of Directors of the Corporation has adopted resolutions retiring the 539,370 shares of Class B Common Stock that converted into 539,370 shares of Class A Common Stock.
4. Accordingly, pursuant to the provisions of Section 243(b) of the General Corporation Law of the State of Delaware, upon the filing of this Certificate of Retirement the Certificate of Incorporation of the Corporation shall be amended so as to reduce the total authorized number of shares of the capital stock of the Corporation by 539,370 shares, such that the total number of authorized shares of the Corporation shall be 1,432,318,251, such shares consisting of 1,000,000,000 shares designated Class A Common Stock, 422,318,251 shares designated Class B Common Stock, and 10,000,000 shares designated Preferred Stock, par value \$0.01 per share.

Signature page follows.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Retirement to be signed by its duly authorized officer, this 3rd day of May, 2017.

HYATT HOTELS CORPORATION

By: /s/ Rena Hozore Reiss

Name: Rena Hozore Reiss

Title: Executive Vice President,

General Counsel and Secretary

CERTIFICATE OF RETIREMENT
OF
4,233,000 SHARES OF CLASS B COMMON STOCK
OF
HYATT HOTELS CORPORATION

Pursuant to Section 243(b)
of the General Corporation Law
of the State of Delaware

Hyatt Hotels Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), HEREBY CERTIFIES as follows:

1. 4,233,000 outstanding shares of Class B Common Stock, par value \$0.01 per share ("Class B Common Stock"), of the Corporation have been converted into 4,233,000 shares of Class A Common Stock, par value \$0.01 per share ("Class A Common Stock"), of the Corporation.
2. The Amended and Restated Certificate of Incorporation of the Corporation filed with the Secretary of State of the State of Delaware on November 4, 2009, as amended, provides that any shares of Class B Common Stock which are converted into shares of Class A Common Stock shall be retired and may not be reissued by the Corporation.
3. The Board of Directors of the Corporation has adopted resolutions retiring the 4,233,000 shares of Class B Common Stock that converted into 4,233,000 shares of Class A Common Stock.
4. Accordingly, pursuant to the provisions of Section 243(b) of the General Corporation Law of the State of Delaware, upon the filing of this Certificate of Retirement the Certificate of Incorporation of the Corporation shall be amended so as to reduce the total authorized number of shares of the capital stock of the Corporation by 4,233,000 shares, such that the total number of authorized shares of the Corporation shall be 1,428,085,251, such shares consisting of 1,000,000,000 shares designated Class A Common Stock, 418,085,251 shares designated Class B Common Stock, and 10,000,000 shares designated Preferred Stock, par value \$0.01 per share.

Signature page follows.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Retirement to be signed by its duly authorized officer, this 18th day of July, 2017.

HYATT HOTELS CORPORATION

By: /s/ Rena Hozore Reiss

Name: Rena Hozore Reiss

Title: Executive Vice President,

General Counsel and Secretary

CERTIFICATE OF RETIREMENT
OF
1,813,459 SHARES OF CLASS B COMMON STOCK
OF
HYATT HOTELS CORPORATION

Pursuant to Section 243(b)
of the General Corporation Law
of the State of Delaware

Hyatt Hotels Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), HEREBY CERTIFIES as follows:

1. 1,813,459 outstanding shares of Class B Common Stock, par value \$0.01 per share ("Class B Common Stock"), of the Corporation have been converted into 1,813,459 shares of Class A Common Stock, par value \$0.01 per share ("Class A Common Stock"), of the Corporation.
2. The Amended and Restated Certificate of Incorporation of the Corporation filed with the Secretary of State of the State of Delaware on November 4, 2009, as amended, provides that any shares of Class B Common Stock which are converted into shares of Class A Common Stock shall be retired and may not be reissued by the Corporation.
3. The Board of Directors of the Corporation has adopted resolutions retiring the 1,813,459 shares of Class B Common Stock that converted into 1,813,459 shares of Class A Common Stock.
4. Accordingly, pursuant to the provisions of Section 243(b) of the General Corporation Law of the State of Delaware, upon the filing of this Certificate of Retirement the Certificate of Incorporation of the Corporation shall be amended so as to reduce the total authorized number of shares of the capital stock of the Corporation by 1,813,459 shares, such that the total number of authorized shares of the Corporation shall be 1,426,271,792, such shares consisting of 1,000,000,000 shares designated Class A Common Stock, 416,271,792 shares designated Class B Common Stock, and 10,000,000 shares designated Preferred Stock, par value \$0.01 per share.

Signature page follows.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Retirement to be signed by its duly authorized officer, this 11th day of September, 2017.

HYATT HOTELS CORPORATION

By: /s/ Rena Hozore Reiss

Name: Rena Hozore Reiss

Title: Executive Vice President,

General Counsel and Secretary

CERTIFICATE OF RETIREMENT
OF
10,154,050 SHARES OF CLASS B COMMON STOCK
OF
HYATT HOTELS CORPORATION

Pursuant to Section 243(b)
of the General Corporation Law
of the State of Delaware

Hyatt Hotels Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), HEREBY CERTIFIES as follows:

1. 10,154,050 outstanding shares of Class B Common Stock, par value \$0.01 per share ("Class B Common Stock"), of the Corporation have been converted into 10,154,050 shares of Class A Common Stock, par value \$0.01 per share ("Class A Common Stock"), of the Corporation.
2. The Amended and Restated Certificate of Incorporation of the Corporation filed with the Secretary of State of the State of Delaware on November 4, 2009, as amended, provides that any shares of Class B Common Stock which are converted into shares of Class A Common Stock shall be retired and may not be reissued by the Corporation.
3. The Board of Directors of the Corporation has adopted resolutions retiring the 10,154,050 shares of Class B Common Stock that converted into 10,154,050 shares of Class A Common Stock.
4. Accordingly, pursuant to the provisions of Section 243(b) of the General Corporation Law of the State of Delaware, upon the filing of this Certificate of Retirement the Certificate of Incorporation of the Corporation shall be amended so as to reduce the total authorized number of shares of the capital stock of the Corporation by 10,154,050 shares, such that the total number of authorized shares of the Corporation shall be 1,416,117,742, such shares consisting of 1,000,000,000 shares designated Class A Common Stock, 406,117,742 shares designated Class B Common Stock, and 10,000,000 shares designated Preferred Stock, par value \$0.01 per share.

Signature page follows.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Retirement to be signed by its duly authorized officer, this 14th day of September, 2017.

HYATT HOTELS CORPORATION

By: /s/ Rena Hozore Reiss

Name: Rena Hozore Reiss

Title: Executive Vice President,
General Counsel and Secretary

CERTIFICATE OF RETIREMENT
OF
3,369,493 SHARES OF CLASS B COMMON STOCK
OF
HYATT HOTELS CORPORATION

Pursuant to Section 243(b)
of the General Corporation Law
of the State of Delaware

Hyatt Hotels Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), HEREBY CERTIFIES as follows:

1. 3,369,493 outstanding shares of Class B Common Stock, par value \$0.01 per share ("Class B Common Stock"), of the Corporation have been converted into 3,369,493 shares of Class A Common Stock, par value \$0.01 per share ("Class A Common Stock"), of the Corporation.
2. The Amended and Restated Certificate of Incorporation of the Corporation filed with the Secretary of State of the State of Delaware on November 4, 2009, as amended, provides that any shares of Class B Common Stock which are converted into shares of Class A Common Stock shall be retired and may not be reissued by the Corporation.
3. The Board of Directors of the Corporation has adopted resolutions retiring the 3,369,493 shares of Class B Common Stock that converted into 3,369,493 shares of Class A Common Stock.
4. Accordingly, pursuant to the provisions of Section 243(b) of the General Corporation Law of the State of Delaware, upon the filing of this Certificate of Retirement the Certificate of Incorporation of the Corporation shall be amended so as to reduce the total authorized number of shares of the capital stock of the Corporation by 3,369,493 shares, such that the total number of authorized shares of the Corporation shall be 1,412,748,249, such shares consisting of 1,000,000,000 shares designated Class A Common Stock, 402,748,249 shares designated Class B Common Stock, and 10,000,000 shares designated Preferred Stock, par value \$0.01 per share.

Signature page follows.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Retirement to be signed by its duly authorized officer, this 14th day of December, 2017.

HYATT HOTELS CORPORATION

By: /s/ Margaret C. Egan

Name: Margaret C. Egan

Title: Senior Vice President,

Interim General Counsel and Secretary

CERTIFICATE OF RETIREMENT
OF
135,100 SHARES OF CLASS B COMMON STOCK
OF
HYATT HOTELS CORPORATION

Pursuant to Section 243(b)
of the General Corporation Law
of the State of Delaware

Hyatt Hotels Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), HEREBY CERTIFIES as follows:

1. 135,100 outstanding shares of Class B Common Stock, par value \$0.01 per share ("Class B Common Stock"), of the Corporation have been converted into 135,100 shares of Class A Common Stock, par value \$0.01 per share ("Class A Common Stock"), of the Corporation.
2. The Amended and Restated Certificate of Incorporation of the Corporation filed with the Secretary of State of the State of Delaware on November 4, 2009, as amended, provides that any shares of Class B Common Stock which are converted into shares of Class A Common Stock shall be retired and may not be reissued by the Corporation.
3. The Board of Directors of the Corporation has adopted resolutions retiring the 135,100 shares of Class B Common Stock that converted into 135,100 shares of Class A Common Stock.
4. Accordingly, pursuant to the provisions of Section 243(b) of the General Corporation Law of the State of Delaware, upon the filing of this Certificate of Retirement the Certificate of Incorporation of the Corporation shall be amended so as to reduce the total authorized number of shares of the capital stock of the Corporation by 135,100 shares, such that the total number of authorized shares of the Corporation shall be 1,412,613,149, such shares consisting of 1,000,000,000 shares designated Class A Common Stock, 402,613,149 shares designated Class B Common Stock, and 10,000,000 shares designated Preferred Stock, par value \$0.01 per share.

Signature page follows.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Retirement to be signed by its duly authorized officer, this 14th day of February, 2018.

HYATT HOTELS CORPORATION

By: /s/ Margaret C. Egan

Name: Margaret C. Egan

Title: Executive Vice President,
General Counsel and Secretary

CERTIFICATE OF RETIREMENT
OF
2,249,094 SHARES OF CLASS B COMMON STOCK
OF
HYATT HOTELS CORPORATION

Pursuant to Section 243(b)
of the General Corporation Law
of the State of Delaware

Hyatt Hotels Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), HEREBY CERTIFIES as follows:

1. 2,249,094 outstanding shares of Class B Common Stock, par value \$0.01 per share ("Class B Common Stock"), of the Corporation have been converted into 2,249,094 shares of Class A Common Stock, par value \$0.01 per share ("Class A Common Stock"), of the Corporation.
2. The Amended and Restated Certificate of Incorporation of the Corporation filed with the Secretary of State of the State of Delaware on November 4, 2009, as amended, provides that any shares of Class B Common Stock which are converted into shares of Class A Common Stock shall be retired and may not be reissued by the Corporation.
3. The Board of Directors of the Corporation has adopted resolutions retiring the 2,249,094 shares of Class B Common Stock that converted into 2,249,094 shares of Class A Common Stock.
4. Accordingly, pursuant to the provisions of Section 243(b) of the General Corporation Law of the State of Delaware, upon the filing of this Certificate of Retirement the Certificate of Incorporation of the Corporation shall be amended so as to reduce the total authorized number of shares of the capital stock of the Corporation by 2,249,094 shares, such that the total number of authorized shares of the Corporation shall be 1,410,364,055, such shares consisting of 1,000,000,000 shares designated Class A Common Stock, 400,364,055 shares designated Class B Common Stock, and 10,000,000 shares designated Preferred Stock, par value \$0.01 per share.

Signature page follows.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Retirement to be signed by its duly authorized officer, this 16th day of May, 2018.

HYATT HOTELS CORPORATION

By: /s/ Margaret C. Egan

Name: Margaret C. Egan

Title: Executive Vice President,
General Counsel and Secretary

**CERTIFICATE OF RETIREMENT
OF
300,000 SHARES OF CLASS B COMMON STOCK
OF
HYATT HOTELS CORPORATION**

Pursuant to Section 243(b)
of the General Corporation Law
of the State of Delaware

Hyatt Hotels Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), HEREBY CERTIFIES as follows:

1. 300,000 outstanding shares of Class B Common Stock, par value \$0.01 per share ("Class B Common Stock"), of the Corporation have been converted into 300,000 shares of Class A Common Stock, par value \$0.01 per share ("Class A Common Stock"), of the Corporation.
2. The Amended and Restated Certificate of Incorporation of the Corporation filed with the Secretary of State of the State of Delaware on November 4, 2009, as amended, provides that any shares of Class B Common Stock which are converted into shares of Class A Common Stock shall be retired and may not be reissued by the Corporation.
3. The Board of Directors of the Corporation has adopted resolutions retiring the 300,000 shares of Class B Common Stock that converted into 300,000 shares of Class A Common Stock.
4. Accordingly, pursuant to the provisions of Section 243(b) of the General Corporation Law of the State of Delaware, upon the filing of this Certificate of Retirement the Certificate of Incorporation of the Corporation shall be amended so as to reduce the total authorized number of shares of the capital stock of the Corporation by 300,000 shares, such that the total number of authorized shares of the Corporation shall be 1,410,064,055, such shares consisting of 1,000,000,000 shares designated Class A Common Stock, 400,064,055 shares designated Class B Common Stock, and 10,000,000 shares designated Preferred Stock, par value \$0.01 per share.

Signature page follows.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Retirement to be signed by its duly authorized officer, this 31st day of July, 2018.

HYATT HOTELS CORPORATION

By: /s/ Margaret C. Egan

Name: Margaret C. Egan

Title: Executive Vice President,
General Counsel and Secretary

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**CERTIFICATE OF RETIREMENT
OF
950,161 SHARES OF CLASS B COMMON STOCK
OF
HYATT HOTELS CORPORATION**

Pursuant to Section 243(b)
of the General Corporation Law
of the State of Delaware

Hyatt Hotels Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), HEREBY CERTIFIES as follows:

1. 950,161 outstanding shares of Class B Common Stock, par value \$0.01 per share ("Class B Common Stock"), of the Corporation have been converted into 950,161 shares of Class A Common Stock, par value \$0.01 per share ("Class A Common Stock"), of the Corporation.
2. The Amended and Restated Certificate of Incorporation of the Corporation filed with the Secretary of State of the State of Delaware on November 4, 2009, as amended, provides that any shares of Class B Common Stock which are converted into shares of Class A Common Stock shall be retired and may not be reissued by the Corporation.
3. The Board of Directors of the Corporation has adopted resolutions retiring the 950,161 shares of Class B Common Stock that converted into 950,161 shares of Class A Common Stock.
4. Accordingly, pursuant to the provisions of Section 243(b) of the General Corporation Law of the State of Delaware, upon the filing of this Certificate of Retirement the Certificate of Incorporation of the Corporation shall be amended so as to reduce the total authorized number of shares of the capital stock of the Corporation by 950,161 shares, such that the total number of authorized shares of the Corporation shall be 1,409,113,894, such shares consisting of 1,000,000,000 shares designated Class A Common Stock, 399,113,894 shares designated Class B Common Stock, and 10,000,000 shares designated Preferred Stock, par value \$0.01 per share.

Signature page follows.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Retirement to be signed by its duly authorized officer, this 30th day of October, 2018.

HYATT HOTELS CORPORATION

By: /s/ Margaret C. Egan

Name: Margaret C. Egan

Title: Executive Vice President,

General Counsel and Secretary

HYATT HOTELS CORPORATION
DEFERRED COMPENSATION PLAN FOR DIRECTORS
As Amended and Restated Effective as of January 1, 2019

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HYATT HOTELS CORPORATION
DEFERRED COMPENSATION PLAN FOR DIRECTORS
As Amended and Restated Effective as of January 1, 2019

Article I.
DEFINITIONS

1.1 “Accounts” shall mean collectively the Director’s Cash Account and Stock Unit Account.

1.2 “Annual Equity Retainer” shall mean the annual equity retainer paid to the Director pursuant to the Company’s Non-Employee Director Compensation Program, as the same may be amended or restated from time to time (the “Compensation Program”) in Common Stock for serving as a member of the Board.

1.3 “Annual Fee” shall mean the quarterly retainer paid to the Director pursuant to the Compensation Program for serving as a member of the Board, which may be paid in cash or, at the election of the Director in Common Stock, but does not include any amounts earned for attending committees of the Board or for serving on committees of the Board.

1.4 “Board” shall mean the Board of Directors of Hyatt Hotels Corporation.

1.5 “Cash Account” shall mean the notional account created by the Company pursuant to Article III of this Plan in accordance with an election by a Director to receive deferred cash compensation under Article II hereof. For the avoidance of doubt, following the Second Restatement Effective Date, no payments shall be deferred into Cash Accounts hereunder.

1.6 “Change of Control” shall mean (a) prior to the consummation of a public offering in which the Company offers for sale shares of its common stock or other equity interests pursuant to an effective registration statement on Form S-1 or otherwise under the Securities Act of 1933, as amended (an “IPO”), Pritzker Affiliates shall fail to own more than 50% of the combined voting power of all Voting Stock of the Company and (b) following an IPO, any person or two or more persons acting in concert (other than (i) any Pritzker Affiliate or (ii) any Pritzker Affiliate along with any other stockholder which, together with its affiliates, owns more than 5% of the combined voting power of the Voting Stock as of June 30, 2009 (a “Non-Pritzker Affiliate Existing Shareholder”) so long as Pritzker Affiliates continue to own more Voting Stock than such Non-Pritzker Affiliate Existing Shareholder) shall have acquired “beneficial ownership,” directly or indirectly, of, or shall have acquired by contract or otherwise, Voting Stock of the Company (or other securities convertible into such Voting Stock) representing 50% or more of the combined voting power of all Voting Stock of the Company. As used herein, “beneficial ownership” shall have the meaning provided in Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. Notwithstanding the foregoing, no Change of Control shall exist unless it shall constitute a ‘change in control event’ as defined in Treasury Regulation §1.409A-3(i)(5).

1.7 “Common Stock” shall mean the Class A Common Stock of the Company, par value \$0.01 per share.

1.8 “Company” shall mean Hyatt Hotels Corporation and any corporate successors.

1.9 “Code” shall mean the Internal Revenue Code of 1986, as amended and any successor statute thereto.

1.10 “Director” shall mean a member of the Board of Directors of the Company who is not an employee of the Company or any of its subsidiaries.

1.11 “Effective Date” shall mean July 1, 2007.

1.12 “Fair Market Value” shall mean (a) if the Common Stock is not publicly traded on a national securities exchange or other quotation system, then the fair market value of the Common Stock as determined by an independent third party appraisal on the December 31 immediately preceding the date Fair Market Value is being so determined, or if the Board determines that subsequent events have materially affected such value, then as of a date determined by the Board, which appraisal shall reflect a reasonable valuation of the Company as contemplated by Treasury Regulation §1.409A-1(b)(5), or (b) if the Common Stock is publicly traded on a national securities exchange, the fair market value of the Common Stock shall be the closing price of the Common Stock regular way, as reported in the *Wall Street Journal* for the relevant date, or if the Common Stock is not traded on such date, the next preceding trading date.

1.13 “First Restatement Effective Date” shall mean December 10, 2009.

1.14 “Initial Equity Retainer” shall mean the grant of Common Stock deliverable to the Director pursuant to the Compensation Program in connection with the Director’s election or appointment to the Board.

1.15 “Plan” shall mean this Deferred Compensation Plan for Directors as it may be amended from time to time.

1.16 “Pritzker Affiliate” shall mean (i) all lineal descendants of Nicholas J. Pritzker, deceased, and all spouses and adopted children of such descendants; (ii) all trusts for the benefit of any person described in clause (i) and trustees of such trusts; (iii) all legal representatives of any person or trust described in clauses (i) or (ii); and (iv) all partnerships, corporations, limited liability companies or other entities controlling, controlled by or under common control with any person, trust or other entity described in clauses (i), (ii) or (iii). “Control” for these purposes shall mean the ability to influence, direct or otherwise significantly affect the major policies, activities or action of any person or entity, and the terms “controlling,” “controlled by” and “under common control with” have correlative meanings.

1.17 “Year” shall mean calendar year.

1.18 “Second Restatement Effective Date” shall mean January 1, 2019.

1.19 “Separation from Service” shall mean termination of service as a Director; provided that the individual is not or does not as a result thereof become an employee or maintain an independent contractor relationship with the Company or any subsidiary. All determinations of

whether an individual has had a Separation from Service shall be made applying the definition contained in Treasury Regulation §1.409A-1(h).

1.20 “Stock Unit” shall mean a notional unit representing the right to receive one share of Common Stock.

1.21 “Stock Unit Account” shall mean the bookkeeping account created by the Company pursuant Article III of this Plan in accordance with an election by a Director to receive deferred stock compensation under Article II hereof.

1.22 “Voting Stock” means each class of securities the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of the Company, even though the right so to vote has been suspended by the happening of such a contingency.

1.23 “He”, “Him” or “His” shall apply equally to male and female members of the Board.

ARTICLE II. ELECTION TO DEFER AND PAYMENT ELECTIONS

2.1 A Director may elect to defer payment of all or a specified part of any Annual Fee or Annual Equity Retainer by filing an election with the Company as follows:

(a) On or before December 31 of any Year, the Director may elect to defer all or any part of the Annual Fee or Annual Equity Retainer earned during the Year following such election and succeeding Years (until the Director ceases to be a Director).

(b) Any person who shall become a Director during any Year, and who was not a Director on the preceding December 31, may elect within thirty days after the Director’s term begins to defer payment of all or a specified part of such Annual Fee or Annual Equity Retainer earned during the remainder of such Year or succeeding Years following such election.

(c) Prior to the First Restatement Effective Date, each Director was also allowed to defer receipt of his Initial Equity Retainer.

(d) Fees deferred pursuant to this Section shall be paid to the Director at the time(s) and in the manner specified in Article IV hereof, in the form of cash or Common Stock, or any combination thereof, as designated by the Director in accordance with Article III hereof.

2.2 Each deferral election shall continue from Year to Year unless the Director terminates it by written request delivered to the Secretary of the Company prior to the commencement of the Year for which the termination is first effective.

2.3 At the time of deferral, the Director may elect to have the Annual Fee, Annual Equity Retainer or Initial Equity Retainer (for deferrals prior to the First Restatement Effective Date in the case of Initial Equity Retainers) for such Year distributed on the earlier of his Separation from Service as provided in Section 4.1 or the last business day of March of the fifth Year following the Year in which such Annual Fee, Annual Equity Retainer or Initial Equity Retainer would otherwise have been paid, absent the deferral election (an “In-Service Distribution Date”).

ARTICLE III. DEFERRED COMPENSATION ACCOUNTS

3.1 The Company shall maintain separate bookkeeping accounts for the Annual Fees, Annual Equity Retainer or Initial Equity Retainer deferred by each Director. Each Annual Equity Retainer, Initial Equity Retainer and, with respect to deferral elections made after the Second Restatement Effective Date, each Annual Fee deferred by a Director shall be denominated in Stock Units and held in a Stock Unit Account for the benefit of the Director. Prior to the Second Restatement Effective Date, each Director was allowed to elect at the time of the deferral to have the Annual Fee denominated in either Stock Units and credited to the Stock Unit Account, or in cash and credited to the Cash Account.

3.2 For Annual Fees deferred pursuant to a deferral election made prior to the Second Restatement Effective Date for which an election to receive cash was made, the Company shall credit, on the date the Annual Fees become payable, to the Cash Account of each Director the deferred portion of any Annual Fees due to the Director as to which an election to receive cash has been made. Subject to Section 3.10, Annual Fees deferred in the form of cash (and interest thereon) shall be held in the general funds of the Company.

3.3 The Company shall credit the Cash Account of each Director on a quarterly basis with interest at the prime rate in effect at the Company’s principal commercial bank on the date of the next immediately following regular quarterly Directors’ meeting. A Director’s Cash Account shall continue to accrue interest in the foregoing manner until two days prior to the date on which the balance of the Director’s Cash Account will be paid, in accordance with the terms of Article IV hereof, in satisfaction of all payments owed to the Director under the Plan.

3.4 With respect to (i) Annual Fees deferred pursuant to a deferral election made prior to the Second Restatement Effective Date for which an election to receive Common Stock was made, (ii) all Annual Fees deferred pursuant to deferral elections made on or after the Second Restatement Effective Date, and (iii) all deferred Annual Equity Retainers, the Company shall credit, on the date such Annual Fees or Annual Equity Retainers (as applicable) become payable, the Stock Unit Account of each Director with the number of Stock Units which is equal to: the deferred portion of any Annual Equity Retainer or Annual Fee due to the Director), divided by the Fair Market Value of the Common Stock on the date such Annual Equity Retainer or Annual Fee would otherwise have been paid. With respect to the Initial Equity Retainer deferred prior to the First Restatement Effective Date, the Stock Unit Account will be credited with the number of Stock Units equal to the Initial Equity Retainer divided by the Fair Market Value on the date the Director was first elected or appointed to the Board (or the Effective Date with respect to Initial Equity Retainers granted on the Effective Date). If adjustments are made to the outstanding shares of Common Stock as a result of recapitalization, merger, consolidation, split up, stock split, reverse stock split, spin-off or other distribution of stock or property of the Company, extraordinary dividends combination of securities, exchange of securities or other similar change in the capital structure of the Company (other than normal cash dividends), an appropriate adjustment also will be made in the number of Stock Units credited to the Director’s Stock Unit Account.

3.5 From and after the Second Restatement Effective Date, on the date on which any dividend is paid to shareholders of Common Stock, the Company shall pay to each Director an amount in cash equal to the per share dividend so paid (or the fair market value of such dividend if non-cash) multiplied by the number of shares of Common Stock underlying the Stock Units held in such Director’s Stock Unit Account (if any).

3.6 With respect to any Annual Fee deferred pursuant to Section 3.4 hereof, each quarterly payment of such Annual Fee will be calculated using the Fair Market Value of the Common Stock on the fifteenth day of the last month of each quarter, and if such fifteenth day is not a market day, the Fair Market Value of the Common Stock from the next market day following such fifteenth day. Any Stock Units credited to a Director’s Stock Unit Account under this Agreement may be credited in fractional shares of Common Stock, if applicable.

3.7 Stock Units shall not entitle any person to rights of a stock holder with respect to such Stock Units unless and until shares of Common Stock have been issued to such person in respect of such Stock Units pursuant to Article IV hereof.

3.8 The Company shall not be required to acquire, reserve, segregate, or otherwise set aside shares of its Common Stock or cash for the payment of its obligations under the Plan, but shall make available as and when required a sufficient number of its Common Stock and/or cash to meet the needs of the Plan.

3.9 Nothing contained herein shall be deemed to create a trust of any kind or any fiduciary relationship. To the extent that any person acquires a right to receive payments from the Company under the Plan, such right shall be no greater than the right of any unsecured general creditor of the Company.

3.10 The Company may enter into a trust agreement creating an irrevocable grantor trust for the holding of cash credited to the Cash Account of each Director under the Plan. Any assets of such trust shall be subject to the claims of creditors of the Company to the extent set forth in the trust, and Directors' interests in benefits under this Plan shall only be those of unsecured creditors of the Company.

ARTICLE IV. PAYMENT OF DEFERRED COMPENSATION

4.1 Timing and Form of Payment. Unless otherwise elected under Section 2.3, amounts contained in a Director's Accounts will be distributed in a lump sum on January 31st of the Year following the Director's Separation from Service. Amounts credited to a Director's Cash Account shall be paid in cash. Amounts credited to a Director's Stock Unit Account shall be paid in the form of one whole share of Common Stock for each Stock Unit; provided, however, that any fractional share held in such Stock Unit Account shall be automatically and immediately converted to an amount in cash equal to such fractional share multiplied by the Fair Market Value as of the date of the payment of such Director's Accounts.

4.2 Designation of Beneficiary. Each Director shall have the right to designate a beneficiary who is to succeed to his right to receive payments hereunder in the event of death. Any designated beneficiary will receive payments in the same manner as the Director if he had lived. In case of a failure of designation or the death of a designated beneficiary without a designated successor, the balance of the amounts contained in the Director's Accounts shall be payable in accordance with Section 4.1 to the Director's or former Director's estate in full on the January 31 of the Year following the Year in which the Director or his designated beneficiary dies. No designation of beneficiary or change in beneficiary shall be valid unless in writing signed by the Director and filed with the Secretary of the Company. Any beneficiary may be changed without the consent of any prior beneficiary.

4.3 Permissible Acceleration. Notwithstanding Section 4.1, all or a portion of a Director's Accounts may be paid prior to the payment date(s) elected under Section 2.3 in the discretion of the Company upon the following events:

- (a) To comply with a domestic relations order (as defined in Code Section 414(p)(1)(B));
- (b) In the event of an Unforeseeable Emergency (as defined below), a Director may, upon written request, receive payment of all or any portion of his Accounts as is reasonably necessary (as determined by the full Board of Directors, without regard to the affected Director) to relieve the need occasioned by the Unforeseeable Emergency. Such payment shall be made as soon as reasonably practicable following the later of (i) the payment date designated by the Director in his request or (ii) the determination of Unforeseeable Emergency, but in any event not later than 30 days after such date. For purposes of this paragraph (b), an "Unforeseeable Emergency" means a severe financial hardship to the Director resulting from an illness or accident of the Director, or of the Director's spouse, beneficiary, or dependent, loss of the Director's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Director. The determination of Unforeseeable Emergency shall be made by the full Board of Directors without regard to the affected Director based upon all of the facts and circumstances of each case and in light of Treasury Regulation Section 1.409A-3. No payment on account of Unforeseeable Emergency shall be made to the extent that the hardship is or may be relieved through reimbursement or compensation by insurance or otherwise, or by liquidation of the Director's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship).
- (c) If the Internal Revenue Service, makes a determination that a Director is required to include in gross income the value of his Accounts, as soon as practicable following such determination the Company shall pay to the Director in a lump sum, the full amount required to be included in the Director's gross income.
- (d) If the distributable balance of the Director's Accounts is less than the amount applicable under Code Section 402(g) for the Year in question, then notwithstanding any prior installment election, the balance of such Accounts shall be distributed in a lump sum.

(e) Upon the termination and liquidation of the Plan, the balance of the Directors Accounts shall be distributed in a lump sum twelve months following such termination and liquidation; provided that such termination or liquidation is not in connection with a downturn in the financial health of the Company and shall conform to the requirements of Treasury Regulation Section 1.409A-3(j)(4)(ix).

4.4 Section 409A Delay. Notwithstanding anything in Section 4.1 to the contrary, if a Director is an employee of the Company at the time of his Separation from Service such Director's Accounts shall not be payable to the Director prior to the earlier of (a) the expiration of the six-month period measured from the date of the Director's Separation from Service or (b) death, at which time all payments deferred pursuant to this Section 4.4 shall be paid in a lump sum to the Director, and any remaining payments shall be paid as otherwise provided under Section 4.1.

4.5 Election to Further Defer Payment. A Director who has elected to receive payment under Section 2.3 of an Annual Fee, Annual Equity Retainer or Initial Equity Retainer on an In-Service Distribution Date may change such election by completing and delivering an election to the Secretary of the Company to change the In-Service Distribution Date to a new In-Service Distribution Date subject to the following limitations:

- (a) The Director's election of a new In-Service Distribution Date shall not take effect until at least twelve (12) months after the Director's new In-Service Distribution Date election is made in accordance with Section 409A(a)(4)(C)(i) of the Code and the Treasury Regulations thereunder.
- (b) The Director's new In-Service Distribution Date may not be less than five years from the date of the Director's prior In-Service Distribution Date, as determined in accordance with Section 409A(a)(4)(C)(ii) of the Code and the Treasury Regulations thereunder.
- (c) The Director's election of a new In-Service Distribution Date shall not be made less than twelve (12) months prior to the prior In-Service Distribution Date in accordance with Section 409A(a)(4)(C)(iii) of the Code and the Treasury Regulations thereunder.
- (d) Any change to a Director's In-Service Distribution Date election shall be made in accordance with Section 409A(a)(4)(C) of the Code and the Treasury Regulations thereunder.

ARTICLE V. ADMINISTRATION

5.1 The books and records to be maintained for the purpose of the Plan shall be maintained by the Company at its expense. All expenses of administering the Plan shall be paid by the Company.

5.2 Except to the extent required by law, the right of any Director or any beneficiary to any benefit or to any payment hereunder shall not be subject in any manner to attachment or other legal process for the debts of such Director or beneficiary; and any such benefit or payment shall not be subject to alienation, sale, transfer, assignment or encumbrance.

5.3 No member of the Board and no officer or employee of the Company shall be liable to any person for any action taken or omitted in connection with the administration of the Plan unless attributable to his own fraud or willful misconduct, and the Company shall not be liable to any person for any such action unless attributable to fraud or willful misconduct on the part of a Director, officer or employee of the Company.

ARTICLE VI. AMENDMENT OF PLAN

6.1 Subject to any stockholder approval which may be required by law or the requirements of any stock exchange on which the Common Stock is then listed, the Plan may be amended, suspended or terminated in whole or in part from time to time by the Board, except no amendment, suspension, or termination shall apply to the payment to any Director or beneficiary of a deceased Director of an amounts previously credited to a Director's Accounts, without the Director's consent (or the beneficiary's consent in the case of a deceased Director).

6.2 Notice of every such amendment shall be given in writing to each Director and beneficiary of a deceased Director.

ARTICLE VII.
CHANGE OF CONTROL

7.1 Notwithstanding any election under Section 2.3 or the provisions of Section 4.1 to the contrary, upon the occurrence of a Change of Control the amounts credited to a Director's Accounts shall be paid in a lump sum on the date of the Change of Control.

7.2 A Director's Accounts shall be paid within thirty (30) days following the Change of Control, but in no event later than the later of: (a) December 31 of the Year in which the Change of Control occurs, or (b) two and one-half (2 ½) months following the date of the Change of Control.

ARTICLE VIII.
EFFECTIVE DATE

This Plan was originally adopted by the Board of Directors effective as of July 1, 2007, was amended and restated effective December 10, 2009, was amended effective January 1, 2009, and was further amended and restated effective January 1, 2019.

Hyatt Hotels Corporation
Summary of Amended and Restated Non-Employee Director Compensation
(Effective January 1, 2019)

This Amended and Restated Summary of Non-Employee Director Compensation was adopted by the Board of Directors (the “Board”) of Hyatt Hotels Corporation (“HHC”) on September 12, 2018 and effective as of January 1, 2019 and supersedes and replaces all prior versions.

All non-employee Directors of HHC will be entitled to receive the following compensation pursuant to the Non-Employee Director Compensation Program (the “Program”) effective on and after January 1, 2019:

I. BOARD RETAINERS AND COMMITTEE FEES:

Members will be entitled to both annual retainers for service on the board of directors of HHC (the “Board”) as well as service as members on or chairs of any committee of the Board in the following amounts:

Board Annual Retainers:

- \$85,000 annual cash retainer (“Annual Fee”). The Annual Fee will be paid on a quarterly basis. Directors will receive a check for \$21,250 after the end of each fiscal quarter, but may instead elect to receive all or a portion of the Annual Fee in shares of HHC Class A Common Stock (“Stock”). If shares of Stock are selected, the date of grant will be the 15th day of the last month of the quarter. If the 15th falls on a day on which the principal stock exchange on which the Stock is traded is closed, then the date of grant will be the next following day on which such principal stock exchange is open. The Stock will be reflected in the brokerage account established by HHC for the Director. If a Director ceases to be a member of the Board before the grant date for any quarter (regardless of whether or not he or she has elected to receive Stock), the Director shall receive in cash a pro-rata portion of the \$21,250 fee for such quarter based on the number of days in the quarter in which the Director served on the Board, payable at the same time as cash fees are paid generally to Directors for such quarter.
- \$150,000 payable in the form of shares of Stock (“Annual Equity Retainer”). The Annual Equity Retainer will be paid on the date of HHC’s annual meeting of stockholders at which directors are elected each year (the “Annual Meeting”), payable in arrears for service since the prior Annual Meeting. The Stock will be reflected in the brokerage account established by HHC for the Director. If a Director ceases to be a member of the Board prior to the next Annual Meeting, then such Director shall receive a pro-rata Annual Equity Retainer based on the number of days during which the Director served as a Director, divided by the number of days between Annual Meetings, determined and payable at the Annual Meeting following the date such Director ceased to be a member of the Board.

Confidential

- Newly elected Directors will receive \$75,000 payable in the form of Stock (“ Initial Equity Retainer ”). The Initial Equity Retainer will be granted on the date of election or appointment as a Director with a value of \$75,000, determined by reference to the fair market value of the Company’s Stock at the time of grant.

Committee Retainers :

- \$10,000 annual cash retainer for members of Committees other than Audit Committee
- \$15,000 annual cash retainer for members of Audit Committee.

Committee Chair Retainers :

- \$25,000 annual cash retainer for Audit Committee Chair.
- \$25,000 annual cash retainer for Compensation Committee Chair.
- \$15,000 annual cash retainer for all other Committee Chairs.

II. DIRECTORS DEFERRED COMPENSATION PLAN

- Directors may defer receipt of all or any portion of their Annual Fee and/or Annual Equity Retainer (collectively the “ Retainer ”) pursuant to the Directors’ Deferred Compensation Plan, as amended (the “ Deferred Plan ”).
- Amounts in respect of the Annual Fee and/or Annual Equity Retainer deferred under the Deferred Plan will be denominated in notional units (each a “ Stock Unit ”), which entitle the Director to receive vested shares of Stock (not subject to vesting/transfer restrictions other than the minimum ownership requirements described below and applicable law) at a set time in the future in accordance with the terms of the Deferred Plan and the Director’s applicable deferral election.
- Stock Units do not entitle the Director to rights as a stockholder unless and until Stock is delivered in respect of the Stock Units. Stock will be issued and delivered in settlement of the Stock Units automatically on the earlier of January 31st of the year following the Director’s termination of service as a Director for any reason or a change of control (within the meaning of the Deferred Plan). However, at the time of the applicable deferral election, a Director may elect to instead have the Stock delivered in settlement of the Stock Units on the earlier of the fifth calendar year after deferral or a change of control (within the meaning of the Deferred Plan).
- Stock Units will carry dividend equivalent rights for each Stock Unit. In the event that HHC pays dividends, dividend equivalent rights entitle the Director to be credited with cash amounts equal to the dividends they would have received on the Stock Units had the Stock Units constituted outstanding shares of Stock at the time of such dividends (with such

dividend equivalent amounts distributed to the Director at the same time as the shares of Stock underlying Stock Units to which they relate are distributed).

III. OTHER TERMS

- Deferral Elections : To the extent a Director desires to defer receipt of all or any part of the Retainers under the Deferred Plan, such election must be made in accordance with the terms of the Deferred Plan on or prior to December 31 of the calendar year prior to the calendar year to which the Retainer relates. Once an election to defer is made and becomes irrevocable, it may be revoked and changed only for future years.
- Calculation of Number of Shares of Stock or Stock Units : The number of shares of Stock to be delivered to a Director or shares subject to Stock Units credited under the Deferred Plan will be calculated by dividing the dollar amount of the relevant entitlement by the fair market value of a share of Stock on the date of the grant. Fractional shares of Stock may be delivered or credited, as applicable.
- Vesting : All shares of Stock and Stock Units (as well as shares of Stock issued in settlement of Stock Units and any dividend equivalents issued in respect of Stock Units) will be immediately vested.
- Minimum Required Ownership : Each non-employee Director must accumulate and own, directly or indirectly, at least 5 times the Annual Fee (*i.e.* , at least \$425,000) worth of the Company's Stock (or common stock equivalents held under the Deferred Plan) at all times during his or her tenure on the Board; provided, that non-employee Directors will have up to five (5) years of service on the Board to meet this ownership requirement. If the market value of a Director's Stock should fall below 5 times the Annual Fee (following the relevant accumulation period), such Director shall not be permitted to sell any of the Company's Stock until the market value shall once again exceed 5 times the Annual Fee (other than in connection with a change of control transaction).

IV. CERTAIN TAX CONSIDERATIONS FOR STOCK AND STOCK UNITS:

The IRS generally taxes a Director in respect of his or her Stock and/or Stock Units as follows:

- Directors will be taxed at ordinary income rates on the value of the Stock on the date the Stock is issued. The capital gain and Rule 144 holding periods both begin on such Stock issuance date.
- Directors will not be taxed on Stock Units until the actual shares are issued and delivered. At that time, the value of the shares delivered will be taxable as ordinary income. For purposes of Rule 144 and capital gain tax rules, the relevant "holding period" does not begin until the shares (as opposed to Stock Units) are actually issued.

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Mark S. Hoplamazian, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hyatt Hotels Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 31, 2018

/s/ Mark S. Hoplamazian

Mark S. Hoplamazian
President and Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Patrick J. Grismer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hyatt Hotels Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 31, 2018

/s/ Patrick J. Grismer

Patrick J. Grismer

Executive Vice President, Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Hyatt Hotels Corporation (the "Company") on Form 10-Q for the quarter ended September 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer of the Company certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 31, 2018

/s/ Mark S. Hoplamazian

Mark S. Hoplamazian

President and Chief Executive Officer

(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as a part of this report or on a separate disclosure document.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Hyatt Hotels Corporation (the "Company") on Form 10-Q for the quarter ended September 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer of the Company certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 31, 2018

/s/ Patrick J. Grismer

Patrick J. Grismer

Executive Vice President, Chief Financial Officer
(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as a part of this report or on a separate disclosure document.