

HYATT HOTELS CORP

FORM 8-K (Current report filing)

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 31, 2012

HYATT HOTELS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-34521
(Commission
File Number)

20-1480589
(IRS Employer
Identification No.)

71 South Wacker Drive, 12th Floor
Chicago, IL
(Address of principal executive offices)

60606
(Zip Code)

Registrant's telephone number, including area code: **(312) 750-1234**

Former name or former address, if changed since last report: **Not Applicable**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02: Results of Operations and Financial Condition.

On August 1, 2012, Hyatt Hotels Corporation (the “Company” or “Hyatt”) issued a press release announcing its results for its second quarter ended June 30, 2012. The full text of the press release is attached as Exhibit 99.1 to this Form 8-K and is incorporated herein by reference.

The information in this Form 8-K and Exhibit 99.1 attached hereto shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section and shall not be deemed incorporated by reference in any filing made by Hyatt Hotels Corporation under the Securities Act of 1933 or the Securities Exchange Act of 1934, except as set forth by specific reference in such filing.

Item 5.02: Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On May 2, 2012, the Company announced that Gebhard F. Rainer was appointed Executive Vice President, Chief Financial Officer of the Company effective as of August 15, 2012. On July 31, 2012, the Company entered into an employment letter with Mr. Rainer pursuant to which, Mr. Rainer is entitled to the following compensation and benefits:

- annual base salary of \$600,000;
- annual incentive award with a target incentive of 90% of base salary and a maximum incentive of 135% of base salary;
- annual grants under the Amended and Restated Hyatt Hotels Corporation Long-Term Incentive Plan similar to other senior executives of Hyatt;
- employee benefits and perquisites available to the Company’s senior executive officers from time to time;
- relocation to Chicago in accordance with the Company’s relocation policy; and
- severance in accordance with the Company’s executive severance plans.

The foregoing description of the employment letter is qualified in its entirety by reference to its terms, which is filed herewith as Exhibit 10.1 and is incorporated herein by this reference.

On July 31, 2012, Bradley O’Bryan (age 43), Senior Vice President and Corporate Controller of the Company, was appointed the Company’s principal accounting officer effective as of August 15, 2012.

Mr. O’Bryan has served as the Company’s Senior Vice President and Corporate Controller since May 2011 and prior to that time, served as the Company’s Vice President, SEC and Financial Reporting from December 2008 to May 2011. Prior to joining Hyatt, Mr. O’Bryan served in a number of financial management positions with Whirlpool Corporation from 2002 to 2008, most recently serving as Director, Corporate Finance from February 2007 to November 2008. From 1997 to 2002, Mr. O’Bryan was employed by Donnelly Corporation (now known as Magna Donnelly Corporation) in a variety of financial management positions. Mr. O’Bryan began his career as a Certified Public Accountant with Ernst & Young LLP in their audit practice from 1991 to 1997.

Item 8.01: Other Events.

On August 1, 2012, the Company announced that the Board of Directors has authorized the repurchase of up to \$200 million of the Company's 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, at prices that the Company deems appropriate and subject to market conditions, applicable law and other factors deemed relevant in the Company's sole discretion. The full text of the press release is attached as Exhibit 99.1 to this Form 8-K and is incorporated herein by reference.

Item 9.01: Financial Statements and Exhibits.

(d) Exhibits.

10.1 Employment Letter, dated as of July 31, 2012, between Hyatt Hotels Corporation and Gebhard F. Rainer

99.1 Hyatt Hotels Corporation Press Release, dated August 1, 2012 (furnished pursuant to Item 2.02)

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 hereunto duly authorized.

Hyatt Hotels Corporation

Date: August 1, 2012

By: /s/ Rena Hozore Reiss

Rena Hozore Reiss
Executive Vice President, General Counsel
and Secretary

INDEX TO EXHIBITS

<u>Exhibit Number</u>	<u>Exhibit Description</u>
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99.1	Hyatt Hotels Corporation Press Release, dated August 1, 2012 (furnished pursuant to Item 2.02)



Hyatt Hotels Corporation
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Chicago, IL 60606 USA
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July 31, 2012

Mr. Gebhard Rainer
Säumerstrasse 28A
8800 Thalwil
Switzerland

Dear Gebhard:

This letter agreement will set forth the terms of your employment as Executive Vice President and Chief Financial Officer of Hyatt Hotels Corporation (the "Company"), subject to your review of and agreement with the terms set forth in this letter agreement.

Position: Executive Vice President and Chief Financial Officer of the Company.

Report To: CEO of the Company

Commencing: August 15, 2012

Base Salary: Commencing August 15, 2012, \$600,000 on an annualized basis (payable in accordance with the Company's normal payroll of base salary to senior executives), less required tax and other authorized withholdings. Your base salary will be reviewed annually at the same time as other senior executives and may be adjusted in the Company's discretion.

Bonus: Your target incentive bonus will be 90% of your base salary if target performance is achieved and up to 135% of base salary at maximum performance. For the avoidance of doubt, you are not entitled to any minimum incentive bonus award. All incentive payments remain subject to the terms and conditions of the Executive Incentive Plan for the applicable performance year. Your actual 2012 bonus will be calculated based on a combination of your performance as Managing Director, EAME and CFO. The evaluation of accomplishments will be based on achievement of budgeted Company EBITDA, achievement of function- or business line-specific performance and personal goals, and will be payable as provided under the 2012 Bonus Plan. Bonuses and the terms of any bonus plans for 2012 and beyond are not guaranteed.

Equity Participation:

For the 2013 fiscal year and thereafter, you will be eligible for annual grants under the Amended and Restated Hyatt Long Term Incentive Plan (as amended from time to time, "LTIP") similar to other executive officers of Hyatt. Such annual grants currently take the form of stock appreciation rights ("SARs"), restricted stock units ("RSUs") that vest pro rata annually over the vesting period determined by the Compensation Committee, and restricted stock that vests based on performance as determined by the Compensation Committee ("RS"). All equity incentive grants, whether annual or supplemental, will be subject to the terms and conditions set forth in the LTIP and the applicable award agreements approved by the Compensation Committee of the Board of Directors of the Company (the "Compensation Committee").

It is expected that there will be annual grants of RSUs, SARs, and RS for your position commencing in 2013. The value of your annual grants will be determined by the Compensation Committee based on factors that include market practice relative to an approved peer group of organizations. Consequently, the value of long-term incentive awards are subject to change.

Benefits:

As an associate of the Company, you will receive the following benefits:

- Medical and Dental insurance
- Life Insurance
- 401(k) and Retirement Savings Plan
- Disability coverage
- Vacation benefit – you will be entitled to four weeks of vacation

You will immediately be eligible for:

- Monthly parking in the Company's corporate headquarters
- Executive Dining Room privileges

Details relating to your benefit package will be provided under separate cover.

All our benefit plans and programs (including the DSP, defined below) are subject to change or termination at any time at the discretion of the Compensation Committee or the Board of Directors.

Deferred Savings Plan:

You will also be eligible to participate in our Key Management Deferred Savings Plan (the "DSP"). Currently, the DSP allows you to defer up to \$50,000, plus all or a portion of your annual bonus, on an annual pre-tax

basis. After one full calendar year of service, the DSP matches your contributions dollar for dollar on the first \$12,000 provided that you are an active employee on December 31 of each year. Specific details of the DSP will be made available to you separately. The DSP is in addition to, not in lieu of, a 401(k) program under which there is matching up to the limit allowed by applicable rules. From and after August 15, 2012, you will no longer be eligible for participation in the Field Retirement Plan.

Restrictive Covenants:

You will be bound by the restrictive covenants set forth in your LTIP award agreements and in your Confidentiality, Intellectual Property, Non-Solicitation and Non-Disparagement Agreement (“CIPN&N Agreement”).

Relocation:

Relocation costs will be paid pursuant to the Hyatt Hotels Corporation Relocation Policy.

Termination:

Upon termination of your employment with the Company, your rights to any severance will be determined under the Hyatt Hotels Corporation Corporate Office Severance Plan, or, if applicable, the Hyatt Hotels Corporation Executive Officer Change in Control Plan, each as in effect from time to time.

Other:

As a condition to your continued employment with the Company in this new role, you will be required to confirm that you have signed or will agree to execute the CIPN&N Agreement and the Company’s Code of Business Conduct and Ethics. In addition, you will be bound by all policies to the extent that they apply to senior executives of the Company, including the T&E Policy, Internet Use Policy, Compensation Recovery Policy, Share Ownership Guidelines, Corporate Office Severance Plan, Executive Officer Change in Control Plan and Insider Trading Compliance Program.

Indemnification:

You shall be indemnified to the maximum extent provided under the indemnification provisions for officers and directors of the Company set forth in the Company’s Certificate of Incorporation and Bylaws (each as amended from time to time).

From and after August 15, 2012, the above terms supersede any employment agreement or arrangement that you may currently have with the Company or any of its subsidiaries. After you commence employment in the United States your employment with the Company or any of its subsidiaries is “at will.” This means that you may resign from the Company at any time with or without cause, and the Company has the right to terminate its employment relationship with you with or without cause at any time, subject to the terms of any Company policies or programs applicable to your position at the time of termination. Neither this letter agreement nor any other communication, either written or oral, should be construed as a contract of employment for any particular duration.

I am very excited about you assuming this new role within the executive team and I assure you that the others with whom you have interacted here feel the same way. Please feel free to call me at (312) 780-5400 with any questions.

Please sign and date this letter agreement in the space indicated and return it to my attention to evidence your understanding and agreement to the terms set forth herein.

Sincerely,

HYATT HOTELS CORPORATION

By: /s/ Mark S. Hoplamazian
Mark S. Hoplamazian
President and CEO

Acknowledged and agreed:

/s/ Gebhard Rainer
Gebhard Rainer

Date: July 31, 2012



CONTACT

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FOR IMMEDIATE RELEASE

HYATT REPORTS SECOND QUARTER 2012 RESULTS

CHICAGO (August 1, 2012) – Hyatt Hotels Corporation (“Hyatt” or the “Company”) (NYSE: H) today reported financial results as follows:

- Adjusted EBITDA was \$180 million in the second quarter of 2012 compared to \$151 million in the second quarter of 2011, an increase of 19.2%.
- Net income attributable to Hyatt was \$39 million, or \$0.24 per share, during the second quarter of 2012 compared to net income attributable to Hyatt of \$37 million, or \$0.22 per share, in the second quarter of 2011. Adjusted for special items, net income attributable to Hyatt was \$39 million, or \$0.24 per share, during the second quarter of 2012 compared to net income attributable to Hyatt of \$46 million, or \$0.27 per share, during the second quarter of 2011. See the table on page 3 of the accompanying schedules for a summary of special items. Note that net income in the second quarter of 2011 benefited from a \$12 million, or \$0.07 per share, release of a tax valuation allowance against certain foreign net operating losses.
- Comparable owned and leased hotel RevPAR increased 7.6% (9.4% excluding the effect of currency) in the second quarter of 2012 compared to the second quarter of 2011.
- Owned and leased hotel operating margins increased 320 basis points in the second quarter of 2012 compared to the second quarter of 2011. Comparable owned and leased hotel operating margins increased 120 basis points in the second quarter of 2012 compared to the same period in 2011. See the table on page 9 of the accompanying schedules for a reconciliation of comparable owned and leased hotel operating margin to owned and leased hotel operating margin.
- Comparable North American full service hotel RevPAR increased 8.7% (8.9% excluding the effect of currency) in the second quarter of 2012 compared to the second quarter of 2011. Comparable North American select service hotel RevPAR increased 6.4% in the second quarter of 2012 compared to the second quarter of 2011.
- Comparable international hotel RevPAR increased 3.8% (8.5% excluding the effect of currency) in the second quarter of 2012 compared to the second quarter of 2011.
- The Company opened five properties during the second quarter of 2012.
- The Company’s Board of Directors authorized a repurchase of common stock of up to \$200 million.

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Mark S. Hoplamazian, president and chief executive officer of Hyatt Hotels Corporation, said, “Our second quarter results were strong, with Adjusted EBITDA increasing over 19% compared to last year. RevPAR increased over 8% in North America as we experienced strong transient demand. Owned and leased RevPAR grew over 9% in constant dollars as we benefited from last year’s significant renovations.

“Our international hotels continued to perform well, with RevPAR up over 8% in constant dollars. In particular, most of our hotels in China continued to show solid results, with a sequential increase in year-over-year RevPAR growth for comparable hotels in the second quarter. In addition, results from our hotels in Europe, which are primarily located in gateway cities such as Paris and London, remained good, despite the economic uncertainty in the wider region.

“Over the last 18 months, we have completed hotel acquisitions totaling over \$900 million. These properties are performing well, with re-branding largely complete and the benefits of our system leading to strong growth in RevPAR and in market share.

“Looking ahead, we are encouraged by recent trends in transient travel and positive group pace as compared to last year. Our base of executed contracts for future openings is the largest it has ever been – at 175 hotels. We are on track to open over 20 hotels this year, including our first select service hotel outside the U.S. In addition, the Company is well positioned to take advantage of growth opportunities, as our balance sheet remains strong. Our organizational realignment is progressing well and slated for completion during the fourth quarter of 2012.

“Our Board of Directors has authorized a repurchase of common stock of up to \$200 million. The decision to authorize a repurchase of common stock reflects the Board’s judgment as to what is in the best interests of all shareholders in the context of our strategy, financial position, business results, and macro-economic factors.”

SEGMENT RESULTS & OTHER ITEMS

Owned and Leased Hotels Segment

Adjusted EBITDA increased 15.8% in the second quarter of 2012 compared to the same period in 2011.

RevPAR for comparable owned and leased hotels increased 7.6% (9.4% excluding the effect of currency) in the second quarter of 2012 compared to the same period in 2011. Occupancy improved 360 basis points and ADR increased 2.6% (4.4% excluding the effect of currency) compared to the same period in 2011.

Revenues increased 9.1% in the second quarter of 2012 compared to the same period in 2011. Comparable hotel revenues increased 4.5% in the second quarter of 2012 compared to the same period in 2011.

Owned and leased hotel expenses increased 4.6% in the second quarter of 2012 compared to the same period in 2011. Excluding expenses related to benefit programs funded through Rabbi Trusts and non-comparable hotel expenses, expenses increased 2.8% in the second quarter of 2012 compared to the same period in 2011. See the table on page 9 of the accompanying schedules for a reconciliation of comparable owned and leased hotels expenses to owned and leased hotels expenses.

The following hotel was added to the portfolio during the second quarter:

- Hyatt Regency Mexico City (owned, 756 rooms)

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North American Management and Franchising Segment

Adjusted EBITDA increased 22.7% in the second quarter of 2012 compared to the same period in 2011.

RevPAR for comparable North American full service hotels increased 8.7% (8.9% excluding the effect of currency) in the second quarter of 2012 compared to the same period in 2011. Occupancy increased 290 basis points and ADR increased 4.8% (5.0% excluding the effect of currency) compared to the same period in 2011.

Group rooms revenue at comparable North American full service hotels increased approximately 6% in the second quarter of 2012 compared to the same period in 2011, as a result of strong corporate revenue offset by slightly lower association revenue.

Transient rooms revenue at comparable North American full service hotels increased approximately 10% in the second quarter of 2012 compared to the same period in 2011, driven by strength from corporate customers.

Revenue from management and franchise fees increased 17.9% in the second quarter of 2012 compared to the same period in 2011.

The following four hotels were added to the portfolio during the second quarter:

- Hyatt French Quarter (franchised, 254 rooms)
- Hyatt Chicago Magnificent Mile (franchised, 417 rooms)
- Hyatt Place Boston/Braintree (franchised, 204 rooms)
- Hyatt Place Riverside/Downtown (franchised, 125 rooms)

International Management and Franchising Segment

Adjusted EBITDA increased 9.1% in the second quarter of 2012 compared to the same period in 2011.

RevPAR for comparable international hotels increased 3.8% (8.5% excluding the effect of currency) in the second quarter of 2012 compared to the same period in 2011. Occupancy increased 250 basis points and ADR decreased 0.1% (increased 4.4% excluding the effect of currency) compared to the same period in 2011.

Revenue from management and franchise fees increased 2.6% (7.3% excluding the effect of currency) in the second quarter of 2012 compared to the same period in 2011.

The following hotel was added to the portfolio during the second quarter:

- Hyatt Regency Mexico City (owned, 756 rooms)

One property was removed from the portfolio during the second quarter.

Selling, General, and Administrative Expenses

Selling, general, and administrative expenses decreased by 1.4% in the second quarter of 2012 compared to the same period in 2011. Adjusted selling, general, and administrative expenses increased by \$4 million, or 5.7%, in the second quarter of 2012 compared to the same period in 2011. Adjusted selling, general, and administrative expenses included an approximate \$2 million benefit related to a bad debt reversal in the second quarter of 2012. See the table on page 8 of the accompanying schedules for a reconciliation of adjusted selling, general, and administrative expenses to selling, general, and administrative expenses.

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OPENINGS AND FUTURE EXPANSION

Hyatt added five hotels in the second quarter of 2012, each of which is listed above.

The Company expects to open a significant number of new properties in the future. As of June 30, 2012 this effort was underscored by executed management or franchise contracts for more than 175 hotels (or more than 39,000 rooms) across all brands. The executed contracts represent potential entry into several new countries and expansion into many new markets or markets in which the Company is under-represented. Approximately 75% of the future expansion is expected to be located outside North America.

CAPITAL EXPENDITURES

Capital expenditures during the second quarter of 2012 totaled \$62 million, categorized as follows:

- Maintenance: \$20 million
- Enhancements to existing properties: \$32 million
- Investment in new properties: \$10 million

COMMON STOCK REPURCHASE AUTHORIZATION

The Company's Board of Directors authorized the repurchase of up to \$200 million of the Company's 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, at prices that the Company deems appropriate and subject to market conditions, applicable law and other factors deemed relevant in the Company's sole discretion.

The common stock repurchase authorization is effective immediately. It does not obligate the Company to repurchase any dollar amount or number of shares of common stock, and may be suspended or discontinued at any time. The Company intends to pay for shares repurchased with cash from its balance sheet. As of June 30, 2012, the Company had approximately 46.1 million shares of Class A common stock, par value \$0.01 per share, and approximately 119.6 million shares of Class B common stock, par value \$0.01 per share, issued and outstanding.

CORPORATE FINANCE

During the second quarter of 2012, the Company purchased an existing 756-room hotel in Mexico City for a purchase price of approximately \$190 million. The hotel was rebranded as Hyatt Regency Mexico City.

On June 30, 2012, the Company had total debt of approximately \$1.2 billion.

On June 30, 2012, the Company had cash and cash equivalents, including investments in highly-rated money market funds and similar investments, of approximately \$400 million and short-term investments of approximately \$500 million.

On June 30, 2012, the Company had undrawn borrowing availability of approximately \$1.4 billion under its revolving credit facility.

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2012 INFORMATION

The Company is providing the following information for the 2012 fiscal year:

- Adjusted SG&A expense is expected to be approximately \$320 million.
- Capital expenditures are expected to be approximately \$360 million.
- Depreciation and amortization expense is expected to be approximately \$360 million.
- Interest expense is expected to be approximately \$70 million.
- The Company expects to open over 20 hotels in 2012.

CONFERENCE CALL INFORMATION

The Company will hold an investor conference call today, August 1, 2012, at 10:30 a.m. CT. The Company requests that questions be submitted via email to earnings@hyatt.com by 9:00 a.m. CT. Hyatt management will read and respond to as many submitted questions as possible. All interested persons may listen to a simultaneous webcast of the conference call, which may be accessed through the Company's website at <http://www.hyatt.com> and selecting the Investor Relations link located at the bottom of the page, or by dialing 617.213.8049, passcode #52577109, approximately 10 minutes before the scheduled start time. For those unable to listen to the live broadcast, a replay will be available from 1:00 p.m. CT on August 1, 2012 through midnight on August 8, 2012 by dialing 617.801.6888, passcode #75467851. Additionally, an archive of the webcast will be available on the Investor Relations website for approximately 90 days.

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DEFINITIONS

Adjusted EBITDA

We use the term Adjusted EBITDA throughout this earnings release. Adjusted EBITDA, as we define it, is a non-GAAP measure. 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:

- equity earnings (losses) from unconsolidated hospitality ventures;
- asset impairments;
- other income (loss), net;
- net loss attributable to noncontrolling interests;
- depreciation and amortization;
- interest expense; and
- provision (benefit) for income taxes.

We calculate consolidated Adjusted EBITDA by adding the Adjusted EBITDA of each of our reportable segments 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 operating performance 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 selected compensation decisions.

Adjusted EBITDA is not a substitute for net income attributable to Hyatt Hotels Corporation, net income, cash flows from operating activities or any other measure prescribed by GAAP. There are limitations to using non-GAAP measures such as Adjusted 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 or discretionary cash available to us to invest in the growth of our business. Our management compensates for these limitations by reference to our GAAP results and using Adjusted EBITDA supplementally.

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Adjusted Selling, General, and Administrative Expense

Adjusted selling, general, and administrative expenses exclude the impact of expenses related to benefit programs funded through Rabbi Trusts.

Comparable Owned and Leased Hotel Operating Margin

We define Comparable Owned and Leased Hotel Operating Margin as the difference between comparable owned and leased hotels revenue and comparable owned and leased hotels expenses. Comparable owned and leased hotels revenue is calculated by removing non-comparable hotels revenue from owned and leased hotels revenue as reported in our condensed consolidated statements of income. Comparable owned and leased hotel expenses is calculated by removing both non-comparable hotels expenses and the impact of expenses funded through Rabbi Trusts from owned and leased hotel expenses as reported in our condensed consolidated statements of income.

Comparable Hotels

“Comparable systemwide hotels” represents all properties we manage or franchise (including owned and leased properties) and that are operated for the entirety of the periods being compared and that have not sustained substantial damage, business interruption or undergone large scale renovations during the periods being compared or for which comparable results are not available. We may use variations of comparable systemwide hotels to specifically refer to comparable systemwide North American full service or select service hotels or comparable systemwide international full service hotels for those properties that we manage or franchise within the North American and international management and franchising segments, respectively. “Comparable operated hotels” is defined the same as “Comparable systemwide hotels” with the exception that it is limited to only those hotels we manage or operate and excludes hotels we franchise. “Comparable owned and leased hotels” represents all properties we own or lease and that are operated and consolidated for the entirety of the periods being compared and have not sustained substantial damage, business interruption or undergone large scale renovations during the periods being compared or for which comparable results are not available. Comparable systemwide hotels and comparable owned and leased hotels are commonly used as a basis of measurement in the industry. “Non-comparable systemwide hotels” or “Non-comparable owned and leased hotels” represent all hotels that do not meet the respective definition of “comparable” as defined above.

Revenue per Available Room (RevPAR)

RevPAR is the product of the average daily rate and the average daily occupancy percentage. RevPAR does not include non-room revenues, which consist of ancillary revenues generated by a hotel property, such as food and beverage, parking, telephone and other guest service revenues. Our management uses RevPAR to identify trend information with respect to room revenues from comparable properties and to evaluate hotel performance on a regional and segment basis. RevPAR is a commonly used performance measure in the industry.

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RevPAR changes that are driven predominantly by changes in occupancy have different implications for overall revenue levels and incremental profitability than do changes that are driven predominantly by changes in average room rates. For example, increases in occupancy at a hotel would lead to increases in room revenues and additional variable operating costs (including housekeeping services, utilities and room amenity costs), and could also result in increased ancillary revenues (including food and beverage). In contrast, changes in average room rates typically have a greater impact on margins and profitability as there is no substantial effect on variable costs.

Average Daily Rate (ADR)

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

Occupancy

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

Select service

The term "select service" includes the brands Hyatt Place and Hyatt House (which is in the process of changing its brand identity from Hyatt Summerfield Suites). These properties have limited food and beverage outlets and do not offer comprehensive business or banquet facilities but rather are suited to serve smaller business meetings.

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FORWARD-LOOKING STATEMENTS

Forward-Looking Statements in this press release, which are not historical facts, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include statements about our plans, strategies, occupancy and ADR trends, market share, the number of properties we expect to open in the future, our expected adjusted SG&A expense, capital expenditures, depreciation and amortization expense, interest expense and effective tax rate, estimates, financial performance, 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, among others, general economic uncertainty in key global markets, the rate and 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; our ability to successfully execute and implement our organizational realignment and the costs associated with such organizational realignment; our ability to successfully execute and implement our common stock repurchase program; loss of key personnel, including as a result of our organizational realignment; hostilities, including future terrorist attacks, or fear of hostilities that affect travel; travel-related accidents; changes in the tastes and preferences of our customers; relationships with associates and labor unions and changes in labor law; the financial condition of, and our relationships with, third-party property owners, franchisees and hospitality venture partners; if our third-party owners, franchisees or development partners are unable to access the capital necessary to fund current operations or implement our plans for growth; risk associated with potential acquisitions and dispositions and the introduction of new brand concepts; changes in the competitive environment in our industry and the markets where we operate; outcomes of legal proceedings; changes in federal, state, local or foreign tax law; foreign exchange rate fluctuations or currency restructurings; general volatility of the capital markets; our ability to access the capital markets; and other risks discussed in the Company’s filings with the U.S. Securities and Exchange Commission, including our Annual Report on Form 10-K, which filings are available from the SEC. We caution you not to place undue reliance on any forward-looking statements, which are made as of the date of this press release. We undertake no 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 laws. 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.

About Hyatt Hotels Corporation

Hyatt Hotels Corporation, headquartered in Chicago, is a leading global hospitality company with a proud heritage of making guests feel more than welcome. Thousands of members of the Hyatt family strive to make a difference in the lives of the guests they encounter every day by providing authentic hospitality. The Company’s subsidiaries manage, franchise, own and develop hotels and resorts under the **Hyatt**®, **Park Hyatt**®, **Andaz**®, **Grand Hyatt**®, **Hyatt Regency**®, **Hyatt Place**® and **Hyatt House**™. **Hyatt House** is changing its brand identity from **Hyatt Summerfield Suites**®. **Hyatt Residential Group, Inc.**, a **Hyatt Hotels Corporation** subsidiary, develops, operates, markets or licenses **Hyatt Residences**™ and **Hyatt Residence Club**™. As of June 30, 2012, the Company’s worldwide portfolio consisted of 492 properties in 45 countries. For more information, please visit www.hyatt.com.

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Hyatt Hotels Corporation
 Condensed Consolidated Statements of Income
 For the Three and Six Months Ended June 30, 2012 and 2011
(in millions, except per share amounts)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
REVENUES:				
Owned and leased hotels	\$ 528	\$ 484	\$1,001	\$ 916
Management and franchise fees	80	75	159	145
Other revenues	20	17	37	31
Other revenues from managed properties (a)	386	360	775	719
Total revenues	1,014	936	1,972	1,811
DIRECT AND SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES:				
Owned and leased hotels	389	372	766	726
Depreciation and amortization	89	72	175	143
Other direct costs	7	6	13	10
Selling, general, and administrative	70	71	163	141
Other costs from managed properties (a)	386	360	775	719
Direct and selling, general, and administrative expenses	941	881	1,892	1,739
Net gains (losses) and interest income from marketable securities held to fund operating programs	(4)	2	10	8
Equity earnings (losses) from unconsolidated hospitality ventures	—	2	(1)	5
Interest expense	(17)	(14)	(35)	(27)
Asset impairments	—	(1)	—	(1)
Other income (loss), net	5	(9)	17	(6)
INCOME BEFORE INCOME TAXES	57	35	71	51
(PROVISION) BENEFIT FOR INCOME TAXES	(18)	1	(22)	(5)
NET INCOME	39	36	49	46
NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS	—	1	—	1
NET INCOME ATTRIBUTABLE TO HYATT HOTELS CORPORATION	\$ 39	\$ 37	\$ 49	\$ 47
EARNINGS PER SHARE - Basic				
Net income	\$ 0.24	\$ 0.21	\$ 0.30	\$ 0.27
Net income attributable to Hyatt Hotels Corporation	\$ 0.24	\$ 0.22	\$ 0.30	\$ 0.28
EARNINGS PER SHARE - Diluted				
Net income	\$ 0.24	\$ 0.21	\$ 0.30	\$ 0.27
Net income attributable to Hyatt Hotels Corporation	\$ 0.24	\$ 0.22	\$ 0.30	\$ 0.28
Basic share counts	165.9	169.9	165.7	172.1
Diluted share counts	166.0	170.1	166.0	172.3

(a) The Company includes in total revenues the reimbursement of costs incurred on behalf of managed hotel property owners with no added margin and includes in direct and selling, general, and administrative expenses these reimbursed costs. These costs relate primarily to payroll costs where the Company is the employer.

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Hyatt Hotels Corporation

Reconciliation of Non-GAAP to GAAP Measure: Adjusted EBITDA to EBITDA and a Reconciliation of EBITDA to Net Income Attributable to Hyatt Hotels Corporation

The table below provides a reconciliation of consolidated Adjusted EBITDA to EBITDA and a reconciliation of EBITDA to net income attributable to Hyatt Hotels Corporation. Adjusted EBITDA, as the Company defines it, is a non-GAAP financial measure. See Definitions for our definition of Adjusted EBITDA and why we present it.

(in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Adjusted EBITDA	\$ 180	\$ 151	\$ 305	\$ 260
Equity earnings (losses) from unconsolidated hospitality ventures	—	2	(1)	5
Asset impairments	—	(1)	—	(1)
Other income (loss), net	5	(9)	17	(6)
Net loss attributable to noncontrolling interests	—	1	—	1
Pro rata share of unconsolidated hospitality ventures Adjusted EBITDA	(22)	(22)	(40)	(37)
EBITDA	\$ 163	\$ 122	\$ 281	\$ 222
Depreciation and amortization	(89)	(72)	(175)	(143)
Interest expense	(17)	(14)	(35)	(27)
(Provision) benefit for income taxes	(18)	1	(22)	(5)
Net Income Attributable to Hyatt Hotels Corporation	\$ 39	\$ 37	\$ 49	\$ 47

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Hyatt Hotels Corporation Summary of Special Items - Three Months Ended June 30, 2012 and 2011

The following table represents a reconciliation of net income attributable to Hyatt Hotels Corporation, adjusted for special items, to net income attributable to Hyatt Hotels Corporation presented for the three months ended June 30, 2012 and June 30, 2011, respectively.

(in millions, except per share amounts)

	Location on Condensed Consolidated Statements of Income	Three Months Ended June 30,	
		2012	2011
Net income attributable to Hyatt Hotels Corporation		\$ 39	\$ 37
Earnings per share		\$ 0.24	\$ 0.22
Special items			
Asset impairments (a)	Asset impairments	—	1
Unconsolidated hospitality ventures impairment (b)	Equity earnings (losses) from unconsolidated hospitality ventures	1	—
Loss on sale of real estate (c)	Other income (loss), net	—	2
Marketable securities (d)	Other income (loss), net	(9)	6
Loss on sublease agreement (e)	Other income (loss), net	—	5
Realignment costs (f)	Other income (loss), net	7	—
Transaction costs (g)	Other income (loss), net	1	—
Total special items - pre-tax		—	14
Provision for income taxes for special items	(Provision) benefit for income taxes	—	(5)
Total special items - after-tax		—	9
Special items impact per share		\$ —	\$ 0.05
Net income attributable to Hyatt Hotels Corporation, adjusted for special items		\$ 39	\$ 46
Earnings per share, adjusted for special items		\$ 0.24	\$ 0.27

- (a) Asset impairments - During the second quarter of 2011, we identified and recorded a \$1 million asset impairment charge related to the property and equipment at an owned hotel.
- (b) Unconsolidated hospitality ventures impairment - During the second quarter of 2012, we recorded an impairment charge of \$1 million related to an investment in a vacation ownership property.
- (c) Loss on sale of real estate - During the second quarter of 2011, we sold eight hotels from our owned hotel portfolio for a loss of \$2 million.
- (d) Marketable securities - Represents (gains) losses on investments in trading securities not used to fund operating programs.
- (e) Loss on sublease agreement - During the second quarter of 2011, we recorded a \$5 million loss on a sublease agreement with a related party based on the terms of our existing master lease.
- (f) Realignment costs - Represents costs incurred as part of our Company's realignment.
- (g) Transaction costs - In the second quarter of 2012, we incurred \$1 million in transaction costs to acquire the Hyatt Regency Mexico City.

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Hyatt Hotels Corporation Summary of Special Items - Six Months Ended June 30, 2012 and 2011

The following table represents a reconciliation of net income attributable to Hyatt Hotels Corporation, adjusted for special items, to net income attributable to Hyatt Hotels Corporation presented for the six months ended June 30, 2012 and June 30, 2011, respectively.

(in millions, except per share amounts)

	Location on Condensed Consolidated Statements of Income	Six Months Ended June 30,	
		2012	2011
Net income attributable to Hyatt Hotels Corporation		\$ 49	\$ 47
Earnings per share		\$ 0.30	\$ 0.28
Special items			
Asset impairments (a)	Asset impairments	—	1
Unconsolidated hospitality ventures impairment (b)	Equity earnings (losses) from unconsolidated hospitality ventures	1	—
Loss on sale of real estate (c)	Other income (loss), net	—	2
Marketable securities (d)	Other income (loss), net	(17)	7
Loss on sublease agreement (e)	Other income (loss), net	—	5
Realignment costs (f)	Other income (loss), net	7	—
Transaction costs (g)	Other income (loss), net	1	—
Total special items - pre-tax		(8)	15
(Provision) benefit for income taxes for special items	(Provision) benefit for income taxes	3	(5)
Total special items - after-tax		(5)	10
Special items impact per share		\$ (0.03)	\$ 0.05
Net income attributable to Hyatt Hotels Corporation, adjusted for special items		\$ 44	\$ 57
Earnings per share, adjusted for special items		\$ 0.27	\$ 0.33

- (a) Asset impairments - During the second quarter of 2011, we identified and recorded a \$1 million asset impairment charge related to the property and equipment at an owned hotel.
- (b) Unconsolidated hospitality ventures impairment - During the second quarter of 2012, we recorded an impairment charge of \$1 million related to an investment in a vacation ownership property.
- (c) Loss on sale of real estate - During the second quarter of 2011, we sold eight hotels from our owned hotel portfolio for a loss of \$2 million.
- (d) Marketable securities - Represents (gains) losses on investments in trading securities not used to fund operating programs.
- (e) Loss on sublease agreement - During the second quarter of 2011, we recorded a \$5 million loss on a sublease agreement with a related party based on the terms of our existing master lease.
- (f) Realignment costs - Represents costs incurred as part of our Company's realignment.
- (g) Transaction costs - In the six months ended June 30, 2012, we incurred \$1 million in transaction costs to acquire the Hyatt Regency Mexico City.

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Hyatt Hotels Corporation Segment Financial Summary

(in millions)

	Three Months Ended June 30,		Change (\$)	Change (%)	Six Months Ended June 30,		Change (\$)	Change (%)
	2012	2011			2012	2011		
<i>Revenue</i>								
Owned and leased	\$ 528	\$484	\$ 44	9.1%	\$1,001	\$ 916	\$ 85	9.3%
North America	66	56	10	17.9%	128	107	21	19.6%
International	40	39	1	2.6%	79	76	3	3.9%
Total management and franchising	106	95	11	11.6%	207	183	24	13.1%
Corporate and other	20	17	3	17.6%	37	31	6	19.4%
Other revenues from managed properties	386	360	26	7.2%	775	719	56	7.8%
Eliminations	(26)	(20)	(6)	(30.0)%	(48)	(38)	(10)	(26.3)%
Total revenues	\$1,014	\$936	\$ 78	8.3%	\$1,972	\$1,811	\$ 161	8.9%
<i>Adjusted EBITDA</i>								
Owned and leased	\$ 110	\$ 92	\$ 18	19.6%	\$ 185	\$ 152	\$ 33	21.7%
Pro rata share of unconsolidated hospitality ventures	22	22	—	— %	40	37	3	8.1%
Total owned and leased	132	114	18	15.8%	225	189	36	19.0%
North American management and franchising	54	44	10	22.7%	100	84	16	19.0%
International management and franchising	24	22	2	9.1%	44	42	2	4.8%
Corporate and other	(30)	(29)	(1)	(3.4)%	(64)	(55)	(9)	(16.4)%
Adjusted EBITDA	\$ 180	\$151	\$ 29	19.2%	\$ 305	\$ 260	\$ 45	17.3%

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Hyatt Hotels Corporation Hotel Chain Statistics Comparable Locations

	Three Months Ended June 30,			Change (in constant \$)	Six Months Ended June 30,			Change (in constant \$)
	2012	2011	Change		2012	2011	Change	
Owned and leased hotels (# hotels) (a)								
Full service (39)								
ADR	\$200.78	\$199.38	0.7%	2.7%	\$201.36	\$199.83	0.8%	2.0%
Occupancy	79.1%	73.8%	5.3% pts		74.8%	69.5%	5.3% pts	
RevPAR	\$158.80	\$147.08	8.0%	10.1%	\$150.55	\$138.85	8.4%	9.8%
Select service (46)								
ADR	\$ 98.86	\$ 92.27	7.1%	7.1%	\$ 97.61	\$ 92.78	5.2%	5.2%
Occupancy	80.0%	81.4%	(1.4%) pts		76.1%	76.3%	(0.2%) pts	
RevPAR	\$ 79.13	\$ 75.10	5.4%	5.4%	\$ 74.24	\$ 70.83	4.8%	4.8%
Comparable owned and leased hotels (85)								
ADR	\$174.94	\$170.47	2.6%	4.4%	\$174.95	\$171.03	2.3%	3.4%
Occupancy	79.3%	75.7%	3.6% pts		75.1%	71.2%	3.9% pts	
RevPAR	\$138.77	\$129.02	7.6%	9.4%	\$131.37	\$121.78	7.9%	9.0%
Managed and franchised hotels (# hotels; includes owned and leased hotels)								
North America								
Full service (128)								
ADR	\$172.29	\$164.45	4.8%	5.0%	\$171.12	\$164.86	3.8%	3.9%
Occupancy	77.5%	74.6%	2.9% pts		73.6%	70.5%	3.1% pts	
RevPAR	\$133.44	\$122.72	8.7%	8.9%	\$125.92	\$116.18	8.4%	8.5%
Select service (195)								
ADR	\$102.32	\$ 97.11	5.4%	5.4%	\$102.10	\$ 97.70	4.5%	4.5%
Occupancy	78.3%	77.6%	0.7% pts		74.7%	73.1%	1.6% pts	
RevPAR	\$ 80.11	\$ 75.33	6.4%	6.4%	\$ 76.23	\$ 71.42	6.7%	6.7%
International								
International comparable hotels (97)								
ADR	\$235.57	\$235.76	(0.1%)	4.4%	\$235.41	\$231.52	1.7%	4.4%
Occupancy	67.0%	64.5%	2.5% pts		66.1%	64.2%	1.9% pts	
RevPAR	\$157.84	\$151.99	3.8%	8.5%	\$155.60	\$148.55	4.7%	7.5%
Comparable systemwide hotels (420)								
ADR	\$172.61	\$166.84	3.5%	5.1%	\$172.43	\$167.05	3.2%	4.2%
Occupancy	74.8%	72.5%	2.3% pts		71.8%	69.3%	2.5% pts	
RevPAR	\$129.12	\$120.93	6.8%	8.5%	\$123.77	\$115.77	6.9%	8.0%

(a) Owned and leased hotel statistics do not include unconsolidated hospitality ventures.

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Hyatt Hotels Corporation Fee Summary

<i>(in millions)</i>	<u>Three Months Ended June 30,</u>		<u>Change (\$)</u>	<u>Change (%)</u>	<u>Six Months Ended June 30,</u>		<u>Change (\$)</u>	<u>Change (%)</u>
	<u>2012</u>	<u>2011</u>			<u>2012</u>	<u>2011</u>		
<i>Fees</i>								
Base management fees	\$ 40	\$ 37	\$ 3	8.1%	\$ 78	\$ 71	\$ 7	9.9%
Incentive management fees	26	26	—	— %	52	51	1	2.0%
Franchise fees and other revenue	14	12	2	16.7%	29	23	6	26.1%
Total fees	<u>\$ 80</u>	<u>\$ 75</u>	<u>\$ 5</u>	<u>6.7%</u>	<u>\$ 159</u>	<u>\$ 145</u>	<u>\$ 14</u>	<u>9.7%</u>

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Hyatt Hotels Corporation

Reconciliation of Non-GAAP to GAAP Measure: Adjusted Selling, General, and Administrative Expenses to Selling, General, and Administrative Expenses

Results of operations as presented on condensed consolidated statements of income include the impact of expenses recognized with respect to employee benefit programs funded through rabbi trusts. Certain of these expenses are recognized in selling, general, and administrative expenses and are completely offset by the corresponding net gains (losses) and interest income from marketable securities held to fund operating programs, thus having no net impact to our earnings. Below is a reconciliation of this account excluding the impact of our rabbi trust investments.

(in millions)

	<u>Three Months Ended June 30,</u>		<u>Change (\$)</u>	<u>Change (%)</u>	<u>Six Months Ended June 30,</u>		<u>Change (\$)</u>	<u>Change (%)</u>
	<u>2012</u>	<u>2011</u>			<u>2012</u>	<u>2011</u>		
Adjusted selling, general, and administrative expenses (a)	\$ 74	\$ 70	\$ 4	5.7%	\$ 157	\$ 136	\$ 21	15.4%
Rabbi trust impact	(4)	1	(5)	(500.0)%	6	5	1	20.0%
Selling, general, and administrative expenses	<u>\$ 70</u>	<u>\$ 71</u>	<u>\$ (1)</u>	<u>(1.4)%</u>	<u>\$ 163</u>	<u>\$ 141</u>	<u>\$ 22</u>	<u>15.6%</u>

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

	<u>Three Months Ended June 30,</u>		<u>Change (\$)</u>	<u>Change (%)</u>	<u>Six Months Ended June 30,</u>		<u>Change (\$)</u>	<u>Change (%)</u>
	<u>2012</u>	<u>2011</u>			<u>2012</u>	<u>2011</u>		
North America management and franchising	\$ 12	\$ 12	\$ —	— %	\$ 28	\$ 23	\$ 5	21.7%
International management and franchising	16	16	—	— %	35	33	2	6.1%
Owned and leased	3	3	—	— %	6	5	1	20.0%
Corporate and other (1)	43	39	4	10.3%	88	75	13	17.3%
Adjusted selling, general, and administrative expenses	<u>\$ 74</u>	<u>\$ 70</u>	<u>\$ 4</u>	<u>5.7%</u>	<u>\$ 157</u>	<u>\$ 136</u>	<u>\$ 21</u>	<u>15.4%</u>

(1) Corporate and other includes vacation ownership expenses of \$7 million and \$6 million for the three months ended June 30, 2012 and 2011, respectively, and \$15 million and \$13 million for the six months ended June 30, 2012 and 2011, respectively.

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Hyatt Hotels Corporation

Reconciliation of Non-GAAP to GAAP Measure: Comparable Owned and Leased Hotel Operating Margin to Owned and Leased Hotel Operating Margin

Below is a breakdown of consolidated owned and leased hotels revenues and expenses, as used in calculating comparable owned and leased hotel operating margin percentages. Results of operations as presented on condensed consolidated statements of income include the impact of expenses recognized with respect to employee benefit programs funded through rabbi trusts. Certain of these expenses are recognized in owned and leased hotels expenses and are completely offset by the corresponding net gains (losses) and interest income from marketable securities held to fund operating programs, thus having no net impact to our earnings. Below is a reconciliation of this account excluding the impact of our rabbi trusts and excluding the impact of non-comparable hotels.

(in millions)

	<u>Three Months Ended June 30,</u>		<u>Change (\$)</u>	<u>Change (%)</u>	<u>Six Months Ended June 30,</u>		<u>Change (\$)</u>	<u>Change (%)</u>
	<u>2012</u>	<u>2011</u>			<u>2012</u>	<u>2011</u>		
Revenue								
Comparable owned and leased hotels	\$ 485	\$ 464	\$ 21	4.5%	\$ 925	\$ 873	\$ 52	6.0%
Non-comparable hotels	43	20	23	115.0%	76	43	33	76.7%
Owned and leased hotels revenue	<u>\$ 528</u>	<u>\$ 484</u>	<u>\$ 44</u>	<u>9.1%</u>	<u>\$ 1,001</u>	<u>\$ 916</u>	<u>\$ 85</u>	<u>9.3%</u>
Expenses								
Comparable owned and leased hotels	\$ 364	\$ 354	\$ 10	2.8%	\$ 716	\$ 686	\$ 30	4.4%
Non-comparable hotels	26	18	8	44.4%	47	38	9	23.7%
Rabbi trust	(1)	—	(1)	(100.0)%	3	2	1	50.0%
Owned and leased hotels expense	<u>\$ 389</u>	<u>\$ 372</u>	<u>\$ 17</u>	<u>4.6%</u>	<u>\$ 766</u>	<u>\$ 726</u>	<u>\$ 40</u>	<u>5.5%</u>
Owned and leased hotel operating margin percentage	<u>26.3%</u>	<u>23.1%</u>		<u>3.2%</u>	<u>23.5%</u>	<u>20.7%</u>		<u>2.8%</u>
Comparable owned and leased hotel operating margin percentage	<u>24.9%</u>	<u>23.7%</u>		<u>1.2%</u>	<u>22.6%</u>	<u>21.4%</u>		<u>1.2%</u>

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Hyatt Hotels Corporation

Net gains (losses) and interest income from marketable securities held to fund operating programs

The table below provides a reconciliation of net gains (losses) and interest income from marketable securities held to fund operating programs, all of which are completely offset within other line items of our condensed consolidated statements of income, thus having no net impact to our earnings. The gains or losses on securities held in rabbi trusts are offset to our owned and leased hotels expense for our hotel staff and selling, general, and administrative expenses for our corporate staff and personnel supporting our business segments. The gains and losses on securities held to fund our Hyatt Gold Passport program for our owned and leased hotels are offset by corresponding changes to our owned and leased hotel revenues. The table below shows the amounts recorded to the respective offsetting account.

(in millions)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2012	2011	Change (\$)	Change (%)	2012	2011	Change (\$)	Change (%)
Rabbi trust impact allocated to selling, general, and administrative expenses	\$ (4)	\$ 1	\$ (5)	(500.0)%	\$ 6	\$ 5	\$ 1	20.0%
Rabbi trust impact allocated to owned and leased hotels expense	(1)	—	(1)	(100.0)%	3	2	1	50.0%
Net gains and interest income from marketable securities held to fund our Gold Passport program allocated to owned and leased hotels revenue	<u>1</u>	<u>1</u>	<u>—</u>	<u>—</u> %	<u>1</u>	<u>1</u>	<u>—</u>	<u>—</u> %
Net gains (losses) and interest income from marketable securities held to fund operating programs	<u>\$ (4)</u>	<u>\$ 2</u>	<u>\$ (6)</u>	<u>(300.0)%</u>	<u>\$ 10</u>	<u>\$ 8</u>	<u>\$ 2</u>	<u>25.0%</u>

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Hyatt Hotels Corporation Properties and Rooms / Units by Geography

	June 30, 2012		March 31, 2012		December 31, 2011		QTD Change		YTD Change	
	Properties	Rooms/Units	Properties	Rooms/Units	Properties	Rooms/Units	Properties	Rooms/Units	Properties	Rooms/Units
Owned and leased hotels										
Full service hotels										
North America	34	15,882	34	15,882	34	15,875	—	—	—	7
International	11	3,359	10	2,603	10	2,603	1	756	1	756
Select service	64	8,712	64	8,712	64	8,712	—	—	—	—
Total owned and leased hotels	109	27,953	108	27,197	108	27,190	1	756	1	763
Managed and franchised hotels <i>(includes owned and leased hotels)</i>										
North America										
Full service hotels										
Managed (a)	115	59,994	115	59,994	115	59,986	—	—	—	8
Franchised	23	7,047	21	6,376	20	6,046	2	671	3	1,001
Subtotal	138	67,041	136	66,370	135	66,032	2	671	3	1,009
Select service hotels										
Managed	95	12,781	95	12,781	95	12,781	—	—	—	—
Franchised	125	16,347	123	15,783	120	15,247	2	564	5	1,100
Subtotal	220	29,128	218	28,564	215	28,028	2	564	5	1,100
International (b)										
Managed (a)	109	35,977	109	35,574	108	35,486	—	403	1	491
Franchised	2	988	2	988	2	988	—	—	—	—
Subtotal	111	36,965	111	36,562	110	36,474	—	403	1	491
Total managed and franchised hotels	469	133,134	465	131,496	460	130,534	4	1,638	9	2,600
Vacation ownership	15	963	15	963	15	963	—	—	—	—
Residential	8	1,230	8	1,230	8	1,230	—	—	—	—
Total properties and rooms/units	492	135,327	488	133,689	483	132,727	4	1,638	9	2,600

(a) Owned and leased hotel figures do not include unconsolidated hospitality ventures.

(b) Additional details included for a regional breakout of international managed and franchised hotels.

	June 30, 2012		March 31, 2012		December 31, 2011		QTD Change		YTD Change	
	Properties	Rooms/Units	Properties	Rooms/Units	Properties	Rooms/Units	Properties	Rooms/Units	Properties	Rooms/Units
Asia Pacific	52	20,505	53	20,858	53	20,981	(1)	(353)	(1)	(476)
Southwest Asia	19	5,822	19	5,822	18	5,614	—	—	1	208
Europe, Africa, Middle East	32	7,964	32	7,964	32	7,961	—	—	—	3
Other Americas	8	2,674	7	1,918	7	1,918	1	756	1	756
Total International	111	36,965	111	36,562	110	36,474	—	403	1	491

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Hyatt Hotels Corporation Properties and Rooms / Units by Brand

Brand	June 30, 2012		March 31, 2012		December 31, 2011		QTD Change		YTD Change	
	Properties	Rooms/Units	Properties	Rooms/Units	Properties	Rooms/Units	Properties	Rooms/Units	Properties	Rooms/Units
Park Hyatt	29	5,815	29	5,815	27	5,399	—	—	2	416
Andaz	8	1,701	8	1,701	6	1,408	—	—	2	293
Hyatt	29	7,478	25	6,048	26	6,010	4	1,430	3	1,468
Grand Hyatt	37	21,092	37	21,092	37	21,101	—	—	—	(9)
Hyatt Regency	146	67,920	148	68,276	149	68,588	(2)	(356)	(3)	(668)
Hyatt Place	167	21,673	165	21,109	162	20,573	2	564	5	1,100
Hyatt House (a)	53	7,455	53	7,455	53	7,455	—	—	—	—
Vacation Ownership and Residential	23	2,193	23	2,193	23	2,193	—	—	—	—
Total	492	135,327	488	133,689	483	132,727	4	1,638	9	2,600

(a) Hyatt House is in the process of changing its brand identity from Hyatt Summerfield Suites.