Hilton Worldwide Holdings Inc.
Form 424B4
December 13, 2013
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**Filed Pursuant to Rule 424(b)(4)**
**Registration No. 333-191110**

**117,640,624 Shares**

**Hilton Worldwide Holdings Inc.**

**Common Stock**

This is an initial public offering of shares of common stock of Hilton Worldwide Holdings Inc.

Hilton Worldwide Holdings Inc. is offering 64,102,564 of the shares to be sold in the offering. The selling stockholder identified in this prospectus is offering an additional 53,538,060 shares.

The initial public offering price per share is $20.00 per share. Prior to this offering there has been no public market for our common stock. Our common stock has been approved for listing on the New York Stock Exchange, or NYSE, under the symbol HLT.

No private equity or real estate opportunity fund or co-investment vehicle sponsored or managed by The Blackstone Group L.P. is selling shares in this offering or receiving cash in lieu of selling shares. After the completion of this offering, affiliates of The Blackstone Group L.P. will continue to own a majority of the voting power of shares eligible to vote in the election of our directors. As a result, we will be a controlled company. See Management Controlled Company Exception.

***See Risk Factors beginning on page 16 to read about factors you should consider before buying shares of our common stock.***

**Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.**

| | Per Share | Total |
|---|---|---|
| Initial public offering price | $ 20.00 | $ 2,352,812,480 |
| Underwriting discounts and commissions | $ 0.725 | $ 85,289,452 |
| Proceeds, before expenses, to us(1) | $ 19.275 | $ 1,235,576,921 |
| Proceeds, before expenses, to the selling stockholder | $ 19.275 | $ 1,031,946,107 |

(1) The underwriters will receive compensation in addition to the underwriting discount. See Underwriting (Conflicts of Interest).

To the extent that the underwriters sell more than 117,640,624 shares of our common stock, the underwriters have the option to purchase up to an additional 17,646,093 shares of our common stock from the selling stockholder at the initial public offering price less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on or about December 17, 2013.

**Deutsche Bank Securities** **Goldman, Sachs & Co.** **BofA Merrill Lynch** **Morgan Stanley**
**J.P. Morgan** **Wells Fargo Securities**

**Blackstone Capital Markets** **Macquarie Capital** **Barclays** **Mitsubishi UFJ Securities**
**Citigroup** **Credit Suisse** **HSBC** **RBS** **Baird** **Credit Agricole CIB**
**Nomura** **Raymond James** **RBC Capital Markets** **UBS Investment Bank**
**CastleOak Securities, L.P.** **Drexel Hamilton** **Telsey Advisory Group** **Ramirez & Co., Inc.**

**Prospectus dated December 11, 2013.**

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**Neither we, the selling stockholder nor the underwriters have authorized anyone to provide you with information different from that contained in this prospectus, any amendment or supplement to this prospectus or any free writing prospectus prepared by us or on our behalf. Neither we, the selling stockholder nor the underwriters take any responsibility for, or can provide any assurance as to the reliability of, any information other than the information in this prospectus, any amendment or supplement to this prospectus or any free writing prospectus prepared by us or on our behalf. We, the selling stockholder and the underwriters are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where offers and sales are permitted. The information in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of shares of our common stock.**

Except where the context requires otherwise, references in this prospectus to Hilton, Hilton Worldwide, the Company, we, us, and our refer to Hilton Worldwide Holdings Inc., together with its consolidated subsidiaries. We refer to the estimated over 311,000 individuals working at our owned, leased, managed, franchised, timeshare and corporate locations worldwide as of September 30, 2013 as our team members. Of these team members, approximately 151,000 were directly employed or supervised by us and the remaining team members were employed or supervised by third-parties. Except where the context requires otherwise, references to our properties, hotels and rooms refer to the hotels, resorts and timeshare properties managed, franchised, owned or leased by us. Of these hotels or resorts and rooms, a portion are directly owned or leased by us or joint ventures in which we have an interest and the remaining hotels or resorts and rooms were owned by our third-party owners.

Investment funds associated with or designated by The Blackstone Group L.P., our current majority owners, are referred to herein as Blackstone or our Sponsor and Blackstone, together with the other owners of Hilton Worldwide Holdings Inc. prior to this offering, are collectively referred to as our existing owners.

Reference to ADR or Average Daily Rate means hotel room revenue divided by total number of rooms sold in a given period and RevPAR or Revenue per Available Room represents hotel room revenue divided by room nights available to guests for a given period. References to RevPAR index measure a hotel s relative share of its segment s Revenue per Available Room. For example, if a subject hotel s RevPAR is $50 and the RevPAR of its competitive set is $50, the subject hotel would have no RevPAR index premium. If the subject hotel s RevPAR totaled $60, its RevPAR index premium would be 20%, which indicates that the subject hotel has outperformed other hotels in its competitive set. References to global RevPAR index premium means the average RevPAR index premium of our comparable hotels (as defined in Management s Discussion and Analysis of Financial Condition and Results of Operations Key Business and Financial Metrics used by Management Comparable Hotels on page 67, but excluding hotels that do not receive competitive set information from Smith Travel Research, or STR, or do not participate with STR). The owner or manager of each Hilton comparable hotel exercises its discretion in identifying the competitive set of properties for such hotel, considering factors such as physical proximity, competition for similar customers, product features, services and amenities, quality and average daily rate, as well as STR rules regarding competitive set makeup. Accordingly, while the hotel brands included in the competitive set for any given Hilton comparable hotel depend heavily on market-specific conditions, the competitive sets for Hilton comparable hotels frequently include properties branded with the competing brands identified for the relevant Hilton comparable hotel listed under Selected Competitors on page 115. STR provides us with the relevant data for competitive sets that we submit for each of our comparable hotels, which we utilize to compute the RevPAR index for our comparable hotels.

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## SUMMARY

*This summary highlights information contained elsewhere in this prospectus and does not contain all of the information you should consider before investing in shares of our common stock. You should read this entire prospectus carefully, including the section entitled Risk Factors and the financial statements and the related notes included elsewhere in this prospectus, before you decide to invest in shares of our common stock.*

### Hilton Worldwide

Hilton Worldwide is one of the largest and fastest growing hospitality companies in the world, with 4,080 hotels, resorts and timeshare properties comprising 671,926 rooms in 90 countries and territories. In the nearly 100 years since our founding, we have defined the hospitality industry and established a portfolio of 10 world-class brands. Our flagship full-service Hilton Hotels & Resorts brand is the most recognized hotel brand in the world. Our premier brand portfolio also includes our luxury hotel brands, Waldorf Astoria Hotels & Resorts and Conrad Hotels & Resorts, our full-service hotel brands, DoubleTree by Hilton and Embassy Suites Hotels, our focused-service hotel brands, Hilton Garden Inn, Hampton Inn, Homewood Suites by Hilton and Home2 Suites by Hilton and our timeshare brand, Hilton Grand Vacations. We own or lease interests in 156 hotels, many of which are located in global gateway cities, including iconic properties such as The Waldorf Astoria New York, the Hilton Hawaiian Village and the London Hilton on Park Lane. More than 311,000 team members proudly serve in our properties and corporate offices around the world, and we have approximately 39 million members in our award-winning customer loyalty program, Hilton HHonors.

We operate our business through three segments: (1) management and franchise; (2) ownership; and (3) timeshare. These complementary business segments enable us to capitalize on our strong brands, global market presence and significant operational scale. Through our management and franchise segment, which consists of 3,883 hotels with 603,271 rooms, we manage hotels, resorts and timeshare properties owned by third parties and we license our brands to franchisees. Our management and franchise segment generates high margins and long-term recurring cash flow, and has grown by 40% in terms of number of rooms since June 30, 2007, representing 98% of our overall room growth, with virtually no capital investment by us. Our ownership segment consists of 156 hotels with 62,251 rooms that we own or lease. Through our timeshare segment, which consists of 41 properties comprising 6,404 units, we market and sell timeshare intervals, operate timeshare resorts and a timeshare membership club and provide consumer financing.

In October 2007, we were acquired by affiliates of The Blackstone Group L.P. and assembled a new management team led by Christopher J. Nassetta, our President and Chief Executive Officer. Under our new leadership, we have transformed our business, creating a globally aligned organization and establishing a performance-driven culture. As part of our transformation, we focused on both top- and bottom-line operating performance, strengthening and expanding our brands and commercial services platform, and enhancing our growth rate, particularly in markets outside the U.S. where our brands historically had been underrepresented.

As a result of the transformation of our business, despite the sharp downturn in our industry, between June 30, 2007 and September 30, 2013, we have:

- increased the number of open rooms in our system by 36%, or 176,248 rooms, which represents the highest growth rate of any major lodging company;

grown the number of rooms in our development pipeline by 60% to an industry-leading 185,699 rooms, over 99% of which are within our higher-margin, capital light management and franchise segment;

increased our total number of rooms under construction by 133%, to an industry-leading 97,520 rooms, over 99% of which are within our management and franchise segment;

increased the geographic diversity of our pipeline, with rooms in the development pipeline outside the U.S. increasing from less than 20% to more than 60%, and rooms under construction outside the U.S. increasing from less than 15% to nearly 80%;

significantly enhanced our presence in key segments, brands and geographies, including significant growth in the luxury segment, in our DoubleTree by Hilton and Home2 Suites by Hilton brands and in the number of hotels in Europe and Greater China;

increased our management and franchise segment s Adjusted EBITDA by 25% from the year ended December 31, 2007 to the year ended December 31, 2012 and grown the proportion of our aggregate segment Adjusted EBITDA contributed by our management and franchise segment from 47% to 53%;

increased the average global revenue per available room, or RevPAR, premium for all brands globally by approximately two percentage points to 15% on a trailing twelve month basis;

expanded membership in our Hilton HHonors program by 88% since December 31, 2007;

significantly outperformed our competitors in the timeshare segment, with annual interval sales increasing over 40% since the year ended December 31, 2007 and segment Adjusted EBITDA as a percentage of timeshare revenue increasing 435 basis points since the year ended December 31, 2010, while beginning a transformation of the business to a more capital-efficient model; for the twelve months ended September 30, 2013, 50% of our sales of timeshare intervals were developed by third parties versus 0% for the year ended December 31, 2009; and

significantly improved profitability, increasing our Adjusted EBITDA by an annual average of 12% from the year ended December 31, 2010 through the year ended December 31, 2012, and for the nine months ended September 30, 2013, increasing our Adjusted EBITDA by 12% compared to the nine months ended September 30, 2012. Net income attributable to Hilton stockholder increased by 68% on average from the year ended December 31, 2010 through the year ended December 31, 2012, and for the nine months ended September 30, 2013, net income attributable to Hilton stockholder increased 34% as compared to the nine months ended September 30, 2012.

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

We believe this transformation positions us to continue to increase our share of the expanding global lodging industry, which continues to exhibit strong fundamentals and significant long-term growth prospects supported by increasing global travel and tourism. Our business has grown during times of economic expansion, as well as during global economic downturns. For example, during the period between January 1, 2000 and September 30, 2013, we increased the total number of hotel rooms in our system every year, achieving total growth of 122% and a compound annual growth rate, or CAGR, of 6%. Our industry leading percentage of global rooms under construction of 18.5% significantly exceeds our industry leading percentage of the existing global hotel supply of 4.6%, according to data provided by Smith Travel Research, Inc., or STR. We expect that our #1 share of worldwide rooms under construction will allow us to continue to expand our share of worldwide rooms supply and build on our leading market position.

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The transformation of our business since 2007 has enabled us to increase the number of hotels and timeshare units in our system at a more rapid rate than any other major lodging company. The following table illustrates our global room supply by business segment.

## Our Competitive Strengths

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

***World-Class Hospitality Brands.*** Our globally recognized, world-class brands have defined the hospitality industry. Our flagship Hilton Hotels & Resorts brand often serves as an introduction to our wider range of brands that are designed to accommodate any customer s needs anywhere in the world. Our brands have achieved an average global RevPAR index premium of 15% for the twelve months ended September 30, 2013, based on STR data. This means that our brands achieve on average 15% more revenue per room than competitive properties in similar markets. The demonstrated strength of our brands makes us a preferred partner for hotel owners, who have invested tens of billions of dollars since December 31, 2007 in the development and improvement of our branded hotels.

***Leading Global Presence and Scale.*** We are one of the largest hospitality companies in the world with 4,080 properties and 671,926 rooms in 90 countries and territories. We have hotels in key gateway cities such as New York, London, Dubai, Johannesburg, Tokyo, Shanghai and Sydney and 351 hotels located at or near airports around the world. Our global presence allows us to serve our loyal customers throughout the world and to introduce our award-winning brands to customers in new markets. These world-class brands facilitate system growth by providing hotel owners with a variety of options to address each market s specific needs. In addition, the diversity of our operations reduces our exposure to business cycles, individual market disruptions and other risks. Our robust commercial services platform allows us to take advantage of our scale to more effectively deliver products and services that drive customer preference and enhance commercial performance on a global basis.

***Large and Growing Loyal Customer Base.*** Serving our customers is our first priority. By continually adapting to customer preferences and providing our customers with superior experiences, we have improved our overall customer satisfaction ratings four of the last five years. We earned 32 first place awards in the J.D. Power North America Guest Satisfaction rankings since 1999, more than any multibrand lodging company. Our hotels accommodated more than 127 million customer visits during the twelve months ended September 30, 2013, with members of our Hilton HHonors loyalty program contributing approximately 50% of the nearly 172 million resulting room nights. Hilton HHonors unites all our brands, encourages customer loyalty and allows us to provide tailored promotions, messaging and customer experiences. We have grown the membership in our Hilton HHonors program by approximately 88% from approximately 21 million as of December 31, 2007 to nearly 39 million as of September 30, 2013.

***Significant Embedded Growth.*** All of our segments are expected to grow through improvement in same-store performance driven by strong anticipated industry fundamentals. PKF Hospitality Research, LLC, or PKF-HR, predicts that lodging industry RevPAR in the U.S., where 78% of our system rooms are located, will grow 7.2% in 2014 and 8.1% in 2015. Our management and franchise segment also is expected to grow through new room additions, as upon completion, our industry-leading development pipeline would result in a 28% increase in our room count with minimal capital investment from us. In addition, our franchise revenues should grow over time as franchise agreements renew at our published license rates, which are higher than our current effective rates. For the twelve months ended September 30, 2013, our weighted average effective license rate across our brands was 4.5% of room revenue, an increase of 13% since 2007, and our weighted average published license rate was 5.4% as of September 30, 2013. We also expect our incentive management fees, which are linked to hotel profitability measures, to increase as a result of the expected improvements in industry fundamentals. In our ownership segment, we believe we will benefit from strong growth in bottom-line earnings as industry fundamentals continue to improve as a result of this segment s operating leverage, and our large hotels with significant meeting space should benefit from recent improvements in group demand, which we expect will exhibit strong growth as the current stage of the lodging cycle advances. Finally, our timeshare business has over five years of projected interval supply at our current sales pace in the form of existing owned inventory and executed capital light projects, which should enable us to continue to grow our earnings from the segment with lower levels of capital investment from us.

***Strong Cash Flow Generation.*** We generate significant cash flow from operating activities with an increasing percentage from our growing capital light management and franchise and timeshare segments. During the five-year period ended December 31, 2012, we generated an aggregate of $3.6 billion in cash flow from operating activities. We increased our cash flow from operating activities from $219 million for the year ended December 31, 2008 to $1.1 billion for the year ended December 31, 2012. We believe that our focus on cash flow generation, the relatively low investment required to grow our management and franchise and timeshare segments, and our disciplined approach to capital allocation position us to maximize opportunities for profitability and growth while continuing to reduce our indebtedness over time.

***Iconic Hotels with Significant Underlying Real Estate Value.*** Our diverse global portfolio of owned and leased hotels includes a number of iconic properties in major gateway cities such as New York City, London, San Francisco, Chicago, São Paolo, Sydney and Tokyo. The portfolio also includes iconic hotels with significant embedded asset value, including: The Waldorf Astoria New York, a landmark luxury hotel with 1,413 rooms encompassing an entire city block in the heart of midtown Manhattan near Grand Central Terminal; the Hilton Hawaiian Village, a full-service beach resort with 2,860 rooms that sits on approximately 22 oceanfront acres along Waikiki Beach on the island of Oahu; and the London Hilton on Park Lane, a 453-room hotel overlooking Hyde Park in the exclusive Mayfair district of London. Our ten owned hotels with the highest Adjusted EBITDA contributed 54% of our ownership segment s Adjusted

EBITDA during the year ended December 31, 2012, which highlights the quality of our key flagship properties. In addition, we believe the iconic nature of many of these properties creates significant value for our entire system of properties by reinforcing the world-class nature of our brands. We continually focus on increasing the value and enhancing the market position of our owned and leased hotels and have invested $1.8 billion in these properties between December 31, 2007 and September 30, 2013. Over time, we believe we can unlock significant incremental value through opportunistically exiting assets or executing on adaptive reuse plans for all or a portion of certain hotels as retail, residential or timeshare uses.

***Market-Leading and Innovative Timeshare Platform.*** Our timeshare business complements our other segments and provides an alternative hospitality product that serves an attractive customer base. Our timeshare customers are among our most loyal hotel customers, with estimated spend in our hotel system increasing approximately 40% after the purchase of their timeshare interests. Historically, we have concentrated our timeshare efforts in four key markets: Florida, Hawaii, New York City and Las Vegas, which has helped us to increase annual sales of timeshare intervals by more than 40% since 2007 while yielding strong profit margins during a time when our competitors generally experienced declines in both sales and profit margins. As a result of this strong operating performance and the returns we were able to drive on our own timeshare developments, in 2010 we began a transformation of our timeshare business to a capital light model in which third-party timeshare owners and developers provide capital for development while we act as sales and marketing agent and property manager. Through these transactions, we receive a sales and marketing commission and branding fees on sales of timeshare intervals, recurring fees to operate the homeowners associations and revenues from resort operations. We also earn recurring fees in connection with the points-based membership programs we operate that provide for exclusive exchange, leisure travel and reservation services, and through fees related to the servicing of consumer loans. We have increased the sales of intervals developed by third parties from zero in 2009 to 50% for the twelve months ended September 30, 2013, which has dramatically reduced the capital requirements of our timeshare segment while continuing to drive strong earnings and cash flows. For the year ended December 31, 2012 and the nine months ended September 30, 2013, we incurred $56 million and $70 million, respectively, of capital expenditures for timeshare inventory, compared to an average of $405 million annually during 2007 and 2008.

***Performance-Driven Culture.*** We are an organization of people serving people, thus it is imperative that we attract and retain best-in-class talent to serve our various stakeholders. We have a performance-driven culture that begins with an intense alignment around our mission, vision, values and key strategic priorities. Our President and Chief Executive Officer, Christopher J. Nassetta, has nearly 30 years of experience in the hotel industry, previously serving as President and Chief Executive Officer of Host Hotels & Resorts, Inc., where he was named *Institutional Investor* s 2007 REIT CEO of the Year. He and the balance of our executive management team have been instrumental in transforming our organization and installing a culture that develops leaders at all levels of the organization who are focused on delivering exceptional service to our customers every day. We rely on our over 311,000 team members to execute our strategy and continue to enhance our products and services to ensure that we remain at the forefront of performance and innovation in the lodging industry.

## Our Business and Growth Strategy

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

***Expand our Global Footprint*.** We intend to build on our leading position in the U.S. and expand our global footprint. In February 2006, we reacquired Hilton International Co., which had operated as a separate company since 1964, and in so doing, reacquired the international Hilton branding rights. Reuniting Hilton s U.S. and international operations has provided us with the platform to grow our business and brands globally. As a result of the reacquisition and focus on global expansion, we currently rank number one or number two in every major region of the world by rooms under construction, based on STR data. We aim to increase the relative contribution of our international operations, which accounted for only 27% of our revenues during the year ended December 31, 2012.

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Of our new rooms under construction, 78% are located outside of the U.S. We plan to continue to expand our global footprint by introducing the right brands with the right product positioning in targeted markets and allocating business development resources effectively to drive new unit growth in every region of the world.

***Grow our Fee-Based Businesses.*** We intend to grow our higher margin, fee-based businesses. We expect to increase the contribution of our management and franchise segment, which already accounts for more than half of our aggregate segment Adjusted EBITDA, through new third-party hotel development and the conversion of existing hotels to our brands. The number of rooms in our management and franchise segment grew by 40% from June 30, 2007 to September 30, 2013 and substantially all of our current development pipeline of 185,699 rooms consists of hotels in this segment. Upon completion, this pipeline of new, third-party owned hotels would result in a 31% increase in our management and franchise room count with minimal capital investment from us. In addition, we aim to increase the average effective franchise fees we receive over time by renewing and entering into new franchise agreements at our current published franchise fee rates.

***Continue to Increase the Capital Efficiency of our Timeshare Business.*** Traditionally, timeshare operators have funded 100% of the investment necessary to acquire land and construct timeshare properties. In 2010, we began sourcing timeshare intervals through sales and marketing agreements with third-party developers. These agreements enable us to generate fees from the sales and marketing of the timeshare intervals and club memberships and from the management of the timeshare properties without requiring us to fund acquisition and construction costs. Our supply of third-party developed timeshare intervals has increased to 65,000 as of September 2013, compared to no supply in 2009, and the percentage of sales of timeshare intervals developed by third parties has already increased to 50% for the twelve months ended September 30, 2013. We will continue to seek opportunities to grow our timeshare business through this capital light model.

***Optimize the Performance of our Owned and Leased Hotels.*** In addition to utilizing our commercial services platform to enhance the revenue performance of our owned and leased assets, we have focused on maximizing the cost efficiency of the portfolio by implementing labor management practices and systems and reducing fixed costs to drive profitability. Through our disciplined approach to asset management, we have developed and executed on strategic plans for each of our hotels and have invested $1.8 billion in our portfolio since December 31, 2007 to enhance the market position of each property. We expect to continue to enhance the performance of our hotels by improving operating efficiencies, and believe there is an opportunity to drive further improvements in operating margins and Adjusted EBITDA. The Adjusted EBITDA of our owned and leased portfolio for 2012 was still below 2008 levels. Further, at certain of our hotels, we are developing plans for the adaptive reuse of all or a portion of the property to residential, retail or timeshare uses. Finally, we expect to create value over time by opportunistically selling assets and restructuring or exiting leases.

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

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## Our Industry

We believe that the fundamentals of the global hotel industry, as projected by analysts, particularly in the U.S., where 78% of our system-wide rooms are located, will yield strong industry performance and support the growth of our business in coming years. According to STR data, U.S. lodging demand, as measured by number of booked hotel rooms, has improved with the economic recovery in recent years, experiencing a CAGR of 4.9% over the last three years, significantly exceeding the 25-year CAGR of 1.8%. In contrast, over the last three years, U.S. lodging industry supply has grown at a CAGR of 0.9%, well below the 25-year CAGR of 2.0%. We believe this positive imbalance between demand growth and supply growth has contributed to a RevPAR CAGR of 6.8% over the last three years, well above the 25-year CAGR of 2.7%. According to PKF-HR, total U.S. lodging industry RevPAR is expected to increase 7.2% in 2014 and 8.1% in 2015. According to STR data, global lodging demand, as measured by number of booked hotel rooms, has grown at a CAGR of 5.3% over the last three years and hotel supply growth increased at a CAGR of 1.6%. We believe these attractive supply/demand fundamentals provide the potential for continued global RevPAR growth in the coming years.

In addition, we believe that broader positive global macroeconomic and travel and tourism trends will continue to drive longer-term growth in the lodging sector. In particular, we believe that a growing middle class (which the Organization for Economic Co-operation and Development, or OECD, expects will grow from approximately two to five billion people by 2030) with the desire and resources to travel both within their home regions and elsewhere will support growth in global tourism (which the United Nations World Tourism Organization projects will grow on average between 3% and 4% annually through 2030) and will be an important factor in driving the growth of the global lodging industry. We believe that these trends will provide a strong basis for our growth over the long term.

## Our Sponsor

Blackstone (NYSE: BX) is one of the world s leading investment and advisory firms. Blackstone s alternative asset management businesses include the management of corporate private equity funds, real estate funds, hedge fund solutions, credit-oriented funds and closed-end mutual funds. Blackstone also provides various financial advisory services, including financial and strategic advisory, restructuring and reorganization advisory and fund placement services. Through its different businesses, Blackstone had total assets under management of approximately $248 billion as of September 30, 2013. Blackstone s global real estate group is the largest private equity real estate manager in the world with $69 billion of investor capital under management as of September 30, 2013.

## Refinancing Transactions

On October 25, 2013, we repaid in full all $13.4 billion in borrowings outstanding on such date under our legacy senior mortgage loans and secured mezzanine loans using the proceeds from our recent offering of $1.5 billion of 5.625% senior notes due 2021, which were released from escrow on such date, borrowings under our new senior secured credit facilities, which consists of a $7.6 billion term loan facility (of which we voluntarily repaid $0.1 billion in November 2013) and an undrawn $1.0 billion revolving credit facility, a $3.5 billion commercial mortgage-backed securities loan and a $0.525 billion mortgage loan secured by our Waldorf Astoria New York property, together with additional borrowings under our non-recourse timeshare financing receivables credit facility, or Timeshare Facility, and cash on hand. For more information, see Description of Certain Indebtedness.

In addition, on October 25, 2013, Hilton Worldwide, Inc., our wholly owned subsidiary, issued a notice of redemption to holders of all of the outstanding $96 million aggregate principal amount of its 8% quarterly interest

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bonds due 2031 on November 25, 2013. The bonds were redeemed at a redemption price equal to 100% of the principal amount thereof and accrued and unpaid thereon, to, but not including November 25, 2013. We refer to the repayment of the bonds and the transactions in the preceding paragraph as the Refinancing Transactions.

## Investment Risks

An investment in shares of our common stock involves substantial risks and uncertainties that may adversely affect our business, financial condition and results of operations and cash flows. Some of the more significant challenges and risks relating to an investment in our company include those associated with:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Please see Risk Factors for a discussion of these and other factors you should consider before making an investment in shares of our common stock.

Hilton Worldwide Holdings Inc. was incorporated in Delaware in March 2010. In 1919, our founder Conrad Hilton purchased his first hotel in Cisco, Texas. Through our predecessors, we commenced operations in 1946 when our subsidiary Hilton Hotels Corporation, later renamed Hilton Worldwide, Inc., was incorporated in Delaware. Our principal executive offices are located at 7930 Jones Branch Drive, Suite 1100, McLean, Virginia 22102 and our telephone number is (703) 883-1000.

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## The Offering

| | |
|---|---|
| Common stock offered by us | 64,102,564 shares. |
| Common stock offered by the selling stockholder | 53,538,060 shares. |
| Option to purchase additional shares | The underwriters have an option to purchase up to 17,646,093 additional shares of our common stock from the selling stockholder. The underwriters can exercise this option at any time within 30 days from the date of this prospectus. |
| Common stock outstanding after giving effect to this offering | 984,615,364 shares. |
| Use of proceeds | We estimate that the net proceeds to us from this offering (including the payment to be made to us by the selling stockholder that is described in Principal and Selling Stockholders ), after deducting estimated underwriting discounts and offering expenses, will be approximately $1,238 million. |
| | We intend to use the net proceeds received by us from this offering and available cash to repay approximately $1,250 million of term loan borrowings outstanding under our new senior secured credit facilities. To the extent we raise more proceeds in this offering than currently estimated, we will repay additional term loan borrowings or use such proceeds for other general corporate purposes. To the extent we raise less proceeds in this offering than currently estimated, we will reduce the amount of term loan borrowings that will be repaid. See Use of Proceeds. |
| | Except in relation to the payment to be made to us by the selling stockholder that is described in Principal and Selling Stockholders, we will not receive any proceeds from the sale of shares of common stock offered by the selling stockholder, including from any exercise by the underwriters of their option to purchase additional shares. |
| Dividend policy | We have no current plans to pay dividends on our common stock. Any decision to declare and pay dividends in the future will be made at the sole discretion of our board of directors and will depend on, among other |

| | |
|---|---|
| | things, our results of operations, cash requirements, financial condition, contractual restrictions and other factors that our board of directors may deem relevant. |
| Conflicts of Interest | Blackstone Advisory Partners L.P., an underwriter of this offering, is an affiliate of Blackstone, our controlling stockholder. Since Blackstone beneficially owns more than 10% of our outstanding common stock, a conflict of interest is deemed to exist under Rule 5121(f)(5)(B) of the Conduct Rules of the Financial Industry Regulatory Authority, or FINRA. In addition, in connection with the repayment of certain borrowings under our credit facilities, an |

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| | |
|---|---|
| | affiliate of Goldman, Sachs & Co. is expected to receive a portion of the net proceeds of this offering in its capacity as lender. See Use of Proceeds. In addition, an affiliate of Goldman, Sachs & Co. holds, directly or indirectly, limited liability company interests in the Selling Stockholder, the immediate parent company of Hilton Worldwide Holdings Inc., and is expected to receive a portion of the net proceeds of this offering in connection with its election to receive a cash payment in lieu of shares of our common stock that would otherwise have been distributed to it as a member of the immediate parent entity. See Principal and Selling Stockholders. These proceeds, when combined with the proceeds received in its capacity as lender, give Goldman, Sachs & Co. more than 5% of the proceeds of this offering, and consequently, Goldman, Sachs & Co. will be deemed to have a conflict of interest within the meaning of FINRA Rule 5121(f)(5)(C). Accordingly, this offering will be made in compliance with the applicable provisions of Rule 5121. As such, any underwriter that has a conflict of interest pursuant to Rule 5121 will not confirm sales to accounts in which it exercises discretionary authority without the prior written consent of the customer. Pursuant to Rule 5121, a qualified independent underwriter (as defined in Rule 5121) must participate in the preparation of the prospectus and perform its usual standard of due diligence with respect to the registration statement and this prospectus. Deutsche Bank Securities Inc. has agreed to act as qualified independent underwriter for the offering and to undertake the legal responsibilities and liabilities of an underwriter under the Securities Act of 1933, as amended, or the Securities Act, specifically including those inherent in Section 11 of the Securities Act. We have also agreed to indemnify Deutsche Bank Securities Inc. against certain liabilities incurred in connection with it acting as a qualified independent underwriter in this offering, including liabilities under the Securities Act. See Underwriting (Conflicts of Interest). |
| Risk factors | See Risk Factors for a discussion of risks you should carefully consider before deciding to invest in our common stock. |
| NYSE trading symbol | HLT. |

In this prospectus, unless otherwise indicated, the number of shares of common stock outstanding and the information based thereon does not reflect 80,000,000 shares of common stock that may be granted under our Omnibus Incentive Plan. See Management Omnibus Incentive Plan. In addition, all share information, other than in historical financial results, reflects a 9,205,128-for-1 forward stock split to occur immediately prior to closing of this offering.

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## Summary Historical Financial Data

We derived the summary statement of operations data and the summary statement of cash flows data for the years ended December 31, 2012, 2011 and 2010 and the summary balance sheet data as of December 31, 2012 and 2011 from our audited consolidated financial statements included elsewhere in this prospectus. We derived the summary balance sheet data as of September 30, 2012 and December 31, 2010 from our unaudited consolidated financial statements that are not included in this prospectus. We derived the summary statement of operations data and the summary statement of cash flows data for the nine months ended September 30, 2013 and 2012 and the summary balance sheet data as of September 30, 2013 from our unaudited condensed consolidated financial statements included elsewhere in this prospectus. We have prepared our unaudited consolidated financial statements on the same basis as our audited consolidated financial statements and, in our opinion, have included all adjustments, which include only normal recurring adjustments, necessary to present fairly in all material respects our financial position and results of operations. The results for any interim period are not necessarily indicative of the results that may be expected for the full year. Additionally, our historical results are not necessarily indicative of the results expected for any future period.

The unaudited summary pro forma financial information has been prepared to reflect the issuance of shares of our common stock offered by us in this offering and the other transactions described under Unaudited Pro Forma Condensed Consolidated Financial Information. The following unaudited summary pro forma financial information is presented for illustrative purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the relevant transactions had been consummated on the date indicated, nor is it indicative of future operating results.

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

| | Pro Forma Nine Months Ended September 30, 2013 | Pro Forma Year Ended December 31, 2012 | Nine Months Ended September 30, 2013 | 2012 | Year Ended December 31, 2012 | 2011 | 2010 |
|---|---|---|---|---|---|---|---|
| | (dollars in millions, except Hotel RevPAR and ADR) | | | | | | |
| **Summary Statement of Operations Data:** | | | | | | | |
| Revenues | | | | | | | |
| Owned and leased hotels | $ 2,982 | $ 3,979 | $ 2,982 | $ 2,931 | $ 3,979 | $ 3,898 | $ 3,667 |
| Management and franchise fees and other | 868 | 1,088 | 868 | 807 | 1,088 | 1,014 | 901 |
| Timeshare | 809 | 1,085 | 809 | 822 | 1,085 | 944 | 863 |
| | 4,659 | 6,152 | 4,659 | 4,560 | 6,152 | 5,856 | 5,431 |
| Other revenues from managed and franchised properties | 2,433 | 3,124 | 2,433 | 2,378 | 3,124 | 2,927 | 2,637 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Total revenues | 7,092 | 9,276 | 7,092 | 6,938 | 9,276 | 8,783 | 8,068 |
| Expenses | | | | | | | |
| Owned and leased hotels | 2,327 | 3,230 | 2,327 | 2,401 | 3,230 | 3,213 | 3,009 |
| Timeshare | 545 | 758 | 545 | 568 | 758 | 668 | 634 |

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| | Pro Forma Nine Months Ended September 30, 2013 | Pro Forma Year Ended December 31, 2012 | Nine Months Ended September 30, 2013 | Nine Months Ended September 30, 2012 | Year Ended December 31, 2012 | Year Ended December 31, 2011 | Year Ended December 31, 2010 |
|---|---|---|---|---|---|---|---|
| | (dollars in millions, except Hotel RevPAR and ADR) | | | | | | |
| Depreciation and amortization | 455 | 550 | 455 | 394 | 550 | 564 | 574 |
| Impairment losses | | 54 | | 33 | 54 | 20 | 24 |
| General, administrative and other | 319 | 460 | 319 | 327 | 460 | 416 | 637 |
| | 3,646 | 5,052 | 3,646 | 3,723 | 5,052 | 4,881 | 4,878 |
| Other expenses from managed and franchised properties | 2,433 | 3,124 | 2,433 | 2,378 | 3,124 | 2,927 | 2,637 |
| Total expenses | 6,079 | 8,176 | 6,079 | 6,101 | 8,176 | 7,808 | 7,515 |
| Operating income | 1,013 | 1,100 | 1,013 | 837 | 1,100 | 975 | 553 |
| Net income attributable to Hilton stockholder | 338 | 288 | 389 | 291 | 352 | 253 | 128 |

| | Pro Forma as of September 30, 2013 | As of and for the Nine Months Ended September 30, 2013 | As of and for the Nine Months Ended September 30, 2012 | As of and for the Year Ended December 31, 2012 | As of and for the Year Ended December 31, 2011 | As of and for the Year Ended December 31, 2010 |
|---|---|---|---|---|---|---|
| | (dollars in millions, except Hotel RevPAR and ADR) | | | | | |
| **Summary Balance Sheet Data:** | | | | | | |
| Cash and cash equivalents | $ 470 | $ 724 | $ 883 | $ 755 | $ 781 | $ 796 |
| Restricted cash and cash equivalents | 411 | 502 | 700 | 550 | 658 | 619 |
| Total assets | 26,611 | 26,729 | 27,517 | 27,066 | 27,312 | 27,750 |
| Long-term debt[(1)] | 12,011 | 14,279 | 16,064 | 15,575 | 16,311 | 16,995 |
| Non-recourse timeshare debt[(1)(2)] | 688 | 388 | | | | |
| Non-recourse debt and capital lease obligations of consolidated variable interest entities[(1)] | 318 | 318 | 471 | 420 | 481 | 541 |
| Total equity | 3,851 | 2,553 | 1,981 | 2,155 | 1,702 | 1,544 |
| **Summary Statement of Cash Flows Data:** | | | | | | |
| Capital expenditures for property and equipment | | $ 167 | $ 336 | $ 433 | $ 389 | $ 148 |
| Cash flow from operating activities | | 1,024 | 750 | 1,110 | 1,167 | 833 |
| Cash flow from investing activities | | (252) | (413) | (558) | (463) | (68) |
| Cash flow from financing activities | | (789) | (236) | (576) | (714) | (703) |
| **Operational and Other Data:** | | | | | | |
| Number of hotels and timeshare properties | | 4,080 | 3,924 | 3,966 | 3,843 | 3,709 |
| Number of rooms and units | | 671,926 | 645,654 | 652,957 | 633,238 | 609,634 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Hotel RevPAR[3] | $ | 100.19 | $ | 95.07 | $ | 93.38 | $ | 90.70 | $ | 86.16 |
| Hotel occupancy[3] | | 73.5% | | 72.4% | | 71.1% | | 69.7% | | 68.4% |
| Hotel ADR[3] | $ | 136.24 | $ | 131.30 | $ | 131.35 | $ | 130.15 | $ | 126.06 |
| Adjusted EBITDA: | | | | | | | | | | |
| Management and franchise[4] | $ | 938 | $ | 877 | $ | 1,180 | $ | 1,095 | $ | 968 |
| Ownership | | 672 | | 566 | | 793 | | 725 | | 688 |
| Timeshare[4] | | 205 | | 198 | | 252 | | 207 | | 171 |
| Corporate and other | | (208) | | (207) | | (269) | | (274) | | (263) |
| Adjusted EBITDA[5] | $ | 1,607 | $ | 1,434 | $ | 1,956 | $ | 1,753 | $ | 1,564 |

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(1) Includes current maturities.

(2) Includes Timeshare Facility and our 2.28% notes backed by timeshare financing receivables, or Securitized Timeshare Debt.

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

(4) Includes pro forma timeshare license fee for year ended December 31, 2010. Timeshare license fee agreement of 5% of certain timeshare revenues charged by our management and franchise segment to our timeshare segment was effective January 1, 2011.

(5) EBITDA is defined by us as net income attributable to Hilton stockholder plus interest expense, income tax expense and depreciation and amortization. We evaluate our operating performance using a metric we refer to as  Adjusted EBITDA  which is defined as net income attributable to Hilton stockholder before interest expense, income tax expense (benefit), depreciation and amortization, as further adjusted to exclude gains, losses and expenses in connection with (i) asset dispositions for both consolidated and unconsolidated investments; (ii) foreign currency transactions; (iii) debt restructurings/retirements; (iv) non-cash impairment charges; (v) furniture, fixtures and equipment, or FF&E replacement reserves required under certain lease arrangements; (vi) reorganization costs; (vii) share-based and certain other compensation expenses; (viii) severance, relocation and other expenses; and (ix) other items.

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

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

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

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

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

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

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

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

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

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

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

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

| | Nine Months Ended September 30, | | Year Ended December 31, | | |
|---|---|---|---|---|---|
| | **2013** | **2012** | **2012** | **2011** | **2010** |
| | | | **(in millions)** | | |
| Net income attributable to Hilton stockholder | $ 389 | $ 291 | $ 352 | $ 253 | $ 128 |
| Interest expense | 401 | 423 | 569 | 643 | 946 |
| Interest expense included in equity in earnings (losses) from unconsolidated affiliates | 10 | 8 | 13 | 12 | 16 |
| Income tax expense (benefit) | 192 | 166 | 214 | (59) | 308 |
| Depreciation and amortization | 455 | 394 | 550 | 564 | 574 |
| Depreciation and amortization included in equity in earnings (losses) from unconsolidated affiliates | 23 | 28 | 34 | 48 | 48 |
| **EBITDA** | **1,470** | **1,310** | **1,732** | **1,461** | **2,020** |
| Net income (loss) attributable to noncontrolling interest | 9 | 4 | 7 | 2 | (17) |
| Loss (gain) on foreign currency transactions | 43 | (27) | (23) | 21 | (18) |
| Gain on debt restructuring[(a)] | | | | | (789) |
| | 29 | 52 | 68 | 57 | 48 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| FF&E replacement reserve[b] | | | | | | | | | | |
| Share-based compensation expense | | 5 | | 20 | | 50 | | 19 | | 56 |
| Impairment losses | | | | 33 | | 54 | | 20 | | 24 |
| Impairment loss included in equity in earnings (losses) from unconsolidated affiliates | | | | 4 | | 19 | | 141 | | 6 |
| Other gain, net[c] | | (5) | | (8) | | (15) | | (19) | | (8) |
| Other adjustment items[d] | | 56 | | 46 | | 64 | | 51 | | 242 |
| **Adjusted EBITDA** | **$** | **1,607** | **$** | **1,434** | **$** | **1,956** | **$** | **1,753** | **$** | **1,564** |

(a) Represents the gain recognized in our consolidated statement of operations as a result of the debt restructuring in April 2010.

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

(c) Other gain, net includes gains and losses on the dispositions of certain property and equipment and investments in affiliates, as well as a gain related to the restructuring of a capital lease in 2011 and a gain related to the discounted repayment of senior unsecured debt in 2010.

(d) Represents adjustments for certain legal expenses, severance, and certain guarantee payments. Includes $150 million of legal settlement expense, including a cash payment of $75 million, for the year ended December 31, 2010.

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## RISK FACTORS

*Investing in our common stock involves a high degree of risk. You should consider carefully the risks and uncertainties described below and the other information contained in this prospectus, including our consolidated financial statements and the related notes, before you decide whether to purchase our common stock.*

### Risks Relating to Our Business and Industry

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

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

- significant competition from multiple hospitality providers in all parts of the world;
- changes in operating costs, including energy, food, compensation, benefits and insurance;
- increases in costs due to inflation that may not be fully offset by price and fee increases in our business;
- changes in tax and governmental regulations that influence or set wages, prices, interest rates or construction and maintenance procedures and costs;
- the costs and administrative burdens associated with complying with applicable laws and regulations;
- the costs or desirability of complying with local practices and customs;
- significant increases in cost for health care coverage for employees and potential government regulation with respect to health care coverage;
- shortages of labor or labor disruptions;
- the availability and cost of capital necessary for us and third-party hotel owners to fund investments, capital expenditures and service debt obligations;
- delays in or cancellations of planned or future development or refurbishment projects, which in the case of our managed and franchised hotels and timeshare properties controlled by homeowner associations are

generally not within our control;

the quality of services provided by franchisees;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- climate change or availability of natural resources;

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

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

- cyclical over-building in the hotel and timeshare industries; and organized labor activities, which could cause a diversion of business from hotels involved in labor negotiations and loss of business for our hotels generally as a result of certain labor tactics.

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

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

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

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

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

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

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

*Competition for hotel guests*

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

*Competition for management and franchise agreements*

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

*Competition for sales of timeshare properties*

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

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

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

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

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

Our management and franchising business depends on our ability to establish and maintain long-term, positive relationships with third-party property owners and on our ability to renew existing, and enter into new, management and franchise agreements. The management and franchise contracts we enter into with third-party owners are typically long-term arrangements, but may allow the hotel owner to terminate the agreement under certain circumstances, including in certain cases, the failure to meet certain financial or performance criteria. Our ability to meet these financial and performance criteria is subject to, among other things, risks common to the overall hotel industry, including factors outside of our control. In addition, any negative management and franchise pricing trends could adversely affect our ability to negotiate with hotel owners. If we fail to maintain and renew existing management and franchise agreements, and enter into new agreements on favorable terms, we may be unable to expand our presence and our business, financial condition and results of operations may suffer.

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

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

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

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

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

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

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

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

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

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

governmental regulations relating to real estate ownership or operations, including tax, environmental, zoning, and eminent domain laws;

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

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

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

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

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

governmental restrictions on the size or kind of development;

volatility in the debt and capital markets that may limit our ability to raise capital for projects or improvements;

lack of availability of rooms or meeting spaces for revenue-generating activities during construction, modernization or renovation projects;

force majeure events, including earthquakes, tornadoes, hurricanes, floods or tsunamis; and

design defects that could increase costs.

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

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

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

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

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

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

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

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

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

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

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

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

Providing secured financing to some purchasers of timeshare intervals subjects us to the risk of purchaser default. As of September 30, 2013, we had approximately $994 million of timeshare financing receivables outstanding. If a purchaser defaults under the financing that we provide, we could be forced to write off the loan and reclaim ownership of the timeshare interval through foreclosure or deed in lieu of foreclosure. If the timeshare interval has declined in value, we may incur impairment losses that reduce our profits. In addition, we may be unable to resell the property in a timely manner or at the same price, or at all. Also, if a purchaser of a timeshare interval defaults on the related loan during the early part of the amortization period, we may not have recovered the marketing, selling and general and administrative costs associated with the sale of that timeshare interval. If we are unable to recover any of the principal amount of the loan from a defaulting purchaser, or if the allowances for losses from such defaults are inadequate, the revenues and profits that we derive from the timeshare business could be reduced.

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

As of September 30, 2013, we had a total of 1,069 hotels in our development pipeline, which we define as hotels under construction or approved for development under one of our brands. The commitments of owners and developers with whom we have agreements are subject to numerous conditions, and the eventual development and construction of our pipeline not currently under construction is subject to numerous risks, including, in certain cases, obtaining governmental and regulatory approvals and adequate financing. As a result, we cannot assure you that our entire development pipeline will develop into new hotels.

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

We opened our first Home2 Suites by Hilton hotel in 2011 and we launched our eforea spa concept in 2010. We may launch additional branded hotel products and services in the future. We cannot assure you that any new hotel products we launch will be accepted by hotel owners, franchisees or customers, that we will recover the costs we incurred in developing the brands, or that the brands, products or services will be successful. If new branded hotel products and services are not as successful as we anticipate, it could have a material adverse effect on our business, financial condition or results of operations.

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

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

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

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

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

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

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

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

We depend heavily upon our information technology systems in the conduct of our business. We own and license or otherwise contract for sophisticated technology and systems for property management, procurement, reservations and the operation of the Hilton HHonors customer loyalty program. Such systems are subject to, among other things, damage or interruption from power outages, computer and telecommunications failures, computer viruses, and natural and man-made disasters. In particular, from time to time we and third parties who serve us experience cyber-attacks, attempted breaches of our or their information technology systems and networks or similar events, which could result in a loss of sensitive business or customer information, systems interruption or the disruption of our operations. For example, in 2011 we were notified by Epsilon, our database marketing vendor, that we were among a group of companies served by Epsilon that were affected by a data breach that resulted in an unauthorized third party gaining access to Epsilon s files that included names and e-mails of certain of our customers. In addition, substantially all of our data center operations are currently located in a single facility, and any loss or damage to the facility could result in operational disruption and data loss.

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Damage or interruption to our information systems may require a significant investment to update, remediate or replace with alternate systems, and we may suffer interruptions in our operations as a result. In addition, costs and potential problems and interruptions associated with the implementation of new or upgraded systems and technology or with maintenance or adequate support of existing systems could also disrupt or reduce the efficiency of our operations. Any material interruptions or failures in our systems, including those that may result from our failure to adequately develop, implement and maintain a robust disaster recovery plan and backup systems could severely affect our ability to conduct normal business operations and, as a result, have a material adverse effect on our business operations and financial performance.

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

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

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

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

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

In addition, even if we are fully compliant with legal standards and contractual requirements, we still may not be able to prevent security breaches involving sensitive data. The sophistication of efforts by hackers to gain unauthorized access to information systems has increased in recent years. Any breach, theft, loss, or fraudulent use of customer, employee or company data could cause consumers to lose confidence in the security of our

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websites, mobile applications and other information technology systems and choose not to purchase from us. Any such security breach could expose us to risks of data loss, business disruption, litigation and other liability, any of which could adversely affect our business.

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

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

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

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

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

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

Recent class action litigation against several online travel intermediaries and lodging companies, including Hilton, challenges the legality under certain antitrust laws of certain provisions in contracts and alleged practices with third-party intermediaries. While we are vigorously defending the litigation, and believe the contract provisions are lawful, the courts will ultimately determine this issue. Our fees and expenses associated with this litigation, even if we ultimately prevail, could be material. Any adverse outcome could require us to alter our business arrangements with these intermediaries, and consequently could have a negative impact on our financial condition and results of operations.

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

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

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

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

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

We currently manage, franchise, own or lease hotels and resorts in 90 countries around the world. Our operations outside the United States represented approximately 27% and 26% of our revenues for the year ended December 31, 2012 and the nine months ended September 30, 2013, respectively. We expect that revenues from our international operations will continue to account for an increasing portion of our total revenues. As a result, we are subject to the risks of doing business outside the United States, including:

- rapid changes in governmental, economic and political policy, political or civil unrest, acts of terrorism or the threat of international boycotts or U.S. anti-boycott legislation;

- increases in anti-American sentiment and the identification of the licensed brands as an American brand;

- recessionary trends or economic instability in international markets;

changes in foreign currency exchange rates or currency restructurings and hyperinflation or deflation in the countries in which we operate;

the effect of disruptions caused by severe weather, natural disasters, outbreak of disease or other events that make travel to a particular region less attractive or more difficult;

the presence and acceptance of varying levels of business corruption in international markets and the impact of various anti-corruption and other laws;

- the imposition of restrictions on currency conversion or the transfer of funds or limitations on our ability to repatriate non-U.S. earnings in a tax efficient manner;

- the ability to comply with or impact of complying with complex and changing laws, regulations and policies of foreign governments that may affect investments or operations, including foreign ownership restrictions, import and export controls, tariffs, embargoes, increases in taxes paid and other changes in applicable tax laws;

- uncertainties as to local laws and enforcement of contract and intellectual property rights;

- forced nationalization of our properties by local, state or national governments; and

- the difficulties involved in managing an organization doing business in many different countries.

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

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

Our business operations in countries outside the U.S. are subject to a number of laws and regulations, including restrictions imposed by the Foreign Corrupt Practices Act, or FCPA, as well as trade sanctions administered by the Office of Foreign Assets Control, or OFAC. The FCPA is intended to prohibit bribery of foreign officials and requires companies whose securities are listed in the U.S. to keep books and records that accurately and fairly reflect those companies transactions and to devise and maintain an adequate system of internal accounting controls. OFAC administers and enforces economic and trade sanctions based on U.S. foreign policy and national security goals against targeted foreign states, organizations and individuals. We have policies in place designed to comply with applicable sanctions, rules and regulations. Given the nature of our business, it is possible that hotels we own or manage in the 90 countries and territories in which we operate may provide services to persons subject to sanctions. Where we have identified potential violations in the past, we have taken appropriate remedial action including filing voluntary disclosures to OFAC. In addition, some of our operations may be subject to the laws and regulations of non-U.S. jurisdictions, including the U.K. s Bribery Act 2010, which contains significant prohibitions on bribery and other corrupt business activities, and other local anti-corruption laws in the countries in which we conduct operations.

If we fail to comply with these laws and regulations, we could be exposed to claims for damages, financial penalties, reputational harm, and incarceration of employees or restrictions on our operation or ownership of hotels and other properties, including the termination of management, franchising, and ownership rights. In addition, in certain circumstances, the actions of parties affiliated with us (including our owners, joint venture partners, team members and agents) may expose us to liability under the FCPA, U.S. sanctions or other laws. These restrictions could increase costs of operations, reduce profits or cause us to forgo development opportunities that would otherwise support growth.

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

Under ITRSHRA, we will be required to report if we or any of our affiliates knowingly engaged in certain specified activities during a period covered by one of our annual reports on Form 10-K or quarterly reports on Form 10-Q. We have engaged in, and may in the future engage in, activities that would require disclosure pursuant to Section 219 of ITRSHRA, including the activities discussed in the disclosures included on Exhibit 99.1 to the registration statement of which this prospectus forms a part, which disclosures are hereby incorporated by reference herein. In addition, because the SEC defines the term affiliate broadly, it includes any entity controlled by us as well as any person or entity that controls us or is under common control with us. Because we may be deemed to be a controlled affiliate of Blackstone, affiliates of Blackstone may also be considered our affiliates. Other affiliates of Blackstone have in the past and may in the future be required to make disclosures pursuant to ITRSHRA. Disclosure of such activities, even if such activities are permissible under applicable law, and any sanctions imposed on us or our affiliates as a result of these activities could harm our reputation and brands and have a negative impact on our results of operations.

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

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

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

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

A significant number of our employees (approximately 27%) and employees of our hotel owners are covered by collective bargaining agreements and similar agreements. If relationships with our employees or employees of our hotel owners or the unions that represent them become adverse, the properties we manage, franchise or own could experience labor disruptions such as strikes, lockouts, boycotts and public demonstrations. A number of our collective bargaining agreements, representing approximately 6% of our organized employees, have expired and are in the process of being renegotiated, and we may be required to negotiate additional collective bargaining agreements in the future if more employees become unionized. Labor disputes, which may be more likely when collective bargaining agreements are being negotiated, could harm our relationship with our employees or employees of our hotel owners, result in increased regulatory inquiries and enforcement by governmental authorities and deter guests. Further, adverse publicity related to a labor dispute could harm our reputation and reduce customer demand for our services. Labor regulation and the negotiation of new or existing collective bargaining agreements could lead to higher wage and benefit costs, changes in work rules that raise operating expenses, legal costs, and limitations on our ability or the ability of our third-party property owners to take cost saving measures during economic downturns. We do not have the ability to control the negotiations of collective bargaining agreements covering unionized labor employed by many third-party property owners. Increased unionization of our workforce, new labor legislation or changes in regulations could disrupt our operations, reduce our profitability, or interfere with the ability of our management to focus on executing our business strategies.

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

Our success depends in large part on our ability to attract, retain, train, manage, and engage employees. Our managed, owned, leased and joint venture hotels are staffed by approximately 151,000 team members around the world. If we are unable to attract, retain, train, manage, and engage skilled employees, our ability to manage and staff the managed, owned, leased and joint venture hotels could be impaired, which could reduce customer satisfaction. In addition, the inability of our franchisees to attract, retain, train, manage, and engage skilled employees for the franchised hotels could adversely affect the reputation of our brands. Staffing shortages in various parts of the world also could hinder our ability to grow and expand our businesses. Because payroll costs are a major component of the operating expenses at our hotels and our franchised hotels, a shortage of skilled labor could also require higher wages that would increase labor costs, which could adversely affect our results of operations.

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

The recognition and reputation of our brands are important to our success. We have over 4,000 trademark registrations in jurisdictions around the world for use in connection with our services. At any given time, we also have a number of pending applications to register trademarks and other intellectual property in the U.S. and other jurisdictions. However, we cannot assure you that those trademark or other intellectual property registrations will be granted or that the steps we take to use, control or protect our trademarks or other intellectual property in the U.S. and other jurisdictions will always be adequate to prevent third parties from copying or using the trademarks or other intellectual property without authorization. We may also fail to obtain and maintain trademark protection for all of our brands in all jurisdictions. For example, in certain jurisdictions, third parties have registered or otherwise have the right to use certain trademarks that are the same as or similar to our trademarks, which could prevent us from registering trademarks and opening hotels in that jurisdiction. Third parties may also challenge our rights to certain trademarks or oppose our trademark applications. Defending against any such proceedings may be costly, and if unsuccessful, could result in the loss of important intellectual property rights. Obtaining and maintaining trademark protection for multiple brands in multiple jurisdictions is also expensive, and we may therefore elect not to apply for or to maintain certain trademarks.

Our intellectual property is also vulnerable to unauthorized copying or use in some jurisdictions outside the U.S., where local law, or lax enforcement of law, may not provide adequate protection. If our trademarks or other intellectual property are improperly used, the value and reputation of the Hilton brands could be harmed. There are times where we may need to resort to litigation to enforce our intellectual property rights. Litigation of this type could be costly, force us to divert our resources, lead to counterclaims or other claims against us or otherwise harm our business or reputation. In addition, we license certain of our trademarks to third parties. For example, we grant our franchisees a right to use certain of our trademarks in connection with their operation of the applicable property. If a franchisee or other licensee fails to maintain the quality of the goods and services used in connection with the licensed trademarks, our rights to, and the value of, our trademarks could potentially be harmed. Failure to maintain, control and protect our trademarks and other intellectual property could likely adversely affect our ability to attract guests or third-party owners, and could adversely impact our results.

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

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

Third parties may make claims against us for infringing their patent, trademark, copyright or other intellectual property rights or for misappropriating their trade secrets. We have been and are currently party to a

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number of such claims and may receive additional claims in the future. Any such claims, even those without merit, could:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We are subject to ongoing and periodic tax audits and disputes in various state, local and foreign jurisdictions. In particular, our consolidated U.S. federal income tax returns for the fiscal years ended December 31, 2006 and October 24, 2007 are under audit by the Internal Revenue Service, or IRS, and the IRS has proposed adjustments to increase our taxable income based on several assertions involving intercompany loans, our Hilton HHonors guest loyalty and reward program and our foreign-currency denominated loans issued by one of our subsidiaries. In total, the proposed adjustments sought by the IRS would result in U.S. federal tax owed of approximately $695 million, excluding interest and penalties and potential state income taxes. We disagree with the IRS s position on each of the assertions and intend to vigorously contest them. See Note 18: Income Taxes in our audited consolidated financial statements included elsewhere in this prospectus for additional information. An unfavorable outcome from any tax audit could result in higher tax costs, penalties and interest, thereby adversely impacting our financial condition or results of operations.

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

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

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

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

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record additional impairment losses on certain of these assets. If these impairment losses are significant, our results of operations would be adversely affected.

***Governmental regulation may adversely affect the operation of our properties.***

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

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

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

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

We are subject to the Americans with Disabilities Act, or ADA, and similar legislation in certain jurisdictions outside of the U.S. Under the ADA all public accommodations are required to meet certain federal requirements related to access and use by disabled persons. These regulations apply to accommodations first occupied after January 26, 1993, and older structures that undergo material renovations. The regulations also mandate certain operational requirements that hotel operators must observe. The failure of a property to comply

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with the ADA could result in injunctive relief, fines, an award of damages to private litigants or mandated capital expenditures to remedy such noncompliance. Any imposition of injunctive relief, fines, damage awards or capital expenditures could adversely affect the ability of an owner or franchisee to make payments under the applicable management or franchise agreement or negatively impact the reputation of our brands. In November 2010, we entered into a settlement with the U.S. Department of Justice related to compliance with the ADA. Under the terms of the settlement, we must: ensure compliance with ADA regulations at our owned and joint venture properties built after January 26, 1993; require managed or franchised hotels that enter into a new management or franchise agreement, experience a change in ownership, or renew or extend a franchise agreement, to conduct a survey of its facilities and to certify that the hotel complies with the ADA; ensure that new hotels constructed in our system are compliant with ADA regulations; provide ADA training to our team members; improve the accessibility of our websites and reservations system for individuals with disabilities; appoint a national ADA compliance officer; and appoint an ADA contact on-site at each hotel. If we fail to comply with the requirements of the ADA and our related consent decree, we could be subject to fines, penalties, injunctive action, reputational harm, and other business impacts which could materially and negatively affect our performance and results of operations.

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

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

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

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

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

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

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## Risks Relating to Our Indebtedness

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

We have a significant amount of indebtedness. As of September 30, 2013, after giving effect to the transactions described in Unaudited Pro Forma Condensed Consolidated Financial Information, our total indebtedness would have been approximately $13.0 billion, including $1,006 million of non-recourse debt, and our contractual debt maturities of our long-term debt and non-recourse debt for the three months ending December 31, 2013 and the years ending December 31, 2014, 2015 and 2016, respectively, would be $21 million, $50 million, $73 million and $622 million. Our substantial debt and other contractual obligations could have important consequences, including:

- requiring a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness, thereby reducing our ability to use our cash flow to fund our operations, capital expenditures and pursue future business opportunities;
- increasing our vulnerability to adverse economic, industry or competitive developments;
- exposing us to increased interest expense, as our degree of leverage may cause the interest rates of any future indebtedness (whether fixed or floating rate interest) to be higher than they would be otherwise;
- exposing us to the risk of increased interest rates because certain of our indebtedness is at variable rates of interest;
- making it more difficult for us to satisfy our obligations with respect to our indebtedness, and any failure to comply with the obligations of any of our debt instruments, including restrictive covenants, could result in an event of default that accelerates our obligation to repay indebtedness;
- restricting us from making strategic acquisitions or causing us to make non-strategic divestitures;
- limiting our ability to obtain additional financing for working capital, capital expenditures, product development, satisfaction of debt service requirements, acquisitions and general corporate or other purposes; and
- limiting our flexibility in planning for, or reacting to, changes in our business or market conditions and placing us at a competitive disadvantage compared to our competitors who may be better positioned to take advantage of opportunities that our leverage prevents us from exploiting.

We are a holding company and substantially all of our consolidated assets are owned by, and most of our business is conducted through, our subsidiaries. Revenues from these subsidiaries are our primary source of funds for debt payments and operating expenses. If our subsidiaries are restricted from making distributions to us, that may impair our ability to meet our debt service obligations or otherwise fund our operations. Moreover, there may be restrictions on payments by subsidiaries to their parent companies under applicable laws, including laws that require companies to maintain minimum amounts of capital and to make payments to stockholders only from profits. As a result, although a subsidiary of ours may have cash, we may not be able to obtain that cash to satisfy our obligation to service our outstanding debt or fund our operations.

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

The indenture that governs our senior notes, the credit agreement that will govern our new senior secured credit facilities and the agreements that will govern our new commercial mortgage-backed securities loan and the mortgage loan secured by our Waldorf Astoria New York property, will impose significant operating and financial restrictions on us. These restrictions will limit our ability and/or the ability of our subsidiaries to, among other things:

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

In addition, if, on the last day of any period of four consecutive quarters on or after the date to be specified in the new credit agreement, the aggregate principal amount of revolving credit loans, swing line loans and/or letters of credit (excluding up to $50 million of letters of credit and certain other letters of credit that have been cash collateralized or back-stopped) that are issued and/or outstanding is greater than 25% of the revolving credit facility, the new credit agreement will require us to maintain a consolidated first lien net leverage ratio not to exceed 7.9 to 1.0. Our subsidiaries mortgage-backed loans also require them to maintain certain debt service coverage ratios and minimum net worth requirements.

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

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

***Servicing our indebtedness will require a significant amount of cash. Our ability to generate sufficient cash depends on many factors, some of which are not within our control.***

Our ability to make payments on our indebtedness and to fund planned capital expenditures will depend on our ability to generate cash in the future. To a certain extent, this is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. If we are unable to generate sufficient cash flow to service our debt and meet our other commitments, we may need to restructure or refinance all or a portion of our debt, sell material assets or operations or raise additional debt or equity capital. We may not be able to effect any of these actions on a timely basis, on commercially reasonable terms or at all, and these actions may not be sufficient to meet our capital requirements. In addition, the terms of our existing or future debt arrangements may restrict us from effecting any of these alternatives.

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

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

**Risks Related to this Offering and Ownership of Our Common Stock**

***Our Sponsor and its affiliates control us and their interests may conflict with ours or yours in the future.***

Immediately following this offering, our Sponsor and its affiliates will beneficially own approximately 76.4% of our common stock. Moreover, under our bylaws and the stockholders agreement with our Sponsor and its affiliates that will be in effect by the completion of this offering, for so long as our existing owners and their affiliates retain significant ownership of us, we will agree to nominate to our board individuals designated by our Sponsor, whom we refer to as the Sponsor Directors. Even when our Sponsor and its affiliates cease to own shares of our stock representing a majority of the total voting power, for so long as our Sponsor continues to own a significant percentage of our stock our Sponsor will still be able to significantly influence the composition of our board of directors and the approval of actions requiring stockholder approval. Accordingly, for such period of time, our Sponsor will have significant influence with respect to our management, business plans and policies, including the appointment and removal of our officers. In particular, for so long as our Sponsor continues to own a significant percentage of our stock, our Sponsor will be able to cause or prevent a change of control of our company or a change in the composition of our board of directors and could preclude any unsolicited acquisition of our company. The concentration of ownership could deprive you of an opportunity to receive a premium for your shares of common stock as part of a sale of our company and ultimately might affect the market price of our common stock.

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

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***Upon the listing of our shares on the NYSE, we will be a controlled company within the meaning of rules and, as a result, will qualify for, and intend to rely on, exemptions from certain corporate governance requirements. You will not have the same protections afforded to stockholders of companies that are subject to such requirements.***

After completion of this offering, affiliates of our Sponsor will continue to control a majority of the combined voting power of all classes of our stock entitled to vote generally in the election of directors. As a result, we will be a controlled company within the meaning of the corporate governance standards of the NYSE. Under these rules, a company of which more than 50% of the voting power in the election of directors is held by an individual, group or another company is a controlled company and may elect not to comply with certain corporate governance requirements. For example, controlled companies, within one year of the date of the listing of their common stock:

- are not required to have a board that is composed of a majority of independent directors, as defined under the rules of such exchange;
- are not required to have a compensation committee that is composed entirely of independent directors; and
- are not required to have a nominating and corporate governance committee that is composed entirely of independent directors.

Following this offering, we intend to utilize these exemptions. As a result, we do not expect a majority of the directors on our board will be independent upon closing this offering. In addition, although we will have a fully independent audit committee and have independent director representation on our compensation and nominating and corporate governance committees upon closing this offering, we do not expect that our compensation and nominating and corporate governance committees will consist entirely of independent directors. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the NYSE.

***We will incur increased costs and become subject to additional regulations and requirements as a result of becoming a public company, which could lower our profits or make it more difficult to run our business.***

As a public company, we will incur significant legal, accounting and other expenses that we have not incurred as a private company, including costs associated with public company reporting requirements. We also have incurred and will incur costs associated with the Sarbanes-Oxley Act of 2002, or Sarbanes-Oxley Act, and related rules implemented by the SEC and the NYSE. The expenses incurred by public companies generally for reporting and corporate governance purposes have been increasing. We expect these rules and regulations to increase our legal and financial compliance costs and to make some activities more time-consuming and costly, although we are currently unable to estimate these costs with any degree of certainty. These laws and regulations also could make it more difficult or costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. These laws and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as our executive officers. Furthermore, if we are unable to satisfy our obligations as a public company, we could be subject to delisting of our common stock, fines, sanctions and other regulatory action and potentially civil litigation.

***If we are unable to implement and maintain effective internal control over financial reporting in the future, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock may be negatively affected.***

As a public company, we will be required to maintain internal controls over financial reporting and to report any material weaknesses in such internal controls. In addition, beginning with our second annual report on

Form 10-K, we will be required to furnish a report by management on the effectiveness of our internal control over financial reporting, pursuant to Section 404 of the Sarbanes-Oxley Act. Our independent registered public accounting firm is required to express an opinion as to the effectiveness of our internal control over financial reporting beginning with our second annual report on Form 10-K. The process of designing, implementing, and testing the internal control over financial reporting required to comply with this obligation is time consuming, costly, and complicated. If we identify material weaknesses in our internal control over financial reporting, if we are unable to comply with the requirements of Section 404 of the Sarbanes-Oxley Act in a timely manner or to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock could be negatively affected, and we could become subject to investigations by the stock exchange on which our securities are listed, the SEC, or other regulatory authorities, which could require additional financial and management resources.

***There may not be an active trading market for shares of our common stock, which may cause shares of our common stock to trade at a discount from the initial offering price and make it difficult to sell the shares of common stock you purchase.***

Prior to this offering, there has not been a public trading market for shares of our common stock. It is possible that after this offering an active trading market will not develop or continue or, if developed, that any market will be sustained which would make it difficult for you to sell your shares of common stock at an attractive price or at all. The initial public offering price per share of common stock was determined by agreement among us, the selling stockholder and the representatives of the underwriters, and may not be indicative of the price at which shares of our common stock will trade in the public market after this offering.

***The market price of shares of our common stock may be volatile, which could cause the value of your investment to decline.***

Even if a trading market develops, the market price of our common stock may be highly volatile and could be subject to wide fluctuations. Securities markets worldwide experience significant price and volume fluctuations. This market volatility, as well as general economic, market or political conditions, could reduce the market price of shares of our common stock in spite of our operating performance. In addition, our operating results could be below the expectations of public market analysts and investors due to a number of potential factors, including variations in our quarterly operating results, additions or departures of key management personnel, failure to meet analysts earnings estimates, publication of research reports about our industry, litigation and government investigations, changes or proposed changes in laws or regulations or differing interpretations or enforcement thereof affecting our business, adverse market reaction to any indebtedness we may incur or securities we may issue in the future, changes in market valuations of similar companies or speculation in the press or investment community, announcements by our competitors of significant contracts, acquisitions, dispositions, strategic partnerships, joint ventures or capital commitments, adverse publicity about the industries we participate in or individual scandals, and in response the market price of shares of our common stock could decrease significantly. You may be unable to resell your shares of common stock at or above the initial public offering price.

In the past few years, stock markets have experienced extreme price and volume fluctuations. In the past, following periods of volatility in the overall market and the market price of a company s securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against us, could result in substantial costs and a diversion of our management s attention and resources.

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***Because we have no current plans to pay cash dividends on our common stock, you may not receive any return on investment unless you sell your common stock for a price greater than that which you paid for it.***

We have no current plans to pay any cash dividends. The declaration, amount and payment of any future dividends on shares of common stock will be at the sole discretion of our board of directors. Our board of directors may take into account general and economic conditions, our financial condition and results of operations, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax and regulatory restrictions and implications on the payment of dividends by us to our stockholders or by our subsidiaries to us and such other factors as our board of directors may deem relevant. In addition, our ability to pay dividends will be limited by our new senior secured credit facility and our new senior notes and first priority senior secured notes and may be limited by covenants of other indebtedness we or our subsidiaries incur in the future. As a result, you may not receive any return on an investment in our common stock unless you sell our common stock for a price greater than that which you paid for it.

***Investors in this offering will suffer immediate and substantial dilution.***

The initial public offering price per share of common stock will be substantially higher than our pro forma net tangible book deficit per share immediately after this offering. As a result, you will pay a price per share of common stock that substantially exceeds the per share book value of our tangible assets after subtracting our liabilities. In addition, you will pay more for your shares of common stock than the amounts paid by our existing owners. After giving effect to the sale of the shares in this offering at an offering price of $20.00 per share of common stock, you will incur immediate and substantial dilution in an amount of $23.13 per share of common stock. See Dilution.

***You may be diluted by the future issuance of additional common stock in connection with our incentive plans, acquisitions or otherwise.***

After this offering we will have approximately 29,015 million shares of common stock authorized but unissued. Our amended and restated certificate of incorporation to become effective immediately prior to the consummation of this offering authorizes us to issue these shares of common stock and options, rights, warrants and appreciation rights relating to common stock for the consideration and on the terms and conditions established by our board of directors in its sole discretion, whether in connection with acquisitions or otherwise. We have reserved 80,000,000 shares for issuance under our Omnibus Incentive Plan. See Management Omnibus Incentive Plan. Any common stock that we issue, including under our Omnibus Incentive Plan or other equity incentive plans that we may adopt in the future, would dilute the percentage ownership held by the investors who purchase common stock in this offering.

***If we or our existing investors sell additional shares of our common stock after this offering, the market price of our common stock could decline.***

The sale of substantial amounts of shares of our common stock in the public market, or the perception that such sales could occur, could harm the prevailing market price of shares of our common stock. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. Upon completion of this offering we will have a total of 984,615,364 shares of our common stock outstanding. Of the outstanding shares, the 117,640,624 shares sold in this offering (or 135,286,717 shares if the underwriters exercise in full their option to purchase additional shares) will be freely tradable without restriction or further registration under the Securities Act, except that any shares held by our affiliates, as that term is defined under Rule 144 of the Securities Act, may be sold only in compliance with the limitations described in Shares Eligible for Future Sale.

The remaining outstanding 866,974,740 shares of common stock held by our existing owners and management after this offering (or 849,328,647 shares if the underwriters exercise in full their option to purchase additional shares) will be subject to certain restrictions on resale. We, our officers, directors and holders of

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certain of our outstanding shares of common stock immediately prior to this offering, including our Sponsor, that collectively will own 783,578,178 shares following this offering (or 765,932,085 shares if the underwriters exercise their option to purchase additional shares in full), will sign lock-up agreements with the underwriters that will, subject to certain customary exceptions, restrict the sale of the shares of our common stock held by them for 180 days following the date of this prospectus, subject to extension in the case of an earnings release or material news or a material event relating to us. Deutsche Bank Securities Inc. and Goldman, Sachs & Co. may, in their sole discretion, release all or any portion of the shares of common stock subject to lock-up agreements. See Underwriting (Conflicts of Interest) for a description of these lock-up agreements. In addition, members of Hilton Global Holdings LLC, including Blackstone, who receive, in the aggregate, approximately 847,127,623 shares of our common stock from Hilton Global Holdings LLC (or 829,481,530 shares if the underwriters exercise their option to purchase shares in full) (752,492,744 shares of which are subject to the lock-up agreement described above) will be prohibited from transferring such shares for six months beginning on the date of receipt of such shares. One third of the shares they receive (approximately 282,375,874 shares or approximately 276,493,843 shares if the underwriters exercise their option to purchase additional shares in full) may be transferred between 6 and 12 months following the date of receipt and an additional one third of the shares they receive (approximately 282,375,874 additional shares, or approximately 276,493,843 shares if the underwriters exercise their option to purchase additional shares in full) may be transferred between 13 and 18 months after the date of receipt. The transfer restrictions applicable to such holders will lapse after 18 months after the date of receipt. In the aggregate, 860,566,964 shares of our common stock (or 842,920,871 shares if the underwriters exercise their option to purchase additional shares in full) will be subject to the lock-up agreements entered into with the underwriters and/or the transfer restrictions described immediately above. See Principal and Selling Stockholders and Shares Eligible for Future Sale Lock-up Arrangements.

Upon the expiration of the lock-up agreements described above, all of such shares will be eligible for resale in a public market, subject, in the case of shares held by our affiliates, to volume, manner of sale and other limitations under Rule 144. We expect that our Sponsor will be considered an affiliate 180 days after this offering based on their expected share ownership (consisting of 752,492,744 shares, excluding shares held by a debt-focused investment vehicle now managed by Blackstone that has elected to receive cash in lieu of shares representing less than 1% of our common stock), as well as their board nomination rights. Certain other of our stockholders may also be considered affiliates at that time. However, commencing 180 days following this offering, the holders of these shares of common stock will have the right, subject to certain exceptions and conditions, to require us to register their shares of common stock under the Securities Act, and they will have the right to participate in future registrations of securities by us. Registration of any of these outstanding shares of common stock would result in such shares becoming freely tradable without compliance with Rule 144 upon effectiveness of the registration statement. See Shares Eligible for Future Sale.

We intend to file one or more registration statements on Form S-8 under the Securities Act to register shares of our common stock or securities convertible into or exchangeable for shares of our common stock issued pursuant to our Omnibus Incentive Plan. Any such Form S-8 registration statements will automatically become effective upon filing. Accordingly, shares registered under such registration statements will be available for sale in the open market. We expect that the initial registration statement on Form S-8 will cover 80,000,000 shares of our common stock.

As restrictions on resale end, the market price of our shares of common stock could drop significantly if the holders of these restricted shares sell them or are perceived by the market as intending to sell them. These factors could also make it more difficult for us to raise additional funds through future offerings of our shares of common stock or other securities.

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***Anti-takeover provisions in our organizational documents and Delaware law might discourage or delay acquisition attempts for us that you might consider favorable.***

Our amended and restated certificate of incorporation and amended and restated bylaws to become effective immediately prior to the consummation of this offering will contain provisions that may make the merger or acquisition of our company more difficult without the approval of our board of directors. Among other things:

- although we do not have a stockholder rights plan, and would either submit any such plan to stockholders for ratification or cause such plan to expire within a year, these provisions would allow us to authorize the issuance of undesignated preferred stock in connection with a stockholder rights plan or otherwise, the terms of which may be established and the shares of which may be issued without stockholder approval, and which may include super voting, special approval, dividend, or other rights or preferences superior to the rights of the holders of common stock;

- these provisions prohibit stockholder action by written consent from and after the date on which the parties to our stockholders agreement cease to beneficially own at least 40% of the total voting power of all then outstanding shares of our capital stock unless such action is recommended by all directors then in office;

- these provisions provide that the board of directors is expressly authorized to make, alter, or repeal our bylaws and that our stockholders may only amend our bylaws with the approval of 80% or more of all the outstanding shares of our capital stock entitled to vote; and

- these provisions establish advance notice requirements for nominations for elections to our board or for proposing matters that can be acted upon by stockholders at stockholder meetings.

Further, as a Delaware corporation, we are also subject to provisions of Delaware law, which may impair a takeover attempt that our stockholders may find beneficial. These anti-takeover provisions and other provisions under Delaware law could discourage, delay or prevent a transaction involving a change in control of our company, including actions that our stockholders may deem advantageous, or negatively affect the trading price of our common stock. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and to cause us to take other corporate actions you desire.

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## FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that reflect our current views with respect to, among other things, our operations and financial performance. Forward-looking statements include all statements that are not historical facts. In some cases, you can identify these forward-looking statements by the use of words such as outlook, believes, expects, potential, continues, may, will, should, could, seeks, approximately, predicts, estimates, anticipates or the negative version of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. We believe these factors include but are not limited to those described under Risk Factors. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this prospectus. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law.

## TRADEMARKS AND SERVICE MARKS

Hilton Hotels & Resorts , Waldorf Astoria Hotels & Resorts , Conrad Hotels & Resorts®, DoubleTree by Hilton®, Embassy Suites Hotels®, Hilton Garden Inn®, Hampton Inn®, Homewood Suites by Hilton®, Home2 Suites by Hilton®, Hilton Grand Vacations®, Hilton Grand Vacations Club ®, The Hilton Club®, Hilton HHonors , eforea®, OnQ®, LightStay®, the Hilton Hawaiian Village®, Requests Upon Arrival and other trademarks, trade names, and service marks of Hilton and our brands appearing in this prospectus are the property of Hilton and our affiliates.

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

## INDUSTRY AND MARKET DATA

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

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## USE OF PROCEEDS

We estimate that the net proceeds from our sale of shares of common stock in this offering (including the payment to be made to us by the selling stockholder that is described in Principal and Selling Stockholders ), after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, will be approximately $1,238 million.

We intend to use the net proceeds received by us from this offering and available cash to repay approximately $1,250 million of term loan borrowings outstanding under our new senior secured credit facilities. As of November 8, 2013, we had $7.5 billion of term loan borrowings outstanding under our senior secured credit facilities which will mature on October 25, 2020. The currently outstanding term loan borrowings were used, together with other borrowings and cash on hand, to repay in full all $13.4 billion of our legacy senior mortgage loans and secured mezzanine loans. See Summary Refinancing Transactions. The term loan borrowings bear interest, at our option, at a rate equal to a margin over either (a) a base rate determined by reference to the highest of (1) the administrative agent s prime lending rate, (2) the federal funds effective rate plus 1/2 of 1% and (3) the LIBOR rate for a one-month interest period plus 1.00% or (b) a LIBOR rate determined by reference to the Reuters LIBOR rate for the interest period relevant to such borrowing. The margin for the term loans is 2.00%, in the case of base rate loans, and 3.00%, in the case of LIBOR rate loans, subject to one step-down of 0.25% upon the achievement of a first lien net leverage ratio of less than or equal to 3.85 to 1.00 and subject to an additional step-down of 0.25% following a qualifying initial public offering, subject to a base rate floor of 2.00%, and a LIBOR floor of 1.00%. See Description of Certain Indebtedness. To the extent we raise more proceeds in this offering than currently estimated, we will repay additional term loans borrowings or use such proceeds for other general corporate purposes. To the extent we raise less proceeds in this offering than currently estimated, we will reduce the amount of term loans borrowings that will be repaid. Affiliates of certain of the underwriters currently serve as lenders and/or agents under our term loan borrowings and would be entitled to receive their pro rata portion of the proceeds of this offering that are used to repay such term loan borrowings. See Underwriting (Conflicts of Interest) Relationships.

Except in relation to the payment to be made to us by the selling stockholder that is described in Principal and Selling Stockholders, we will not receive any proceeds from the sale of shares of our common stock by the selling stockholder, including from any exercise by the underwriters of their option to purchase additional shares.

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## DIVIDEND POLICY

We have no current plans to pay dividends on our common stock. Any decision to declare and pay dividends in the future will be made at the sole discretion of our board of directors and will depend on, among other things, our results of operations, cash requirements, financial condition, contractual restrictions and other factors that our board of directors may deem relevant. Because we are a holding company and have no direct operations, we will only be able to pay dividends from funds we receive from our subsidiaries.

We did not declare or pay any dividends on our common stock in 2012, 2011 or in the first nine months of 2013.

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## CAPITALIZATION

The following table sets forth our consolidated cash and cash equivalents, restricted cash and cash equivalents and capitalization as of September 30, 2013 on:

- an actual basis; and
- an as adjusted basis to reflect:
  - the sale by us of 64,102,564 shares of common stock in this offering;
  - the application of net proceeds from this offering as described under Use of Proceeds, as if this offering and the application of the net proceeds of this offering had occurred on September 30, 2013; and
  - other transactions described in Unaudited Pro Forma Condensed Consolidated Financial Information included in this prospectus.

Cash and cash equivalents and restricted cash and cash equivalents are not components of our total capitalization. You should read this table together with the information contained in this prospectus, including Use of Proceeds, Management s Discussion and Analysis of Financial Condition and Results of Operations, Description of Certain Indebtedness and our historical financial statements and related notes included elsewhere in this prospectus.

| | As of September 30, 2013 | |
|---|---|---|
| | Actual | As Adjusted |
| | (in millions, except share and per share data) | |
| Cash and cash equivalents | $ 724 | $ 470 |
| Restricted cash and cash equivalents[1] | 502 | 411 |
| Total | $ 1,226 | $ 881 |
| Total long-term debt and non-recourse debt: | | |
| Long-term debt, including current maturities | $ 14,279 | $ 12,011 |
| Non-recourse timeshare debt, including current maturities[2] | 388 | 688 |
| Non-recourse debt and capital lease obligations of consolidated variable interest entities, including current maturities | 318 | 318 |
| Total debt | 14,985 | 13,017 |

| | | |
|---|---|---|
| Equity: | | |
| Common stock, par value $0.01 per share, 1,000 shares authorized and 100 shares issued and outstanding, actual; and 30,000,000,000 shares authorized and 984,615,364 shares issued and outstanding, as adjusted | 1 | 10 |
| Additional paid-in capital | 8,452 | 9,942 |
| Accumulated deficit | (5,357) | (5,558) |
| Accumulated other comprehensive loss | (417) | (417) |
| Total stockholders equity | 2,679 | 3,977 |
| Noncontrolling interests | (126) | (126) |
| Total equity | 2,553 | 3,851 |
| Total capitalization | $ 17,538 | $ 16,868 |

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

(2) Includes Timeshare Facility and Securitized Timeshare Debt.

## DILUTION

If you invest in shares of our common stock in this offering, your investment will be immediately diluted to the extent of the difference between the initial public offering price per share of common stock and the net tangible book deficit per share of common stock after this offering. Dilution results from the fact that the per share offering price of the shares of common stock is substantially in excess of the net tangible book deficit per share attributable to the shares of common stock held by existing owners.

Pro forma net tangible book deficit represents the amount of total tangible assets less total liabilities, after giving effect to the adjustments presented in the Financing Transactions included in Unaudited Pro Forma Condensed Consolidated Financial Information but before giving effect to this offering. Our pro forma net tangible book deficit as of September 30, 2013 was approximately $4,242 million, or $4.61 per share of common stock.

After giving effect to our sale of the shares in this offering at an initial public offering price of $20.00 per share, and after deducting estimated underwriting discounts and commissions and offering expenses payable by us and the application of the net proceeds received by us as described in Use of Proceeds , our net pro forma tangible book deficit as of September 30, 2013 would have been $3,077 million, or $3.13 per share of common stock. This represents an immediate decrease in net tangible book deficit of $1.48 per share of common stock to our existing owners and an immediate and substantial dilution in net tangible book value of $23.13 per share of common stock to investors in this offering at the initial public offering price.

The following table illustrates this dilution on a per share of common stock basis:

| | | |
|---|---|---|
| Initial public offering price per share of common stock | | $ 20.00 |
| Pro forma net tangible book deficit per share of common stock as of September 30, 2013 | $ (4.61) | |
| Increase in pro forma net tangible book deficit per share of common stock attributable to investors in this offering | $ 1.48 | |
| Net tangible book deficit per share of common stock after giving effect to this offering and the application of the net proceeds received by us | | $ (3.13) |
| Dilution per share of common stock to investors in this offering | | $ 23.13 |

The following table summarizes, as of September 30, 2013, the total number of shares of common stock purchased from us, the total cash consideration paid to us, and the average price per share paid by existing owners and by new investors. As the table shows, new investors purchasing shares in this offering will pay an average price per share substantially higher than our existing owners paid. The table below reflects an initial public offering price of $20.00 per share, for shares purchased in this offering and excludes underwriting discounts and commissions and estimated offering expenses payable by us:

| | Shares of Common Stock Purchased | | Total Consideration | | Average Price Per |
|---|---|---|---|---|---|
| | Number | Percent | Amount | Percent | Share of |

 

| | | | | | Common Stock |
|---|---|---|---|---|---|
| | | (Dollar amounts in millions, except per share amounts) | | | |
| Existing owners | 920,512,800 | 93.5% | $ 8,354 | 86.7% | $ 9.08 |
| Investors in this offering | 64,102,564 | 6.5% | $ 1,282 | 13.3% | $ 20.00 |
| Total | 984,615,364 | 100.0% | $ 9,636 | 100.0% | |

## UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following unaudited pro forma financial information has been prepared to reflect (1) the issuance of 64,102,564 shares of our common stock offered by us in this offering at an initial public offering price of $20.00 per share and (2) the Refinancing Transactions, the Hilton HHonors point sales and the use of proceeds from the foregoing (collectively, the Financing Transactions ), in our historical consolidated financial statements.

The unaudited pro forma condensed consolidated balance sheet as of September 30, 2013 is presented on a pro forma adjusted basis to give effect to this offering and the Financing Transactions. The following unaudited pro forma condensed consolidated statements of operations for the year ended December 31, 2012 and the nine months ended September 30, 2013 are presented on a pro forma adjusted basis to give effect to this offering and the Financing Transactions, and to give effect to the stock split that we intend to effectuate immediately prior to closing this offering, whereby each issued and outstanding share of our common stock will be converted into 9,205,128 shares, as if they had been completed on January 1, 2012.

The pro forma adjustments are based on preliminary estimates, accounting judgments and currently available information and assumptions that management believes are reasonable. The notes to the unaudited pro forma statements provide a detailed discussion of how such adjustments were derived and presented in the unaudited pro forma financial information. The unaudited pro forma financial information should be read in conjunction with Summary Refinancing Transactions, Capitalization, Use of Proceeds, Selected Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations, and our consolidated financial statements and related notes thereto included elsewhere in this prospectus.

The unaudited pro forma financial information has been prepared for illustrative purposes only and is not necessarily indicative of our financial position or results of operations had the transactions actually occurred on the dates indicated, nor is such unaudited pro forma financial information necessarily indicative of the results to be expected for any future period. A number of factors may affect our results. See Risk Factors and Forward-Looking Statements.

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**Hilton Worldwide Holdings Inc.**

**Unaudited Pro Forma Condensed Consolidated Balance Sheet**

**As of September 30, 2013**

**(in millions)**

| | | Pro Forma Adjustments[1] | | |
|---|---|---|---|---|
| | Historical | Financing Transactions | Common Stock Offering | Pro Forma |
| **ASSETS** | | | | |
| **Current Assets:** | | | | |
| Cash and cash equivalents | $ 724 | $ (242)(a) | $ (12)(j) | $ 470 |
| Restricted cash and cash equivalents | 502 | (91)(a) | | 411 |
| Accounts receivable, net of allowance for doubtful accounts | 813 | | | 813 |
| Inventories | 386 | | | 386 |
| Deferred income tax assets | 75 | | | 75 |
| Current portion of financing receivables, net | 94 | | | 94 |
| Current portion of securitized financing receivables, net | 27 | | | 27 |
| Prepaid expenses | 156 | | | 156 |
| Other | 40 | | | 40 |
| Total current assets | 2,817 | (333) | (12) | 2,472 |
| **Property, Investments, and Other Assets:** | | | | |
| Property and equipment, net | 9,071 | | | 9,071 |
| Financing receivables, net | 623 | | | 623 |
| Securitized financing receivables, net | 202 | | | 202 |
| Investments in affiliates | 268 | | | 268 |
| Goodwill | 6,205 | | | 6,205 |
| Brands | 5,012 | | | 5,012 |
| Management and franchise contracts, net | 1,467 | | | 1,467 |
| Other intangible assets, net | 723 | | | 723 |
| Deferred income tax assets | 103 | | | 103 |
| Other | 238 | 249 (b) | (22)(j) | 465 |
| Total property, investments, and other assets | 23,912 | 249 | (22) | 24,139 |
| **TOTAL ASSETS** | $ 26,729 | $ (84) | $ (34) | $ 26,611 |
| **LIABILITIES AND EQUITY** | | | | |
| **Current Liabilities:** | | | | |
| Accounts payable, accrued expenses, and other | $ 1,940 | $ (21)(b) | $ 45 (i) | $ 1,964 |

| | | | | |
|---|---|---|---|---|
| Current maturities of long-term debt | 356 | (352)(b) | | 4 |
| Current maturities of non-recourse debt | 53 | | | 53 |
| Income taxes payable | 61 | 125 (c) | | 186 |
| Total current liabilities | 2,410 | (248) | 45 | 2,207 |
| Long-term debt | 13,923 | (672)(b) | (1,244)(j) | 12,007 |
| Non-recourse debt | 653 | 300 (d) | | 953 |
| Deferred income tax liabilities | 5,040 | (43)(c) | | 4,997 |
| Liability for guest loyalty program | 546 | | | 546 |
| Other(2) | 1,604 | 446 (b)(e) | | 2,050 |
| Total liabilities | 24,176 | (217) | (1,199) | 22,760 |
| **Equity:** | | | | |
| Common stock | 1 | | 9 (j) | 10 |
| Additional paid-in capital | 8,452 | | 1,490 (i)(j) | 9,942 |
| Accumulated deficit | (5,357) | 133 (f) | (334)(i)(j) | (5,558) |
| Accumulated other comprehensive loss | (417) | | | (417) |
| Total Hilton stockholder s equity | 2,679 | 133 | 1,165 | 3,977 |
| Noncontrolling interests | (126) | | | (126) |
| Total equity | 2,553 | 133 | 1,165 | 3,851 |
| **TOTAL LIABILITIES AND EQUITY** | $ 26,729 | $ (84) | $ (34) | $ 26,611 |

(1) For details of the adjustments referenced, see Note 4: Pro Forma Adjustments.

(2) Pro forma adjustments to other liabilities include deferred revenue of $650 million related to our Hilton HHonors point sales. See Note 4: Pro Forma Adjustments adjustment (e) and Management s Discussion and Analysis of Financial Condition and Results of Operations Overview Recent Events for further discussion of this transaction.

See notes to unaudited pro forma condensed consolidated financial statements.

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**Hilton Worldwide Holdings Inc.**

**Unaudited Pro Forma Condensed Consolidated Statement of Operations**

**For the Nine Months Ended September 30, 2013**

**(in millions, except share data)**

| | | Pro Forma Adjustments[1] | | |
|---|---|---|---|---|
| | Historical | Financing Transactions | Common Stock Offering | Pro Forma |
| **Revenues** | | | | |
| Owned and leased hotels | $ 2,982 | $ | $ | $ 2,982 |
| Management and franchise fees and other | 868 | | | 868 |
| Timeshare | 809 | | | 809 |
| | 4,659 | | | 4,659 |
| Other revenues from managed and franchised properties | 2,433 | | | 2,433 |
| Total revenues | 7,092 | | | 7,092 |
| **Expenses** | | | | |
| Owned and leased hotels | 2,327 | | | |