

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended **June 30, 2024**

OR

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

For the transition period from _____ to _____

Commission File Number **001-37795**

Park Hotels & Resorts Inc.

(Exact name of Registrant as specified in its Charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

1775 Tysons Boulevard, 7th Floor, Tysons, VA

(Address of principal executive offices)

36-2058176

(I.R.S Employer
Identification No.)

22102

(Zip Code)

(Registrant's telephone number, including area code): **(571) 302-5757**

Securities registered pursuant to Section 12(b) of the Act.

Title of each class	Trading Symbol	Name of exchange on which registered
Common Stock, \$0.01 par value per share	PK	New York Stock Exchange

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

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

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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

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

The number of shares of common stock outstanding on July 26, 2024 was 208,917,256.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

PARK HOTELS & RESORTS INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions, except share and per share data)

	June 30, 2024 (unaudited)	December 31, 2023
ASSETS		
Property and equipment, net	\$ 7,422	\$ 7,459
Contract asset	789	760
Intangibles, net	42	42
Cash and cash equivalents	449	717
Restricted cash	35	33
Accounts receivable, net of allowance for doubtful accounts of \$4 and \$3	133	112
Prepaid expenses	75	59
Other assets	40	40
Operating lease right-of-use assets	181	197
TOTAL ASSETS (variable interest entities – \$237 and \$236)	\$ 9,166	\$ 9,419
LIABILITIES AND EQUITY		
Liabilities		
Debt	\$ 3,856	\$ 3,765
Debt associated with hotels in receivership	725	725
Accrued interest associated with hotels in receivership	64	35
Accounts payable and accrued expenses	230	210
Dividends payable	58	362
Due to hotel managers	111	131
Other liabilities	171	200
Operating lease liabilities	215	223
Total liabilities (variable interest entities – \$217 and \$218)	5,430	5,651
Commitments and contingencies – refer to Note 12		
Stockholders' Equity		
Common stock, par value \$0.01 per share, 6,000,000,000 shares authorized, 209,770,362 shares issued and 208,917,170 shares outstanding as of June 30, 2024 and 210,676,264 shares issued and 209,987,581 shares outstanding as of December 31, 2023	2	2
Additional paid-in capital	4,133	4,156
Accumulated deficit	(355)	(344)
Total stockholders' equity	3,780	3,814
Noncontrolling interests	(44)	(46)
Total equity	3,736	3,768
TOTAL LIABILITIES AND EQUITY	\$ 9,166	\$ 9,419

Refer to the notes to the unaudited condensed consolidated financial statements.

PARK HOTELS & RESORTS INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited, in millions, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenues				
Rooms	\$ 416	\$ 442	\$ 790	\$ 824
Food and beverage	182	178	364	359
Ancillary hotel	66	72	128	137
Other	22	22	43	42
Total revenues	686	714	1,325	1,362
Operating expenses				
Rooms	105	117	207	224
Food and beverage	121	128	244	255
Other departmental and support	155	165	300	323
Other property	57	63	109	123
Management fees	33	34	63	64
Impairment and casualty loss	7	203	13	204
Depreciation and amortization	64	64	129	128
Corporate general and administrative	18	16	35	32
Other	20	22	41	42
Total expenses	580	812	1,141	1,395
Gain on sale of assets, net	—	—	—	15
Gain on derecognition of assets	15	—	29	—
Operating income (loss)	121	(98)	213	(18)
Interest income	5	10	10	20
Interest expense	(54)	(52)	(107)	(104)
Interest expense associated with hotels in receivership	(15)	(9)	(29)	(17)
Equity in earnings from investments in affiliates	1	3	1	7
Other (loss) gain, net	(3)	3	(3)	4
Income (loss) before income taxes	55	(143)	85	(108)
Income tax benefit (expense)	12	(3)	11	(5)
Net income (loss)	67	(146)	96	(113)
Net income attributable to noncontrolling interests	(3)	(4)	(4)	(4)
Net income (loss) attributable to stockholders	\$ 64	\$ (150)	\$ 92	\$ (117)
Earnings (loss) per share:				
Earnings (loss) per share – Basic	\$ 0.31	\$ (0.70)	\$ 0.44	\$ (0.54)
Earnings (loss) per share – Diluted	\$ 0.30	\$ (0.70)	\$ 0.44	\$ (0.54)
Weighted average shares outstanding – Basic	209	215	209	217
Weighted average shares outstanding – Diluted	211	215	211	218

Refer to the notes to the unaudited condensed consolidated financial statements.

PARK HOTELS & RESORTS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited, in millions)

	Six Months Ended June 30,	
	2024	2023
Operating Activities:		
Net income (loss)	\$ 96	\$ (113)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	129	128
Gain on sales of assets, net	—	(15)
Gain on derecognition of assets	(29)	—
Impairment and casualty loss	12	204
Equity in earnings from investments in affiliates	(1)	(7)
Other loss, net	3	—
Share-based compensation expense	9	9
Amortization of deferred financing costs	4	4
Distributions from unconsolidated affiliates	—	7
Deferred income taxes	(13)	—
Changes in operating assets and liabilities	(1)	33
Net cash provided by operating activities	<u>209</u>	<u>250</u>
Investing Activities:		
Capital expenditures for property and equipment	(121)	(124)
Acquisitions, net	—	(11)
Proceeds from asset dispositions, net	—	116
Proceeds from the sale of investments in affiliates, net	—	3
Contributions to unconsolidated affiliates	—	(4)
Net cash used in investing activities	<u>(121)</u>	<u>(20)</u>
Financing Activities:		
Proceeds from issuance of Senior Notes	550	—
Repurchase or redemption of Senior Notes	(650)	—
Borrowings from credit facilities	200	—
Repayments of credit facilities	—	(50)
Repayments of mortgage debt	(4)	(80)
Debt issuance costs	(11)	(1)
Dividends paid	(407)	(88)
Distributions to noncontrolling interests, net	(2)	(1)
Tax withholdings on share-based compensation	(5)	(2)
Repurchase of common stock	(25)	(105)
Net cash used in financing activities	<u>(354)</u>	<u>(327)</u>
Net decrease in cash and cash equivalents and restricted cash	(266)	(97)
Cash and cash equivalents and restricted cash, beginning of period	750	939
Cash and cash equivalents and restricted cash, end of period	<u>\$ 484</u>	<u>\$ 842</u>
Supplemental Disclosures		
Non-cash financing activities:		
Dividends declared but unpaid	\$ 52	\$ 32

Refer to the notes to the unaudited condensed consolidated financial statements.

PARK HOTELS & RESORTS INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(unaudited, in millions)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Non- controlling Interests	Total
	Shares	Amount				
Balance as of December 31, 2023	210	\$ 2	\$ 4,156	\$ (344)	\$ (46)	\$ 3,768
Share-based compensation, net	1	—	(2)	2	—	—
Net income	—	—	—	28	1	29
Dividends and dividend equivalents ⁽¹⁾	—	—	—	(53)	—	(53)
Distributions to noncontrolling interests	—	—	—	—	(2)	(2)
Balance as of March 31, 2024	211	2	4,154	(367)	(47)	3,742
Share-based compensation, net	—	—	4	—	—	4
Net income	—	—	—	64	3	67
Dividends and dividend equivalents ⁽¹⁾	—	—	—	(52)	—	(52)
Repurchase of common stock	(2)	—	(25)	—	—	(25)
Balance as of June 30, 2024	209	\$ 2	\$ 4,133	\$ (355)	\$ (44)	\$ 3,736

	Common Stock		Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Non- controlling Interests	Total
	Shares	Amount				
Balance as of December 31, 2022	224	\$ 2	\$ 4,321	\$ 16	\$ (48)	\$ 4,291
Share-based compensation, net	1	—	—	2	—	2
Net income	—	—	—	33	—	33
Dividends and dividend equivalents ⁽¹⁾	—	—	—	(32)	—	(32)
Distributions to noncontrolling interests	—	—	—	—	(1)	(1)
Repurchase of common stock	(9)	—	(105)	—	—	(105)
Balance as of March 31, 2023	216	2	4,216	19	(49)	4,188
Share-based compensation, net	—	—	5	—	—	5
Net (loss) income	—	—	—	(150)	4	(146)
Dividends and dividend equivalents ⁽¹⁾	—	—	—	(34)	—	(34)
Balance as of June 30, 2023	216	\$ 2	\$ 4,221	\$ (165)	\$ (45)	\$ 4,013

⁽¹⁾ Dividends declared per common share were \$0.25 for each of the three months ended March 31, 2024 and June 30, 2024. Dividends declared per common share were \$0.15 for each of the three months ended March 31, 2023 and June 30, 2023.

Refer to the notes to the unaudited condensed consolidated financial statements.

PARK HOTELS & RESORTS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Note 1: Organization

Park Hotels & Resorts Inc. (“we,” “us,” “our” or the “Company” and, exclusive of any subsidiaries, “Park Parent”) is a Delaware corporation that owns a portfolio of premium-branded hotels and resorts primarily located in prime city center and resort locations. On January 3, 2017, Hilton Worldwide Holdings Inc. (“Hilton”) completed the spin-off of a portfolio of hotels and resorts that established Park Hotels & Resorts Inc. as an independent, publicly traded company.

On May 5, 2019, the Company, PK Domestic Property LLC, an indirect subsidiary of the Company (“PK Domestic”), and PK Domestic Sub LLC, a wholly-owned subsidiary of PK Domestic (“Merger Sub”) entered into a definitive Agreement and Plan of Merger (the “Merger Agreement”) with Chesapeake Lodging Trust (“Chesapeake”). On September 18, 2019, pursuant to the terms and subject to the conditions set forth in the Merger Agreement, Chesapeake merged with and into Merger Sub (the “Merger”) and each of Chesapeake’s common shares of beneficial interest, \$0.01 par value per share, was converted into \$11.00 in cash and 0.628 of a share of our common stock. No fractional shares of our common stock were issued in the Merger. The value of any fractional interests to which a Chesapeake shareholder would otherwise have been entitled was paid in cash.

We are a real estate investment trust (“REIT”) for United States (“U.S.”) federal income tax purposes. We have been organized and operated, and we expect to continue to be organized and operate, in a manner to qualify as a REIT. To qualify as a REIT, we must satisfy requirements related to, among other things, the real estate qualification of sources of our income, the real estate composition and values of our assets, the amounts we distribute to our stockholders annually and the diversity of ownership of our stock. From the date of our spin-off from Hilton, Park Intermediate Holdings LLC (our “Operating Company”), directly or indirectly, has held all our assets and has conducted all of our operations. Park Parent owned 100% of the interests of our Operating Company until December 31, 2021 when the business undertook an internal reorganization transitioning our structure to a traditional umbrella partnership REIT (“UPREIT”) structure. Effective January 1, 2022, Park Parent became the managing member of our Operating Company and PK Domestic REIT Inc., a direct subsidiary of Park Parent, became a member of our Operating Company. We may, in the future, issue interests in (or from) our Operating Company in connection with acquiring hotels, financings, issuance of equity compensation or other purposes.

Note 2: Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

Principles of Consolidation

The unaudited condensed consolidated financial statements reflect our financial position, results of operations and cash flows, in conformity with U.S. generally accepted accounting principles (“U.S. GAAP”). We have condensed or omitted certain information and footnote disclosures normally included in financial statements presented in accordance with U.S. GAAP. In our opinion, the accompanying unaudited condensed consolidated financial statements reflect all adjustments, including normal recurring items, considered necessary for a fair presentation of the interim periods. All significant intercompany transactions and balances within the financial statements have been eliminated.

These financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2023 included in our Annual Report on Form 10-K, filed with the Securities and Exchange Commission (“SEC”) on February 28, 2024.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Interim results are not necessarily indicative of full year performance.

Reclassifications

Certain line items on the condensed consolidated statements of operations for the three and six months ended June 30, 2023 have been reclassified to conform to the current period presentation.

Summary of Significant Accounting Policies

Our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on February 28, 2024, contains a discussion of significant accounting policies. There have been no significant changes to our significant accounting policies since December 31, 2023.

Note 3: Acquisitions and Dispositions

Acquisitions

During the six months ended June 30, 2023, we acquired two parcels of land, adjacent to the Hilton Hawaiian Village Waikiki Beach Resort, for a purchase price of approximately \$18 million, including transaction costs. We accounted for the purchase as an acquisition of an asset, and the entire purchase price was allocated to land.

Dispositions

In June 2024, we made the decision to permanently close the Hilton Oakland Airport, which we anticipate will occur during the third quarter of 2024. In connection with that decision, we notified the ground lessor of the hotel of our termination of the ground lease on or about the date on which the hotel closes.

During the six months ended June 30, 2023, we sold the Hilton Miami Airport hotel for gross proceeds of \$118.25 million. We recognized a net gain of approximately \$15 million, which is included in *gain on sale of assets, net* in our condensed consolidated statements of operations.

Additionally, in June 2023, the ground lessor terminated the ground lease for the Embassy Suites Phoenix Airport hotel and, pursuant to an agreement, we received an early termination fee of approximately \$4 million, which is included in *other (loss) gain, net* in our condensed consolidated statements of operations.

Note 4: Property and Equipment

Property and equipment were:

	June 30, 2024	December 31, 2023
	(in millions)	
Land	\$ 2,987	\$ 2,990
Buildings and leasehold improvements	5,900	5,814
Furniture and equipment	1,009	947
Construction-in-progress	240	341
	10,136	10,092
Accumulated depreciation	(2,714)	(2,633)
	\$ 7,422	\$ 7,459

Depreciation of property and equipment was \$63 million and \$64 million during the three months ended June 30, 2024 and 2023, respectively, and \$128 million for both the six months ended June 30, 2024 and 2023.

During the three and six months ended June 30, 2024, we recognized impairment losses of approximately \$7 million and \$12 million, respectively, related to two of our hotels subject to ground leases and our inability to recover the carrying value of the assets over the remaining lease term. Refer to Note 7: "Fair Value Measurements" for additional information.

For the three months ended June 30, 2023, we recognized an approximately \$202 million impairment loss related to one of the hotels securing our \$725 million non-recourse CMBS loan ("SF Mortgage Loan") as a result of a decision to cease making debt service payments. In October 2023, the two San Francisco Hotels – the 1,921-room Hilton San Francisco Union Square and the 1,024-room Parc 55 San Francisco – a Hilton Hotel (collectively, the "Hilton San Francisco Hotels") that secure the SF Mortgage Loan were placed into receivership. Refer to Note 6: "Debt" and Note 7: "Fair Value Measurements" for additional information.

Note 5: Consolidated Variable Interest Entities ("VIEs") and Investments in Affiliates

Consolidated VIEs

We consolidate VIEs that own three hotels in the U.S. We are the primary beneficiary of these VIEs as we have the power to direct the activities that most significantly affect their economic performance. Additionally, we have the obligation to absorb their losses and the right to receive benefits that could be significant to them. The assets of our VIEs are only available to settle the obligations of these entities. Our condensed consolidated balance sheets include the following assets and liabilities of these entities:

	June 30, 2024	December 31, 2023
	(in millions)	
Property and equipment, net	\$ 206	\$ 209
Cash and cash equivalents	21	17
Restricted cash	3	2
Accounts receivable, net	5	5
Prepaid expenses	2	3
Debt	201	202
Accounts payable and accrued expenses	12	11
Due to hotel manager	1	2
Other liabilities	3	3

Unconsolidated Entities

Four of our hotels are owned by unconsolidated joint ventures in which we hold an interest. These hotels are accounted for using the equity method and had total debt of approximately \$752 million and \$702 million as of June 30, 2024 and December 31, 2023, respectively. Substantially all the debt is secured solely by the affiliates' assets or is guaranteed by other partners without recourse to us.

In July 2024, the joint ventures that own and operate the Hilton La Jolla Torrey Pines sold the hotel for gross proceeds of approximately \$165 million, and our pro-rata share of the gross proceeds was approximately \$41 million, which was reduced by our portion of debt of approximately \$17 million.

Note 6: Debt

Debt balances and associated interest rates as of June 30, 2024 were:

	Interest Rate at June 30, 2024	Maturity Date	Principal balance as of	
			June 30, 2024	December 31, 2023
			(in millions)	
HHV Mortgage Loan ⁽¹⁾	4.20%	November 2026	\$ 1,275	\$ 1,275
Other mortgage loans	Average rate of 4.37%	2024 to 2027 ⁽²⁾	382	385
Revolver ⁽³⁾	SOFR + 1.80% ⁽⁴⁾	December 2026	—	—
2024 Term Loan	SOFR + 1.75% ⁽⁴⁾	May 2027	200	—
2025 Senior Notes ⁽⁵⁾	7.50%	June 2025	—	650
2028 Senior Notes ⁽⁵⁾	5.88%	October 2028	725	725
2029 Senior Notes ⁽⁵⁾	4.88%	May 2029	750	750
2030 Senior Notes ⁽⁵⁾	7.00%	February 2030	550	—
Finance lease obligations	7.66%	2024 to 2028	1	1
			3,883	3,786
Add: unamortized premium			—	1
Less: unamortized deferred financing costs and discount			(27)	(22)
			\$ 3,856	\$ 3,765

⁽¹⁾ In October 2016, we entered into a \$1.275 billion CMBS loan secured by the Hilton Hawaiian Village Waikiki Beach Resort ("HHV Mortgage Loan").

⁽²⁾ Assumes the exercise of all extensions that are exercisable solely at our option. The mortgage loan for Hilton Denver City Center matures in 2042 but became callable by the lender in August 2022 with six months of notice. As of June 30, 2024, Park had not received notice from the lender.

⁽³⁾ Our revolving credit facility ("Revolver") permits one or more standby letters of credit, up to a maximum aggregate outstanding balance of \$50 million, to be issued on behalf of us. As of June 30, 2024, we had approximately \$4 million outstanding on a standby letter of credit and \$946 million of available capacity under our Revolver.

⁽⁴⁾ The secured overnight financing rate ("SOFR") includes a credit spread adjustment of 0.1%.

⁽⁵⁾ In May 2020, our Operating Company, PK Domestic and PK Finance Co-Issuer Inc. ("PK Finance") issued an aggregate of \$650 million senior notes due 2025 ("2025 Senior Notes"), all of which were repurchased or redeemed during the second quarter of 2024. Our Operating Company, PK Domestic, and PK Finance also issued an aggregate of \$725 million of senior notes due 2028 ("2028 Senior Notes") in September 2020, an aggregate of \$750 million of senior notes due 2029 ("2029 Senior Notes") in May 2021 and an aggregate of \$550 million of senior notes due 2030 ("2030 Senior Notes") in May 2024.

Credit Facilities
2024 Term Loan

In May 2024, the Company, our Operating Company and PK Domestic amended our existing credit agreement to include a new \$200 million senior unsecured term loan facility ("2024 Term Loan") with a scheduled maturity date of May 14, 2027. Borrowings under the 2024 Term Loan bear interest based upon SOFR plus a credit spread adjustment of 0.1%, plus an applicable margin based on our leverage ratio. We capitalized \$2 million of financing fees incurred during the three months ended June 30, 2024.

The amendment did not amend or modify existing financial maintenance covenants or other terms and provisions under our existing credit agreement, except to provide that income, value and debt of the Hilton San Francisco Hotels be excluded from the calculations of our leverage ratio, the fixed charge coverage ratio and the secured leverage ratio under the existing credit agreement.

Senior Notes

2030 Senior Notes

In May 2024, our Operating Company, PK Domestic and PK Finance issued an aggregate of \$550 million of 2030 Senior Notes. Net proceeds from the 2030 Senior Notes and the 2024 Term Loan were used to repurchase or redeem all of the 2025 Senior Notes, and the remainder was used for general corporate purposes. The 2030 Senior Notes bear interest at a rate of 7.000% per annum, payable semi-annually in arrears on February 1 and August 1 of each year, beginning February 1, 2025. The 2030 Senior Notes will mature on February 1, 2030. We capitalized approximately \$9 million of issuance costs during the three months ended June 30, 2024.

We may redeem the 2030 Senior Notes at any time prior to August 1, 2026, in whole or in part, at a redemption price equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, to, but excluding, the redemption date plus a make-whole premium. On or after August 1, 2026, we may redeem the 2030 Senior Notes at (i) 103.500% of the principal amount on or prior to August 1, 2027, (ii) 101.750% of the principal amount prior to August 1, 2028 and (iii) 100.000% of the principal amount on or after August 1, 2028, in each case plus accrued and unpaid interest, if any, to, but excluding, the redemption date. In addition, at any time prior to August 1, 2026, we may redeem up to 40% of the 2030 Senior Notes with net cash proceeds from certain equity offerings at a redemption price of 107.000% of the principal amount redeemed plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

Indenture

The 2030 Senior Notes are guaranteed by Park Parent, PK Domestic REIT Inc., and by the subsidiaries of our Operating Company that also guarantee indebtedness under our credit facility, the 2028 Senior Notes and 2029 Senior Notes. The guarantees are full and unconditional and joint and several. The indenture governing the 2030 Senior Notes contains customary covenants that limit the issuers' ability and, in certain instances, the ability of the issuers' subsidiaries, to borrow money, create liens on assets, make distributions and pay dividends on or redeem or repurchase stock, make certain types of investments, sell stock in certain subsidiaries, enter into agreements that restrict dividends or other payments from subsidiaries, enter into transactions with affiliates, issue guarantees of indebtedness, and sell assets or merge with other companies. These limitations are subject to a number of exceptions and qualifications, including exceptions and qualifications related to the declaration and payment of dividends and the making of distributions in order to maintain our status as a REIT. In addition, the indenture requires our Operating Company to maintain total unencumbered assets as of each fiscal quarter of at least 150% of total unsecured indebtedness, in each case calculated on a consolidated basis.

Debt Maturities

The contractual maturities of our debt, assuming the exercise of all extensions that are exercisable solely at our option, as of June 30, 2024 were:

Year	(in millions)
2024 ⁽¹⁾	\$ 58
2025	7
2026	1,563
2027	230
2028	725
Thereafter	1,300
	<u>\$ 3,883</u>

⁽¹⁾ Excludes the SF Mortgage Loan secured by the Hilton San Francisco Hotels.

Debt Associated with Hotels in Receivership

In June 2023, we ceased making debt service payments towards the SF Mortgage Loan secured by the Hilton San Francisco Hotels, which was due November 2023, and we received a notice of default from the servicer. The stated rate on the loan is 4.11%; however, beginning June 1, 2023, the default interest rate on the loan is 7.11%. Additionally, beginning June 1, 2023, the loan accrues a monthly late payment administrative fee of 3% of the monthly amount due. In October

2023, the trustee for the SF Mortgage Loan filed a lawsuit against the borrowers under the SF Mortgage Loan. In connection with the lawsuit, the court appointed a receiver to take control of the Hilton San Francisco Hotels, which serve as security for the SF Mortgage Loan, and their operations, and thus, we have no further economic interest in the operations of the hotels. The receiver will operate and has authority over the hotels and, until no later than March 31, 2025, has the ability to sell the hotels. The court order contemplates that the receivership will end with a non-judicial foreclosure by July 15, 2025, if the hotels are not sold within the predetermined sale period.

We derecognized the Hilton San Francisco Hotels from our consolidated balance sheet in October 2023 when the receiver took control of the hotels. For the three and six months ended June 30, 2024, we recognized a gain of \$15 million and \$29 million, respectively, which is included in *gain on derecognition of assets* in our condensed consolidated statements of operations. The gain represents the accrued interest expense associated with the default of the SF Mortgage Loan, which results in a corresponding increase of the *contract asset* on our condensed consolidated balance sheets as we expect to be released from this obligation upon final resolution with the lender on the SF Mortgage Loan, in exchange for the transfer of ownership of the Hilton San Francisco Hotels. As of June 30, 2024 and December 31, 2023, the *contract asset* on our condensed consolidated balance sheets was \$789 million and \$760 million, respectively. The SF Mortgage Loan will remain a liability until final resolution with the lender is concluded and is included in *debt associated with hotels in receivership* on our condensed consolidated balance sheets.

Note 7: Fair Value Measurements

We did not elect the fair value measurement option for our financial assets or liabilities. The fair values of our other financial instruments not included in the table below are estimated to be equal to their carrying amounts.

The fair value of our debt and the hierarchy level we used to estimate fair values are shown below:

	Hierarchy Level	June 30, 2024		December 31, 2023	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
(in millions)					
Liabilities:					
HHV Mortgage Loan	3	\$ 1,275	\$ 1,192	\$ 1,275	\$ 1,195
Other mortgage loans	3	382	362	385	365
2024 Term Loan	3	200	198	—	—
2025 Senior Notes	1	—	—	650	652
2028 Senior Notes	1	725	716	725	713
2029 Senior Notes	1	750	703	750	702
2030 Senior Notes	1	550	556	—	—

The fair value of the SF Mortgage Loan, which has a carrying value of \$725 million as of both June 30, 2024 and December 31, 2023 and categorized as Level 3 of the fair value hierarchy, was \$718 million as of both June 30, 2024 and December 31, 2023. Refer to Note 6: "Debt" for additional information.

During the three and six months ended June 30, 2024, we recognized impairment losses related to two of our hotels due to our inability to recover the carrying value of the assets. During the three and six months ended June 30, 2023, we recognized an impairment loss related to one of our hotels and in October 2023, that hotel, along with the other hotel securing our SF Mortgage Loan, were placed into receivership. Refer to Note 6: "Debt" for additional information. The

estimated fair value of the assets that were measured on a nonrecurring basis were:

	June 30, 2024		June 30, 2023	
	Fair Value	Impairment Loss	Fair Value	Impairment Loss
	(in millions)			
Property and equipment ⁽¹⁾	\$ 2	\$ 12	\$ 234	\$ 202
Total	<u>\$ 2</u>	<u>\$ 12</u>	<u>\$ 234</u>	<u>\$ 202</u>

⁽¹⁾ We estimated fair value of the assets during the six months ended June 30, 2024, using a discounted cash flow analysis, with an estimated stabilized growth rate range of 2% to 3%, a discounted cash flow term of 10 years and a discount rate ranging from 17.0% to 20.0%. We estimated fair value of the asset during the six months ended June 30, 2023, using a discounted cash flow analysis, with an estimated stabilized growth rate of 3%, a discounted cash flow term of 10 years, terminal capitalization rate of 6.3% and discount rate of 9.5%. The discount and terminal capitalization rates used for the fair values of the assets reflected the risk profile of the markets where the properties are located. Fair value as of both June 30, 2024 and June 30, 2023 were measured using significant unobservable inputs (Level 3).

Note 8: Income Taxes

We are a REIT for U.S. federal income tax purposes. We have been organized and operated, and we expect to continue to be organized and operate in a manner to qualify as a REIT. To qualify as a REIT, we must satisfy requirements related to, among other things, the real estate qualification of sources of our income, the real estate composition and values of our assets, the amounts we distribute to our stockholders annually and the diversity of ownership of our stock. To the extent we continue to remain qualified as a REIT, we generally will not be subject to U.S. federal (and state) income tax on taxable income generated by our REIT activities that we distribute annually to our stockholders. Accordingly, no provision for U.S. federal income taxes has been included in our accompanying condensed consolidated financial statements for the three or six months ended June 30, 2024 and 2023 related to our REIT activities. Our taxable REIT subsidiaries (“TRSs”) are generally subject to U.S. federal, state and local, and foreign income taxes (as applicable).

During the three and six months ended June 30, 2024, we recognized an income tax benefit of \$12 million and \$11 million, respectively, which is primarily associated with the effective exit from the Hilton San Francisco Hotels and the reversal of \$14 million of tax expense that is no longer expected to be incurred.

During the three and six months ended June 30, 2023, we recognized income tax expense of \$3 million and \$5 million, respectively, which is primarily related to taxable income from our TRSs.

Note 9: Share-Based Compensation

We issue equity-based awards to our employees pursuant to the 2017 Omnibus Incentive Plan (the “2017 Employee Plan”) and our non-employee directors pursuant to the 2017 Stock Plan for Non-Employee Directors (the “2017 Director Plan”), both of which are amended and restated from time to time. The 2017 Employee Plan provides that a maximum of 14,070,000 shares of our common stock may be issued, and as of June 30, 2024, 6,434,577 shares of common stock remain available for future issuance. The 2017 Director Plan provides that a maximum of 950,000 shares of our common stock may be issued, and as of June 30, 2024, 164,499 shares of common stock remain available for future issuance. For both the three months ended June 30, 2024 and 2023, we recognized \$5 million of share-based compensation expense and \$9 million for both the six months ended June 30, 2024 and 2023. As of June 30, 2024, unrecognized compensation expense was \$29 million, which is expected to be recognized over a weighted-average period of 1.7 years. The total fair value of shares vested (calculated as the number of shares multiplied by the vesting date share price) for the six months ended June 30, 2024 and 2023 was \$13 million and \$7 million, respectively.

Restricted Stock Awards

Restricted Stock Awards (“RSAs”) generally vest in annual installments between one and three years from each grant date. The following table provides a summary of RSAs for the six months ended June 30, 2024:

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested at January 1, 2024	982,585	\$ 15.40
Granted	601,842	16.23
Vested	(525,248)	15.83
Forfeited	(48,864)	15.54
Unvested at June 30, 2024	1,010,315	\$ 15.66

Performance Stock Units

Performance Stock Units (“PSUs”) generally vest at the end of a three-year performance period and are subject to the achievement of a market condition based on a measure of our total shareholder return relative to the total shareholder return of the companies that comprise the FTSE Nareit Lodging Resorts Index (that have a market capitalization in excess of \$1 billion as of the first day of the applicable performance period). The number of PSUs that may become vested ranges from zero to 200% of the number of PSUs granted to an employee, based on the level of achievement of the foregoing performance measure.

Additionally, in November 2020, we granted special awards with vesting of these awards subject to the achievement of eight increasing levels of our average closing sales price per share, from \$11.00 to \$25.00, over a consecutive 20 trading day period (“Share Price Target”). One-eighth of PSUs will vest at each date a Share Price Target is achieved and any PSUs remaining after a four-year performance period will be forfeited. As of June 30, 2024, six of the eight Share Price Targets were achieved and thus 75% of the awards granted were vested.

The following table provides a summary of PSUs for the six months ended June 30, 2024:

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested at January 1, 2024	1,527,576	\$ 19.72
Granted	591,672	17.75
Vested	(337,283)	26.99
Forfeited	(22,720)	16.04
Unvested at June 30, 2024	1,759,245	\$ 17.72

The grant date fair values of the awards that are subject to the achievement of market conditions based on total shareholder return were determined using a Monte Carlo simulation valuation model with the following assumptions:

Expected volatility	36.0 %
Dividend yield ⁽¹⁾	—
Risk-free rate	4.5 %
Expected term	3 years

⁽¹⁾ Dividends are assumed to be reinvested in shares of our common stock and dividends will not be paid unless shares vest.

Note 10: Earnings Per Share

The following table presents the calculation of basic and diluted earnings per share (“EPS”):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(in millions, except per share amounts)			
Numerator:				
Net income (loss) attributable to stockholders, net of earnings allocated to participating securities	\$ 64	\$ (150)	\$ 92	\$ (117)
Denominator:				
Weighted average shares outstanding – basic	209	215	209	217
Unvested restricted shares	2	—	2	1
Weighted average shares outstanding – diluted	211	215	211	218
Earnings (loss) per share – Basic ⁽¹⁾	\$ 0.31	\$ (0.70)	\$ 0.44	\$ (0.54)
Earnings (loss) per share – Diluted ⁽¹⁾	\$ 0.30	\$ (0.70)	\$ 0.44	\$ (0.54)

⁽¹⁾ Per share amounts are calculated based on unrounded numbers and are calculated independently for each period presented.

Certain of our outstanding equity awards were excluded from the above calculation of EPS for the three and six months ended June 30, 2024 and 2023 because their effect would have been anti-dilutive.

Note 11: Business Segment Information

As of June 30, 2024, we have two operating segments, our consolidated hotels and unconsolidated hotels. Our unconsolidated hotels operating segment does not meet the definition of a reportable segment, thus our consolidated hotels is our only reportable segment. We evaluate our consolidated hotels primarily based on hotel adjusted earnings before interest expense, taxes and depreciation and amortization (“EBITDA”). Hotel Adjusted EBITDA, presented herein, is calculated as EBITDA from hotel operations, adjusted to exclude the following items that are not reflective of our ongoing operating performance or incurred in the normal course of business, and thus excluded from management's analysis in making day to day operating decisions and evaluations of our operating performance against other companies within our industry:

- Gains or losses on sales of assets for both consolidated and unconsolidated investments;
- Costs associated with hotel acquisitions or dispositions expensed during the period;
- Severance expense;
- Share-based compensation expense;
- Impairment losses and casualty gains or losses; and
- Other items that we believe are not representative of our current or future operating performance.

The following table presents revenues for our consolidated hotels reconciled to our consolidated amounts and net income to Hotel Adjusted EBITDA:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(in millions)			
Revenues:				
Total consolidated hotel revenues	\$ 664	\$ 692	\$ 1,282	\$ 1,320
Other revenues	22	22	43	42
Total revenues	\$ 686	\$ 714	\$ 1,325	\$ 1,362
Net income (loss)	\$ 67	\$ (146)	\$ 96	\$ (113)
Other revenues	(22)	(22)	(43)	(42)
Depreciation and amortization expense	64	64	129	128
Corporate general and administrative expense	18	16	35	32
Impairment and casualty loss	7	203	13	204
Other operating expenses	20	22	41	42
Gain on sales of assets, net	—	—	—	(15)
Gain on derecognition of assets	(15)	—	(29)	—
Interest income	(5)	(10)	(10)	(20)
Interest expense	54	52	107	104
Interest expense associated with hotels in receivership	15	9	29	17
Equity in earnings from investments in affiliates	(1)	(3)	(1)	(7)
Income tax (benefit) expense	(12)	3	(11)	5
Other loss (gain), net	3	(3)	3	(4)
Other items	6	7	9	13
Hotel Adjusted EBITDA	\$ 199	\$ 192	\$ 368	\$ 344

The following table presents total assets for our consolidated hotels, reconciled to total assets:

	June 30, 2024	December 31, 2023
	(in millions)	
Consolidated hotels	\$ 9,153	\$ 9,406
All other	13	13
Total assets	\$ 9,166	\$ 9,419

Note 12: Commitments and Contingencies

As of June 30, 2024, we had outstanding commitments under third-party contracts of approximately \$111 million for capital expenditures at our properties, of which \$34 million relates to guestroom renovations at the Hilton Hawaiian Village Waikiki Beach Resort, \$22 million relates to guestroom renovations at the Hilton Waikoloa Village and \$11 million relates to guestroom renovations at the Hilton New Orleans Riverside. Our contracts contain clauses that allow us to cancel all or some portion of the work. If cancellation of a contract occurred, our commitment would be any costs incurred up to the cancellation date, in addition to any costs associated with the discharge of the contract.

We are involved in litigation arising from the normal course of business, some of which includes claims for substantial sums, and may make certain indemnifications or guarantees to select buyers of our hotels as part of a sale process. We are also involved in claims and litigation that is not in the ordinary course of business in connection with the spin-off from Hilton. The spin-off agreements provide that Hilton will indemnify us from certain of these claims as well as require us to indemnify Hilton for other claims. In addition, losses related to certain contingent liabilities could be apportioned to us under the spin-off agreements. In connection with our obligation to indemnify Hilton under the spin-off

agreements, we have reserved approximately \$8 million as of June 30, 2024 related to litigation with respect to an audit by the Australian Tax Office (“ATO”) of Hilton related to the sale of the Hilton Sydney in June 2015. This amount could change as the litigation of the ATO’s claim progresses.

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

The following discussion and analysis of the financial condition and results of operations of Park Hotels & Resorts Inc. ("we," "us," "our" or the "Company") should be read in conjunction with the accompanying unaudited condensed consolidated financial statements, related notes included elsewhere in this Quarterly Report on Form 10-Q, and with our Annual Report on Form 10-K for the year ended December 31, 2023.

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended ("Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act"). Forward-looking statements include, but are not limited to, statements related to the effects of our decision to cease payments on the \$725 million non-recourse CMBS loan ("SF Mortgage Loan") secured by two of our San Francisco hotels – the 1,921-room Hilton San Francisco Union Square and the 1,024-room Parc 55 San Francisco – a Hilton Hotel (collectively, the "Hilton San Francisco Hotels") and the lender's exercise of its remedies, including placing such hotels into receivership, as well as our current expectations regarding the performance of our business, our financial results, our liquidity and capital resources, including anticipated repayment of certain of our indebtedness, the completion of capital allocation priorities, the expected repurchase of our stock, the impact from macroeconomic factors (including inflation, elevated interest rates, potential economic slowdown or a recession and geopolitical conflicts), the effects of competition, the effects of future legislation or regulations, the expected completion of anticipated dispositions, the declaration, payment and any change in amounts of future dividends and other non-historical statements. Forward-looking statements include all statements that are not historical facts, and in some cases, can be identified by the use of forward-looking terminology such as the words "outlook," "believes," "expects," "potential," "continues," "may," "will," "should," "could," "seeks," "projects," "predicts," "intends," "plans," "estimates," "anticipates," "hopes" or the negative version of these words or other comparable words. You should not rely on forward-looking statements since they involve known and unknown risks, uncertainties and other factors which are, in some cases, beyond our control and which could materially affect our results of operations, financial condition, cash flows, performance or future achievements or events.

All such forward-looking statements are based on current expectations of management and therefore involve estimates and assumptions that are subject to risks, uncertainties and other factors that could cause actual results to differ materially from the results expressed in these forward-looking statements. You should not put undue reliance on any forward-looking statements and we urge investors to carefully review the disclosures we make concerning risks and uncertainties in Item 1A: "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023, as such factors may be updated from time to time in our periodic filings with the SEC, which are accessible on the SEC's website at www.sec.gov, as well as risks, uncertainties and other factors discussed in this Quarterly Report on Form 10-Q. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Overview

We have a diverse portfolio of iconic and market-leading hotels and resorts with significant underlying real estate value. We currently have interests in 42 hotels, consisting of premium-branded hotels and resorts with approximately 26,000 rooms, of which over 86% are luxury and upper upscale (as defined by Smith Travel Research) and are located in prime U.S. markets and its territories. Our high-quality portfolio currently includes hotels mostly in major urban and convention areas, such as New York City, Washington, D.C., Chicago, Boston, New Orleans and Denver; and premier resorts in key leisure destinations, including Hawaii, Orlando, Key West and Miami Beach; as well as hotels in select airport and suburban locations.

Our objective is to be the preeminent lodging real estate investment trust ("REIT"), focused on consistently delivering superior, risk-adjusted returns to stockholders through active asset management and a thoughtful external growth strategy while maintaining a strong and flexible balance sheet. As a pure-play real estate company with direct access to capital and independent financial resources, we believe our enhanced ability to implement compelling return on investment initiatives within our portfolio represents a significant embedded growth opportunity. Finally, given our scale and investment expertise, we believe we will be able to successfully execute single-asset and portfolio acquisitions and dispositions to further enhance the value and diversification of our assets throughout the lodging cycle, including potentially taking advantage of the economies of scale that could come from consolidation in the lodging REIT industry.

We operate our business through two operating segments, our consolidated hotels and unconsolidated hotels. Our consolidated hotels operating segment is our only reportable segment. Refer to Note 11: "Business Segment Information"

in our unaudited condensed consolidated financial statements included elsewhere within this Quarterly Report on Form 10-Q for additional information regarding our operating segments.

Outlook

Economic disruptions, including as a result of elevated interest rates and elevated rates of inflation may adversely affect our business. Inflationary concerns can affect both consumer sentiment and demand for travel, as well as increase labor or other costs to maintain or operate hotels that cannot be reduced without adversely affecting business growth or hotel value. However, we have relied on the performance of our hotels and active asset management to mitigate the effects of inflation, which is expected to continue to stabilize, and current macroeconomic uncertainty. During the second quarter of 2024, we continued to experience improvements in overall demand across our portfolio, although average daily rate ("ADR") growth has slowed as the industry recovery has stabilized and seasonal patterns have normalized. While there can be no assurances that we will not experience further fluctuations in hotel revenues or earnings at our hotels due to inflation and other macroeconomic factors, local economic factors and demand, a potential economic slowdown or a recession and geopolitical conflicts, we expect the positive momentum to continue for the remainder of 2024 based on current demand trends, expected increases in city-wide events and as demand from international travel continues to improve.

Recent Events

In May 2024, Park Intermediate Holdings LLC (our "Operating Company"), PK Domestic Property LLC, an indirect subsidiary of the Company ("PK Domestic") and PK Finance Co-Issuer Inc. ("PK Finance") issued \$550 million of 7.000% senior notes due in 2030 ("2030 Senior Notes") as well as amended our existing credit agreement to include a new \$200 million term loan due May 2027 ("2024 Term Loan"). Net proceeds from the 2030 Senior Notes and the 2024 Term Loan were used to repurchase or redeem all of the \$650 million of 7.500% senior notes due in 2025 ("2025 Senior Notes"), and the remainder was used for general corporate purposes. Refer to Note 6: "Debt" in our unaudited condensed consolidated financial statements included elsewhere within this Quarterly Report on Form 10-Q for additional information.

During the three months ended June 30, 2024, we repurchased approximately 1.7 million shares of our common stock for a total purchase price of \$25 million.

Additionally in July 2024, the joint ventures that own and operate the Hilton La Jolla Torrey Pines sold the hotel for gross proceeds of approximately \$165 million, and our pro-rata share of the gross proceeds was approximately \$41 million, which was reduced by our portion of debt of approximately \$17 million.

Key Business Metrics Used by Management

Occupancy

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

Average Daily Rate

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

Revenue per Available Room

Revenue per available room ("RevPAR") represents rooms revenue divided by the total number of room nights available to guests for a given period. We consider RevPAR to be a meaningful indicator of our performance as it provides a metric correlated to two primary and key factors of operations at a hotel or group of hotels: occupancy and ADR. RevPAR is also a useful indicator in measuring performance over comparable periods.

Comparable Hotels Data

We present certain data for our hotels on a comparable hotel basis as supplemental information for investors. We present comparable hotel results to help us and our investors evaluate the ongoing performance of our comparable hotels. Our comparable hotels data includes results from hotels that were active and operating in our portfolio since January 1st of the previous year and excludes results from property dispositions that have occurred through June 30, 2024 and the Hilton San Francisco Hotels, which were placed into receivership at the end of October 2023.

Non-GAAP Financial Measures

We also evaluate the performance of our business through certain other financial measures that are not recognized under U.S. GAAP. Each of these non-GAAP financial measures should be considered by investors as supplemental measures to GAAP performance measures such as total revenues, operating profit and net income (loss).

EBITDA, Adjusted EBITDA and Hotel Adjusted EBITDA

EBITDA, presented herein, reflects net income (loss) excluding depreciation and amortization, interest income, interest expense, income taxes and also interest expense, income tax and depreciation and amortization included in equity in earnings from investments in affiliates.

Adjusted EBITDA, presented herein, is calculated as EBITDA, further adjusted to exclude the following items that are not reflective of our ongoing operating performance or incurred in the normal course of business, and thus, excluded from management's analysis in making day-to-day operating decisions and evaluations of our operating performance against other companies within our industry:

- Gains or losses on sales of assets for both consolidated and unconsolidated investments;
- Costs associated with hotel acquisitions or dispositions expensed during the period;
- Severance expense;
- Share-based compensation expense;
- Impairment losses and casualty gains or losses; and
- Other items that we believe are not representative of our current or future operating performance.

Hotel Adjusted EBITDA measures hotel-level results before debt service, depreciation and corporate expenses for our consolidated hotels, which excludes hotels owned by unconsolidated affiliates, and is a key measure of our profitability. We present Hotel Adjusted EBITDA to help us and our investors evaluate the ongoing operating performance of our consolidated hotels.

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

We believe that EBITDA, Adjusted EBITDA and Hotel Adjusted EBITDA provide useful information to investors about us and our financial condition and results of operations for the following reasons: (i) EBITDA, Adjusted EBITDA and Hotel Adjusted EBITDA are among the measures used by our management team to make day-to-day operating decisions and evaluate our operating performance between periods and between REITs by removing the effect of our capital structure (primarily interest expense) and asset base (primarily depreciation and amortization) from our operating results; and (ii) EBITDA, Adjusted EBITDA and Hotel 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, Adjusted EBITDA and Hotel Adjusted EBITDA have limitations as analytical tools and should not be considered either in isolation or as a substitute for net income (loss) or other methods of analyzing our operating performance and results as reported under U.S. GAAP. Some of these limitations are:

- EBITDA, Adjusted EBITDA and Hotel Adjusted EBITDA do not reflect our interest expense;
- EBITDA, Adjusted EBITDA and Hotel Adjusted EBITDA do not reflect our income tax expense;

- EBITDA, Adjusted EBITDA and Hotel Adjusted EBITDA do not reflect the effect on earnings or changes resulting from matters that we consider not to be indicative of our future operations; and
- other companies in our industry may calculate EBITDA, Adjusted EBITDA and Hotel Adjusted EBITDA differently, limiting their usefulness as comparative measures.

We do not use or present EBITDA, Adjusted EBITDA and Hotel Adjusted EBITDA as measures of our liquidity or cash flow. These measures have limitations as analytical tools and should not be considered either in isolation or as a substitute for cash flow or other methods of analyzing our cash flows and liquidity as reported under U.S. GAAP. Because of these limitations, EBITDA, Adjusted EBITDA and Hotel 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. Some of these limitations are:

- EBITDA, Adjusted EBITDA and Hotel Adjusted EBITDA do not reflect changes in, or cash requirements for, our working capital needs;
- EBITDA, Adjusted EBITDA and Hotel Adjusted EBITDA do not reflect the cash requirements necessary to service interest or principal payments, on our indebtedness;
- EBITDA, Adjusted EBITDA and Hotel Adjusted EBITDA do not reflect the cash requirements to pay our taxes;
- EBITDA, Adjusted EBITDA and Hotel Adjusted EBITDA do not reflect historical cash expenditures or future requirements for capital expenditures or contractual commitments; and
- 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, Adjusted EBITDA and Hotel Adjusted EBITDA do not reflect any cash requirements for such replacements.

The following table provides a reconciliation of Net income (loss) to Hotel Adjusted EBITDA:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(in millions)			
Net income (loss)	\$ 67	\$ (146)	\$ 96	\$ (113)
Depreciation and amortization expense	64	64	129	128
Interest income	(5)	(10)	(10)	(20)
Interest expense	54	52	107	104
Interest expense associated with hotels in receivership ⁽¹⁾	15	9	29	17
Income tax (benefit) expense	(12)	3	(11)	5
Interest expense, income tax and depreciation and amortization included in equity in earnings from investments in affiliates	2	2	5	5
EBITDA	185	(26)	345	126
Gain on sales of assets, net	—	—	—	(15)
Gain on derecognition of assets ⁽¹⁾	(15)	—	(29)	—
Gain on sale of investments in affiliates ⁽²⁾	—	(3)	—	(3)
Share-based compensation expense	5	5	9	9
Impairment and casualty loss	7	203	13	204
Other items	11	8	17	12
Adjusted EBITDA	193	187	355	333
Less: Adjusted EBITDA from investments in affiliates	(8)	(8)	(16)	(15)
Add: All other ⁽³⁾	14	13	29	26
Hotel Adjusted EBITDA	\$ 199	\$ 192	\$ 368	\$ 344

- (1) For the three and six months ended June 30, 2024, represents accrued interest expense associated with the default of the SF Mortgage Loan, which was offset by a gain on derecognition for the corresponding increase of the *contract asset* on our condensed consolidated balance sheets, as we expect to be released from this obligation upon final resolution with the lender.
- (2) Included in *other (loss) gain, net*.
- (3) Includes *other revenues* and *other expenses*, non-income taxes on TRS leases included in *other property expenses* and *corporate general and administrative expenses*.

Nareit FFO attributable to stockholders and Adjusted FFO attributable to stockholders

We present Nareit FFO attributable to stockholders and Nareit FFO per diluted share (defined as set forth below) as non-GAAP measures of our performance. We calculate funds from (used in) operations (“FFO”) attributable to stockholders for a given operating period in accordance with standards established by the National Association of Real Estate Investment Trusts (“Nareit”), as net income (loss) attributable to stockholders (calculated in accordance with U.S. GAAP), excluding depreciation and amortization, gains or losses on sales of assets, impairment, and the cumulative effect of changes in accounting principles, plus adjustments for unconsolidated joint ventures. Adjustments for unconsolidated joint ventures are calculated to reflect our pro rata share of the FFO of those entities on the same basis. As noted by Nareit in its December 2018 “Nareit Funds from Operations White Paper – 2018 Restatement,” since real estate values historically have risen or fallen with market conditions, many industry investors have considered presentation of operating results for real estate companies that use historical cost accounting to be insufficient by themselves. For these reasons, Nareit adopted the FFO metric in order to promote an industry-wide measure of REIT operating performance. We believe Nareit FFO provides useful information to investors regarding our operating performance and can facilitate comparisons of operating performance between periods and between REITs. Our presentation may not be comparable to FFO reported by other REITs that do not define the terms in accordance with the current Nareit definition, or that interpret the current Nareit definition differently than we do. We calculate Nareit FFO per diluted share as our Nareit FFO divided by the number of fully diluted shares outstanding during a given operating period.

We also present Adjusted FFO attributable to stockholders and Adjusted FFO per diluted share when evaluating our performance because we believe that the exclusion of certain additional items described below provides useful supplemental information to investors regarding our ongoing operating performance. Management historically has made the adjustments detailed below in evaluating our performance and in our annual budget process. We believe that the presentation of Adjusted FFO provides useful supplemental information that is beneficial to an investor’s complete understanding of our operating performance. We adjust Nareit FFO attributable to stockholders for the following items, which may occur in any period, and refer to this measure as Adjusted FFO attributable to stockholders:

- Costs associated with hotel acquisitions or dispositions expensed during the period;
- Severance expense;
- Share-based compensation expense;
- Casualty gains or losses; and
- Other items that we believe are not representative of our current or future operating performance.

The following table provides a reconciliation of Net income (loss) attributable to stockholders to Nareit FFO attributable to stockholders and Adjusted FFO attributable to stockholders:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(in millions, except per share amounts)			
Net income (loss) attributable to stockholders	\$ 64	\$ (150)	\$ 92	\$ (117)
Depreciation and amortization expense	64	64	129	128
Depreciation and amortization expense attributable to noncontrolling interests	(1)	(1)	(2)	(2)
Gain on sales of assets, net	—	—	—	(15)
Gain on derecognition of assets ⁽¹⁾	(15)	—	(29)	—
Gain on sale of investments in affiliates ⁽²⁾	—	(3)	—	(3)
Impairment loss	7	202	12	202
Equity investment adjustments:				
Equity in earnings from investments in affiliates	(1)	(3)	(1)	(7)
Pro rata FFO of investments in affiliates	4	5	5	10
Nareit FFO attributable to stockholders	122	114	206	196
Casualty loss	—	1	1	2
Share-based compensation expense	5	5	9	9
Interest expense associated with hotels in receivership ⁽¹⁾	15	—	29	—
Other items	(5)	9	3	14
Adjusted FFO attributable to stockholders	\$ 137	\$ 129	\$ 248	\$ 221
Nareit FFO per share – Diluted⁽³⁾	\$ 0.58	\$ 0.53	\$ 0.98	\$ 0.90
Adjusted FFO per share – Diluted⁽³⁾	\$ 0.65	\$ 0.60	\$ 1.18	\$ 1.01

⁽¹⁾ For the three and six months ended June 30, 2024, represents accrued interest expense associated with the default of the SF Mortgage Loan, which was offset by a gain on derecognition for the corresponding increase of the *contract asset* on our condensed consolidated balance sheets, as we expect to be released from this obligation upon final resolution with the lender.

⁽²⁾ Included in *other (loss) gain, net*.

⁽³⁾ Per share amounts are calculated based on unrounded numbers.

Results of Operations

Our non-comparable hotels consists of one hotel sold and one hotel returned to the lessor upon early termination of the ground lease during 2023. The results of operations of these hotels are included in our consolidated results only during our period of ownership. Additionally, our non-comparable hotels also consist of the two Hilton San Francisco Hotels, which are excluded from our consolidated results for the three and six months ended June 30, 2024, as a result of the hotels being placed into receivership in October 2023, which had a significant effect on the year-over-year comparability of our operations as further illustrated in the table of Hotel Revenues and Operating Expenses below.

Hotel Revenues and Operating Expenses

	Three Months Ended June 30,			Change from Comparable Hotels ⁽¹⁾	Change from Non-Comparable Hotels	
	2024	2023	Change		Change from the Hilton San Francisco Hotels	Change from Other Non-Comparable Hotels
	(in millions)					
Rooms revenue	\$ 416	\$ 442	\$ (26)	\$ 9	\$ (33)	\$ (2)
Food and beverage revenue	182	178	4	14	(9)	(1)
Ancillary hotel revenue	66	72	(6)	(3)	(3)	—
Rooms expense	105	117	(12)	3	(14)	(1)
Food and beverage expense	121	128	(7)	5	(11)	(1)
Other departmental and support expense	155	165	(10)	5	(15)	—
Other property expense	57	63	(6)	1	(8)	1
Management fees expense	33	34	(1)	2	(2)	(1)

⁽¹⁾ Change from our comparable hotels primarily relates to the market-specific conditions discussed below.

	Six Months Ended June 30,			Change from Comparable Hotels ⁽¹⁾	Change from Non-Comparable Hotels	
	2024	2023	Change		Change from the Hilton San Francisco Hotels	Change from Other Non-Comparable Hotels
	(in millions)					
Rooms revenue	\$ 790	\$ 824	\$ (34)	\$ 39	\$ (67)	\$ (6)
Food and beverage revenue	364	359	5	27	(20)	(2)
Ancillary hotel revenue	128	137	(9)	(2)	(7)	—
Rooms expense	207	224	(17)	11	(27)	(1)
Food and beverage expense	244	255	(11)	12	(21)	(2)
Other departmental and support expense	300	323	(23)	8	(28)	(3)
Other property expense	109	123	(14)	(1)	(12)	(1)
Management fees expense	63	64	(1)	4	(4)	(1)

⁽¹⁾ Change from our comparable hotels primarily relates to the market-specific conditions discussed below.

Group, transient, contract and other rooms revenue for the three and six months ended June 30, 2024, as well as the change for each segment compared to the same period in 2023 are as follows:

	Three Months Ended June 30,			Change from Comparable Hotels ⁽¹⁾	Change from Non-Comparable Hotels	
	2024	2023	Change		Change from the Hilton San Francisco Hotels	Change from Other Non- Comparable Hotels
	(in millions)					
Group rooms revenue	\$ 128	\$ 131	\$ (3)	\$ 10	\$ (13)	\$ —
Transient rooms revenue	255	278	(23)	(7)	(14)	(2)
Contract rooms revenue	23	23	—	5	(5)	—
Other rooms revenue	10	10	—	1	(1)	—
Rooms revenue	\$ 416	\$ 442	\$ (26)	\$ 9	\$ (33)	\$ (2)

⁽¹⁾ Change from our comparable hotels primarily relates to the market-specific conditions discussed below.

	Six Months Ended June 30,			Change from Comparable Hotels ⁽¹⁾	Change from Non-Comparable Hotels	
	2024	2023	Change		Change from the Hilton San Francisco Hotels	Change from Other Non- Comparable Hotels
	(in millions)					
Group rooms revenue	\$ 251	\$ 256	\$ (5)	\$ 26	\$ (30)	\$ (1)
Transient rooms revenue	478	507	(29)	2	(26)	(5)
Contract rooms revenue	44	43	1	10	(9)	—
Other rooms revenue	17	18	(1)	1	(2)	—
Rooms revenue	\$ 790	\$ 824	\$ (34)	\$ 39	\$ (67)	\$ (6)

⁽¹⁾ Change from other factors primarily relates to the market-specific conditions discussed below.

Market-Specific Conditions

The increases in hotel revenues and operating expenses for our comparable hotels during the three and six months ended June 30, 2024, as compared to the same periods in 2023, were primarily attributable to our hotels in the Key West, Orlando, New York and Boston markets. Combined occupancy and ADR at our Key West hotels increased 34.2 percentage points and 7.5%, respectively, for the three months ended June 30, 2024 and 19.7 percentage points and 11.1%, respectively, for the six months ended June 30, 2024 compared to the same periods in 2023 due to increases in group and transient demand. The increase in the Key West market was primarily driven by Casa Marina Key West, Curio Collection, which experienced increases in both occupancy and ADR of 48.2 percentage points and 13.9%, respectively, for the three months ended June 30, 2024 and 27.3 percentage points and 17.1%, respectively, for the six months ended June 30, 2024 following a comprehensive renovation of the hotel that started in May 2023 when the hotel suspended operations, with all rooms reopened by December 2023. The Signia by Hilton Orlando Bonnet Creek benefited from increases in group demand resulting in increases in occupancy and ADR of 3.3 percentage points and 4.1%, respectively, for the three months ended June 30, 2024 and 4.3 percentage points and 6.6%, respectively, for the six months ended June 30, 2024 compared to the same periods in 2023, following completion of the ballroom expansion project in early 2024. The New York Hilton Midtown benefited from an increase in group demand resulting in increases in occupancy and ADR of 1.9 percentage points and 1.9%, respectively, for the three months ended June 30, 2024 and 3.8 percentage points and 1.9%, respectively, for the six months ended June 30, 2024 compared to the same periods in 2023. Combined occupancy and ADR at our Boston hotels increased 3.5 percentage points and 5.7%, respectively, for the three months ended June 30, 2024 and 3.6 percentage points and 4.4%, respectively, for the six months ended June 30, 2024 compared to the same periods in 2023 due to increases in group and transient demand.

These increases were partially offset by decreases in hotel revenues and operating expenses at our two Hawaii hotels where combined occupancy decreased 6.2 percentage points and 2.1 percentage points for the three and six months ended June 30, 2024, respectively, compared to the same periods in 2023 due to decreases in transient demand, despite increases in group demand, primarily at the Hilton Hawaiian Village Waikiki Beach Resort.

Corporate general and administrative

	Three Months Ended June 30,			Six Months Ended June 30,		
	2024	2023	Percent Change	2024	2023	Percent Change
	(in millions)			(in millions)		
General and administrative expenses	\$ 11	\$ 10	10.0 %	\$ 24	\$ 21	14.3 %
Share-based compensation expense	5	5	—	9	9	—
Other items	2	1	100.0	2	2	—
Total corporate general and administrative	\$ 18	\$ 16	12.5 %	\$ 35	\$ 32	9.4 %

Impairment and casualty loss

During the three and six months ended June 30, 2024, we recognized impairment losses of approximately \$7 million and \$12 million, respectively, related to two of our hotels subject to ground leases and our inability to recover the carrying value of the assets over the remaining lease term. Refer to Note 7: "Fair Value Measurements" in our unaudited condensed consolidated financial statements included elsewhere within this Quarterly Report on Form 10-Q for additional information.

During the three and six months ended June 30, 2023, we recognized an impairment loss of approximately \$202 million. Refer to Note 7: "Fair Value Measurements" in our unaudited condensed consolidated financial statements included elsewhere within this Quarterly Report on Form 10-Q for additional information.

Gain on sale of assets, net

During the six months ended June 30, 2023, we recognized a net gain of \$15 million from the sale of one consolidated hotel.

Gain on derecognition of assets

During the three and six months ended June 30, 2024, we recognized a gain of \$15 million and \$29 million, respectively, from the accrued interest expense associated with the default of the SF Mortgage Loan, which resulted in a corresponding increase of the *contract asset* in our condensed consolidated balance sheets, as we expect to be released from this obligation upon final resolution with the lender.

Non-operating Income and Expenses

Interest income

Interest income decreased \$5 million and \$10 million during the three and six months ended June 30, 2024, respectively, compared to the same period in 2023 primarily as a result of a decrease in average cash balances.

Interest expense

Interest expense increased \$2 million and \$3 million, respectively during the three and six months ended June 30, 2024 compared to the same periods in 2023 due to the issuance of the 2030 Senior Notes and the 2024 Term Loan, partially offset by the repurchase and redemption of all the 2025 Senior Notes. Interest expense associated with our debt for the three and six months ended June 30, 2024 and 2023 were as follows:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2024	2023	Percent Change	2024	2023	Percent Change
	(in millions)			(in millions)		
HHV Mortgage Loan ⁽¹⁾	\$ 14	\$ 14	— %	\$ 27	\$ 27	— %
Other mortgage loans	4	5	(20.0)	9	10	(10.0)
Revolver	—	1	(100.0)	1	2	(50.0)
2024 Term Loan	2	—	100.0	2	—	100.0
2025 Senior Notes ⁽²⁾	7	12	(41.7)	19	24	(20.8)
2028 Senior Notes ⁽²⁾	10	10	—	21	21	—
2029 Senior Notes ⁽²⁾	9	9	—	18	18	—
2030 Senior Notes ⁽²⁾	5	—	100.0	5	—	100.0
Other	3	1	200.0	5	2	150.0
Total interest expense	\$ 54	\$ 52	3.8 %	\$ 107	\$ 104	2.9 %

⁽¹⁾ In October 2016, we entered into a \$1.275 billion CMBS loan secured by the Hilton Hawaiian Village Waikiki Beach Resort (“HHV Mortgage Loan”).

⁽²⁾ In May 2020, our Operating Company, PK Domestic, and PK Finance issued an aggregate of \$650 million of 2025 Senior Notes, all of which were repurchased or redeemed during the second quarter of 2024. Our Operating Company, PK Domestic, and PK Finance also issued an aggregate of \$725 million of senior notes due 2028 (“2028 Senior Notes”) in September 2020, an aggregate of \$750 million of senior notes due 2029 (“2029 Senior Notes”) in May 2021 and an aggregate of \$550 million of 2030 Senior Notes in May 2024.

Interest expense associated with hotels in receivership

Interest expense on the SF Mortgage Loan increased \$6 million and \$12 million for the three and six months ended June 30, 2024, respectively, compared to the same period in 2023 due to accrued default interest beginning in June 2023 when we ceased making payments on the loan. The stated rate on the loan is 4.11%, however, beginning June 1, 2023, the default interest rate on the loan is 7.11%. Additionally, beginning June 1, 2023, the loan accrues a monthly late payment administrative fee of 3% of the monthly amount due.

Other (loss) gain, net

During the three months ended June 30, 2024, we recognized a loss of approximately \$3 million related to the write-off of the remaining unamortized deferred financing costs associated with the repurchase and redemption of all the 2025 Senior Notes.

During the three months ended June 30, 2023, we recognized a gain of approximately \$4 million for an early termination fee received from the lessor to terminate the lease for the Embassy Suites Phoenix Airport hotel.

Income tax benefit (expense)

During the three and six months ended June 30, 2024, we recognized an income tax benefit of \$12 million and \$11 million, respectively, which is primarily associated with the effective exit from the Hilton San Francisco Hotels and the reversal of \$14 million of tax expense that is no longer expected to be incurred.

During the three and six months ended June 30, 2023, we recognized income tax expense of \$3 million and \$5 million, respectively, which was primarily related to taxable income from our TRSs.

Liquidity and Capital Resources

Overview

We seek to maintain sufficient amounts of liquidity with an appropriate balance of cash, debt and equity to provide financial flexibility. As of June 30, 2024, we had total cash and cash equivalents of \$449 million and \$35 million of restricted cash. Restricted cash primarily consists of cash restricted as to use by our debt agreements and reserves for capital expenditures in accordance with certain of our management agreements.

During the second quarter of 2024, we continued to experience improvements in overall demand across our portfolio and expect the improvement to continue through 2024 based on current demand trends, including an increase in city-wide events and from international travel. We continue to mitigate the effects of macroeconomic and inflationary pressures through active asset management.

With approximately \$950 million available under our Revolver and \$449 million in existing cash and cash equivalents, we have sufficient liquidity to pay our debt maturities and to fund other liquidity obligations over the next 12 months and beyond. Excluding the SF Mortgage Loan for which we ceased to make debt service payments in June 2023 and is in default, and following the issuance of the 2030 Senior Notes and borrowings under the 2024 Term Loan, the proceeds from which collectively were used to repurchase or redeem all of the 2025 Senior Notes and for other general corporate purposes, we have no significant maturities until the fourth quarter of 2026. Refer to Note 6: "Debt" in our unaudited condensed consolidated financial statements included elsewhere within this Quarterly Report on Form 10-Q for additional information. We may also take actions to improve our liquidity, such as the issuance of additional debt, equity or equity-linked securities, if we determine that doing so would be beneficial to us. However, there can be no assurance as to the timing of any such issuance, which may be in the near term, or that any such additional financing will be completed on favorable terms, or at all.

Our known short-term liquidity requirements primarily consist of funds necessary to pay for operating expenses and other expenditures, including reimbursements to our hotel manager for payroll and related benefits, costs associated with the operation of our hotels, interest and contractually due principal payments on our outstanding indebtedness, capital expenditures for in-progress renovations and maintenance at our hotels, corporate general and administrative expenses and dividends to our stockholders. In April 2024, we declared a second quarter dividend of \$0.25 per share that was paid on July 15, 2024 to stockholders of record as of June 28, 2024. In addition, we declared a third quarter dividend of \$0.25 per share in July 2024 to be paid on October 15, 2024 to stockholders of record as of September 30, 2024. Many of the other expenses associated with our hotels are relatively fixed, including portions of rent expense, property taxes and insurance. Since we generally are unable to decrease these costs significantly or rapidly when demand for our hotels decreases, the resulting decline in our revenues can have a greater adverse effect on our net cash flow, margins and profits. Our long-term liquidity requirements primarily consist of funds necessary to pay for scheduled debt maturities, capital improvements at our hotels, and costs associated with potential acquisitions.

Our commitments to fund capital expenditures for renovations and maintenance at our hotels will be funded by cash and cash equivalents, restricted cash to the extent permitted by our lending agreements and cash flow from operations. We have construction contract commitments of approximately \$111 million for capital expenditures at our properties, of which \$34 million relates to guestroom renovations at the Hilton Hawaiian Village Waikiki Beach Resort, \$22 million relates to guestroom renovations at the Hilton Waikoloa Village and \$11 million relates to guestroom renovations at the Hilton New Orleans Riverside. Our contracts contain clauses that allow us to cancel all or some portion of the work. Additionally, we have established reserves for capital expenditures ("FF&E reserve") in accordance with our management and certain debt agreements. Generally, these agreements require that we fund 4% of hotel revenues into an FF&E reserve, unless such amounts have been incurred.

Our cash management objectives continue to be to maintain the availability of liquidity, minimize operational costs, make debt payments and fund our capital expenditure programs and future acquisitions. Further, we have an investment policy that is focused on the preservation of capital and maximizing the return on new and existing investments.

Stock Repurchase Program

In February 2023, our Board of Directors authorized and approved a stock repurchase program allowing us to repurchase up to \$300 million of our common stock over a two-year period ending in February 2025, subject to any applicable limitations or restrictions set forth in our credit facility and indentures related to our Senior Notes. Stock

repurchases may be made through open market purchases, including through Rule 10b5-1 trading programs, in privately negotiated transactions, or in such other manner that would comply with applicable securities laws. The timing of any future stock repurchases and the number of shares to be repurchased will depend upon prevailing market conditions and other factors, and we may suspend the repurchase program at any time. During the three months ended June 30, 2024, we repurchased approximately 1.7 million shares of our common stock for a total purchase price of \$25 million. As of June 30, 2024, \$125 million remained available for stock repurchases.

Sources and Uses of Our Cash and Cash Equivalents

The following tables summarize our net cash flows and key metrics related to our liquidity:

	Six Months Ended June 30,		
	2024	2023	Percent Change
	(in millions)		
Net cash provided by operating activities	\$ 209	\$ 250	(16.4)%
Net cash used in investing activities	(121)	(20)	505.0
Net cash used in financing activities	(354)	(327)	8.3

Operating Activities

Cash flow from operating activities are primarily generated from the operating income generated at our hotels. The \$41 million decrease in net cash provided by operating activities for the six months ended June 30, 2024 compared to the six months ended June 30, 2023 was primarily due to an increase of \$10 million in cash paid for taxes, a decrease in interest received of \$9 million due to a decrease in average cash balances and timing of receipts from our customers and payments to our vendors and other third parties.

Investing Activities

The \$121 million in net cash used in investing activities for the six months ended June 30, 2024 was attributable to capital expenditures.

The \$20 million in net cash used in investing activities for the six months ended June 30, 2023 was primarily attributable to \$135 million in capital expenditures and land acquisitions, partially offset by \$116 million of net proceeds from the sale of one of our hotels.

Financing Activities

The \$354 million in net cash used in financing activities for the six months ended June 30, 2024 was primarily attributable to the issuance of \$550 million of 2030 Senior Notes and the \$200 million 2024 Term Loan, offset by \$654 million of debt repayments, the repurchase of approximately 1.7 million shares of our common stock for \$25 million and \$407 million of dividends paid.

The \$327 million in net cash used in financing activities for the six months ended June 30, 2023 was primarily attributable to \$130 million of debt repayments, the repurchase of approximately 8.8 million shares of our common stock for \$105 million and \$88 million of dividends paid.

Dividends

As a REIT, we are required to distribute at least 90% of our REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gains, to our stockholders on an annual basis. Therefore, as a general matter, we intend to make distributions of all, or substantially all, of our REIT taxable income (including net capital gains) to our stockholders, and, as a result, we will generally not be required to pay tax on our income. Consequently, it is unlikely that we will be able to retain substantial cash balances that could be used to meet our liquidity needs from our annual taxable income. Instead, we will need to meet these needs from external sources of capital and amounts, if any, by which our cash flow generated from operations exceeds taxable income.

We declared the following dividends to holders of our common stock during 2024:

Record Date	Payment Date	Dividend per Share
March 29, 2024	April 15, 2024	\$ 0.25
June 28, 2024	July 15, 2024	\$ 0.25
September 30, 2024	October 15, 2024	\$ 0.25

Debt

As of June 30, 2024, our total indebtedness was approximately \$3.9 billion, including over \$2 billion of our Senior Notes, and excluding both the \$725 million SF Mortgage Loan (that we ceased making debt service payments in June 2023) and approximately \$157 million of our share of debt from investments in affiliates (which excludes approximately \$17 million of our share of debt that was repaid in connection with the sale of the Hilton La Jolla Torrey Pines in July 2024). Substantially all the debt of such unconsolidated affiliates is secured solely by the affiliates' assets or is guaranteed by other partners without recourse to us. Refer to Note 6: "Debt" in our unaudited condensed consolidated financial statements included elsewhere within this Quarterly Report on Form 10-Q for additional information.

Critical Accounting Estimates

The preparation of our financial statements in accordance with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of our financial statements, the reported amounts of revenues and expenses during the reporting periods and the related disclosures in our unaudited condensed consolidated financial statements and accompanying footnotes. We have discussed those estimates that we believe are critical and require the use of complex judgment in their application in our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the Securities and Exchange Commission on February 28, 2024. There have been no material changes to our critical accounting policies or the methods or assumptions we apply.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risk primarily from changes in interest rates, which may affect our future income, cash flows and fair value, depending on changes to interest rates. In certain situations, we may seek to reduce cash flow volatility associated with changes in interest rates by entering into financial arrangements intended to provide a hedge against a portion of the risks associated with such volatility.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management has evaluated, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, the effectiveness of the disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, (the "Exchange Act")), as required by paragraph (b) of Rules 13a-15 and 15d-15 of the Exchange Act. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that as of June 30, 2024, our disclosure controls and procedures were effective to ensure that information we are required to disclose in reports filed or submitted with the Securities and Exchange Commission (i) is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and (ii) is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding disclosure.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

We are involved in various claims and lawsuits arising in the ordinary course of business, some of which include claims for substantial sums, including proceedings involving tort and other general liability claims, employee claims and consumer protection claims. Most occurrences involving liability, claims of negligence and employees are covered by insurance with solvent insurance carriers. For those matters not covered by insurance, which include commercial matters, we recognize a liability when we believe the loss is probable and can be reasonably estimated. The ultimate results of claims and litigation cannot be predicted with certainty. We believe we have adequate reserves against such matters. We currently believe that the ultimate outcome of such lawsuits and proceedings will not, individually or in the aggregate, have a material adverse effect on our consolidated financial position, results of operations or liquidity. However, depending on the amount and timing, an unfavorable resolution of some or all of these matters could materially affect our future results of operations in a particular period.

Item 1A. Risk Factors.

There have been no material changes from the risk factors previously disclosed in response to “[Part I – Item 1A. Risk Factors](#)” of our Annual Report on Form 10-K for the year ended December 31, 2023.

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

2(a): Unregistered Sales of Equity Securities and Use of Proceeds

None.

2(b): Use of Proceeds from Registered Securities

None.

2(c): Purchases of Equity Securities

During the six months ended June 30, 2024, repurchases made pursuant to our stock repurchase program were as follows:

Period	Total number of shares purchased ⁽¹⁾	Weighted average price paid per share ⁽²⁾	Total number of shares purchased as part of publicly announced plans or programs ⁽³⁾	Maximum number (or approximate dollar value) of common shares that may yet be purchased under the plans or programs (in millions) ⁽³⁾
January 1, 2024 through January 31, 2024	—	\$ —	—	\$ 150
February 1, 2024 through February 29, 2024	162,539	\$ 15.39	—	\$ 150
March 1, 2024 through March 31, 2024	—	\$ —	—	\$ 150
April 1, 2024 through April 30, 2024	106	\$ 17.12	—	\$ 150
May 1, 2024 through May 31, 2024	1,483	\$ 15.95	—	\$ 150
June 1, 2024 through June 30, 2024	1,663,340	\$ 15.01	1,662,959	\$ 125
Total	1,827,468		1,662,959	

⁽¹⁾ The number of shares purchased represents shares of common stock repurchased under the applicable previously announced stock repurchase program as well as 164,509 shares of common stock surrendered by certain of our employees to satisfy their federal and state tax obligations associated with the vesting of restricted common stock.

- (2) The weighted average price paid per share for shares of common stock surrendered by certain employees is based on the closing price of our common stock on the trading date immediately prior to the date of delivery of the shares. The weighted average price paid per share for shares repurchased excludes commissions paid.
- (3) On February 17, 2023, our Board of Directors authorized and approved a \$300 million stock repurchase program, which expires on February 21, 2025.

Item 3. Defaults Upon Senior Securities.

In June 2023, we ceased making debt service payments toward the SF Mortgage Loan, and we have received a notice of default from the servicer. As of August 1, 2024, the total arrearage related to the SF Mortgage Loan, including interest and fees was \$69 million, of which \$31 million is default interest. In October 2023, the trustee for the SF Mortgage Loan filed a lawsuit against the borrowers under the SF Mortgage Loan. In connection with the lawsuit, the court has appointed a receiver to take control of the Hilton San Francisco Hotels, which serve as security for the SF Mortgage Loan, and their operations, and thus, we have no further economic interest in the operations of the hotels. The receiver will operate and has authority over the hotels and, until no later than March 31, 2025, has the ability to sell the hotels. The lawsuit contemplates the receivership will end with a non-judicial foreclosure by July 15, 2025, if the hotels are not sold within the predetermined sale period.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits

Exhibit Number	Description
2.1	Distribution Agreement by and among Hilton Worldwide Holdings Inc., Park Hotels & Resorts Inc., Hilton Grand Vacations Inc. and Hilton Domestic Operating Company Inc., dated as of January 2, 2017 (incorporated by reference to Exhibit 2.1 to our Current Report on Form 8-K, filed on January 4, 2017).
2.2	Agreement and Plan of Merger by and among Park Hotels & Resorts Inc., PK Domestic Property LLC, PK Domestic Sub LLC, and Chesapeake Lodging Trust, dated as of May 5, 2019 (incorporated by reference to Exhibit 2.1 to our Current Report on Form 8-K, filed on May 6, 2019).
3.1	Amended and Restated Certificate of Incorporation of Park Hotels & Resorts Inc. (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K, filed on April 30, 2019).
3.2*	Amended and Restated By-laws of Park Hotels & Resorts Inc.
3.3	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Park Hotels & Resorts Inc. (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K, filed on April 19, 2024).
4.1	Indenture, dated as of May 16, 2024, among Park Intermediate Holdings LLC, PK Domestic Property LLC, PK Finance Co-Issuer Inc., Park Hotels & Resorts Inc., PK Domestic REIT Inc., the subsidiary guarantors party thereto and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K, filed on May 16, 2024).
10.1	First Amendment to Amended and Restated Credit Agreement, dated as of May 16, 2024, among Park Intermediate Holdings LLC and PK Domestic Property LLC, as Borrowers, Park Hotels and Resorts Inc., the lenders party thereto and Wells Fargo Bank, National Association, as Administrative Agent (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K, filed on May 16, 2024).

[Table of Contents](#)

31.1*	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, furnished herewith.
32.2*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, furnished herewith.
101.INS*	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).
*	Filed herewith

AMENDED AND RESTATED
BY-LAWS
OF
PARK HOTELS & RESORTS INC.

ARTICLE I
STOCKHOLDERS

Section 1. ANNUAL MEETINGS. The annual meeting of the stockholders of Park Hotels & Resorts Inc. (the "Corporation") for the purpose of electing directors and for the transaction of such other business as may properly be brought before the meeting shall be held on such date, and at such time and place, if any, within or without the State of Delaware as may be designated from time to time by the Board of Directors of the Corporation (the "Board"). The Corporation may postpone or adjourn any annual meeting of stockholders previously scheduled.

Section 2. SPECIAL MEETINGS. Special meetings of stockholders for any purpose or purposes may be called as (and only as) provided in the certificate of incorporation of the Corporation. The Corporation may postpone or adjourn any special meeting of stockholders previously scheduled.

Section 3. NOTICE. Except as otherwise provided by law, the certificate of incorporation of the Corporation or these By-Laws, notice of the date, time, place (if any), the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, the record date for determining the stockholders entitled to vote at the meeting (if such date is different from the record date for stockholders entitled to notice of the meeting) and, in the case of a special meeting, the purpose or purposes of the meeting of stockholders shall be given not more than sixty (60), nor less than ten (10), days before the date of the meeting, to each stockholder entitled to vote at the meeting as of the record date for determining stockholders entitled to notice of the meeting at such address as appears on the records of the Corporation.

Section 4. QUORUM. The holders of a majority in voting power of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business, except as otherwise provided herein, by statute or by the certificate of incorporation of the Corporation; but if at any meeting of stockholders there shall be less than a quorum present, the chairman of the meeting or, by a majority in voting power thereof, the stockholders present may, to the extent permitted by law, adjourn the meeting from time to time without further notice other than announcement at the meeting of the date, time and place, if any, of the adjourned meeting, until a quorum shall be present or represented. Notwithstanding the foregoing, except as otherwise provided by the certificate of incorporation of the Corporation, where a separate vote by a class or series or classes or series is required, a majority in voting power of the outstanding shares of such class or series or classes or series, present in person or represented by proxy, shall constitute a quorum entitled to take action with respect to that vote on that matter. At any adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the original meeting. Notice need not be given of any adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken or are provided in any other manner permitted by the General Corporation Law of the State of Delaware (the "DGCL"). If the adjournment is for more than thirty (30) days, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. If after the adjournment a new record date for stockholders entitled to vote is fixed for the adjourned meeting, the Board shall fix a new record date for notice of such adjourned meeting, and shall give notice of the adjourned meeting to each stockholder of record entitled to vote at such adjourned meeting as of the record date for notice of such adjourned meeting.

Section 5. ORGANIZATION AND CONDUCT. The Chairman of the Board, or in the Chairman's absence or at the Chairman's direction, the Chief Executive Officer, or in the Chief Executive Officer's absence or at the Chief Executive Officer's direction, any officer of the Corporation shall call all meetings of the stockholders to order and shall act as chairman of any such meetings. The Secretary of the Corporation (the "Secretary") or, in such officer's absence, an Assistant Secretary shall act as secretary of the meeting. If neither the Secretary nor an Assistant

Secretary is present, the chairman of the meeting shall appoint a secretary of the meeting. The Board may adopt such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Unless otherwise determined by the Board prior to the meeting, the chairman of the meeting shall determine the order of business and shall have the authority in his or her discretion to regulate the conduct of any such meeting, including, without limitation, convening the meeting and adjourning the meeting (whether or not a quorum is present), announcing the date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote, imposing restrictions on the persons (other than stockholders of record of the Corporation or their duly appointed proxies) who may attend any such meeting, establishing procedures for the transaction of business at the meeting (including the dismissal of business not properly presented), maintaining order at the meeting and safety of those present, restricting entry to the meeting after the time fixed for commencement thereof and limiting the circumstances in which any person may make a statement or ask questions at any meeting of stockholders.

Section 6. **PROXIES.** At all meetings of stockholders, any stockholder entitled to vote thereat shall be entitled to vote in person or by proxy, but no proxy shall be voted after three years from its date, unless such proxy provides for a longer period. Without limiting the manner in which a stockholder may authorize another person or persons to act for the stockholder as proxy pursuant to the DGCL, the following shall constitute a valid means by which a stockholder may grant such authority: (i) a stockholder may execute a writing authorizing another person or persons to act for the stockholder as proxy, and execution of the writing may be accomplished by the stockholder or the stockholder's authorized officer, director, employee or agent signing such writing or causing his or her signature to be affixed to such writing by any reasonable means including, but not limited to, by facsimile signature; or (ii) a stockholder may authorize another person or persons to act for the stockholder as proxy by transmitting or authorizing by means of electronic transmission to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such transmission, provided that any such means of electronic transmission must either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the stockholder. If it is determined that such electronic transmissions are valid, the inspector or inspectors of stockholder votes or, if there are no such inspectors, such other persons making that determination shall specify the information upon which they relied.

A proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by delivering to the Secretary a revocation of the proxy or a new proxy bearing a later date.

Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission created pursuant to the first paragraph of this Section 6 may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

Proxies shall be filed with the secretary of the meeting prior to or at the commencement of the meeting to which they relate.

Any stockholder directly or indirectly soliciting proxies from other stockholders must use a proxy card color other than white, which shall be reserved for exclusive use by the Board.

Section 7. **VOTING.** When a quorum is present at any meeting, the vote of the holders of a majority of the votes cast shall decide any question brought before such meeting, unless the question is one upon which by express provision of the certificate of incorporation of the Corporation, these By-Laws or the DGCL a different vote is required, in which case such express provision shall govern and control the decision of such question. Notwithstanding the foregoing, where a separate vote by a class or series or classes or series is required and a quorum is present, the affirmative vote of a majority of the votes cast by shares of such class or series or classes or series shall be the act of such class or series or classes or series, unless the question is one upon which by express provision of the certificate of incorporation of the Corporation, these By-Laws or the DGCL a different vote is required, in which case such express provision shall govern and control the decision of such question.

Section 8. RECORD DATE.

(A) In order that the Corporation may determine the stockholders entitled to notice of any meeting of stockholders or any adjournment thereof, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which record date shall, unless otherwise required by law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If the Board so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination. If no record date is fixed by the Board, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for determination of stockholders entitled to vote at the adjourned meeting, and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote in accordance herewith at the adjourned meeting.

(B) In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board may fix a record date, which record date shall not precede the date on which the resolution fixing the record date is adopted and which record date shall not be more than sixty (60) days prior to such other action. If no such record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

Section 9. STOCKHOLDERS' CONSENT IN LIEU OF MEETING. At any time when the certificate of incorporation of the Corporation does not prohibit action by one or more classes or series of stockholders of the Corporation to be taken by consent, the provisions of this section shall apply. All consents properly delivered in accordance with the certificate of incorporation of the Corporation and the DGCL shall be deemed to be recorded when so delivered. No consent shall be effective to take the corporate action referred to therein unless consents signed by the holders of a sufficient number of shares to take such corporate action are so delivered to the Corporation in the manner prescribed by the DGCL within 60 days of the first date on which a consent is so delivered to the Corporation. Prompt notice of the taking of the corporate action without a meeting by less than unanimous consent shall be given to those stockholders who have not consented and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for notice of such meeting had been the date that consents signed by a sufficient number of holders to take the action were delivered to the Corporation as provided in the applicable provisions of the DGCL. Any action taken pursuant to such consent or consents of the stockholders shall have the same force and effect as if taken by the stockholders at a meeting thereof. In order that the Corporation may determine the stockholders entitled to consent to corporate action without a meeting, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board. If no record date has been fixed by the Board, the record date for determining stockholders entitled to consent to corporate action without a meeting, when no prior action by the Board is required by statute, shall be the first date on which a signed consent setting forth the action taken or proposed to be taken is delivered to the Corporation in the manner prescribed by the DGCL. If no record date has been fixed by the Board and prior action by the Board is required by statute, the record date for determining stockholders entitled to consent to corporate action without a meeting shall be at the close of business on the day on which the Board adopts the resolution taking such prior action.

Section 10. STOCKHOLDER LIST. The Corporation shall prepare no later than the tenth day before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting (provided, however, if the record date for determining the stockholders entitled to vote is less than ten (10) days before the date of the meeting, the list shall reflect the stockholders entitled to vote as of the tenth (10th) day before the meeting date), arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder for any purpose germane to the

meeting for a period of ten (10) days ending on the day before the meeting date: (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting; or (ii) during ordinary business hours, at the principal place of business of the Corporation. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation.

Section 11. INSPECTORS. The Board, in advance of all meetings of the stockholders, may (and, if required by law, shall) appoint one or more inspectors of stockholder votes, who may be employees or agents of the Corporation or stockholders or their proxies, but who shall not be directors of the Corporation or candidates for election as directors. In the event that the Board fails to so appoint one or more inspectors of stockholder votes or, in the event that one or more inspectors of stockholder votes previously designated by the Board fails to appear or act at the meeting of stockholders, the chairman of the meeting may appoint one or more inspectors of stockholder votes to fill such vacancy or vacancies. Inspectors of stockholder votes appointed to act at any meeting of the stockholders, before entering upon the discharge of their duties, shall take and sign an oath to faithfully execute the duties of inspector of stockholder votes with strict impartiality and according to the best of their ability and the oath so taken shall be subscribed by them. Inspectors of stockholder votes shall take all actions required under the applicable provisions of the DGCL and any other applicable law, rule or regulation.

Section 12. ADVANCE NOTICE OF STOCKHOLDER NOMINEES FOR DIRECTOR AND OTHER STOCKHOLDER PROPOSALS; PROXY ACCESS.

(A) Annual Meetings of Stockholders.

(1) Nominations of persons for election to the Board and the proposal of other business to be considered by the stockholders may be made at an annual meeting of stockholders only (a) pursuant to the Corporation's notice of meeting (or any supplement thereto) delivered pursuant to Article I, Section 3 of these By-Laws, (b) by or at the direction of the Board or any authorized committee thereof, (c) by any stockholder of the Corporation who is entitled to vote on such election or such other business at the meeting, who complied with the notice procedures set forth in paragraph (A)(2) of this Section 12 and who was a stockholder of record at the time such notice is delivered to the Secretary or (d) with respect to nominations of persons for election to the Board only, by an Eligible Stockholder (as defined in paragraph (A)(3) of this Section 12) whose Eligible Nominee (as defined in paragraph (A)(3) of this Section 12) is included in the Corporation's proxy materials for the relevant annual meeting of stockholders pursuant to paragraph (A)(3) of this Section 12.

(2) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (c) of paragraph (A)(1) of this Section 12, the stockholder must have (a) given timely notice thereof in writing to the Secretary, and, in the case of business other than nominations of persons for election to the Board, such other business must constitute a proper matter for stockholder action and (b) complied in all respects with the requirements of Section 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including, without limitation, and to the extent applicable, the requirements of Rule 14a-19 (as such rule and regulations may be amended from time to time by the Securities and Exchange Commission ("SEC"), including any SEC staff interpretations related thereto). To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not less than ninety (90) days nor more than one hundred twenty (120) days prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is advanced by more than twenty (20) days, or delayed by more than seventy (70) days, from the anniversary date of the previous year's meeting, or if no annual meeting was held in the preceding year, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the one hundred and twentieth (120th) day prior to such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or, if later, the tenth (10th) day following the day on which public announcement of the date of such meeting is first made. For purposes of the application of Rule 14a-4(c) of the Exchange Act (or any successor provision), the date for notice specified in this paragraph (A)(2) shall be the earlier of the date calculated as hereinbefore provided or the date specified in paragraph (c)(1) of Rule 14a-4. The number of nominees a stockholder may nominate for election at an annual meeting shall not exceed the number of directors to be elected at such annual meeting, and for the avoidance of doubt, no stockholder shall be entitled to make additional or substitute nominations following the expiration of the time periods set forth in this paragraph (A)(2).

Such stockholder's notice shall set forth: (a) as to each person whom the stockholder proposes to nominate for election or re-election as a director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Section 14(a) of the Exchange Act and the rules and regulations promulgated thereunder, including such person's written consent to being named as a nominee in any proxy statement and any associated proxy card for the Corporation's next meeting of stockholders for the election of directors and to serving as a director if elected; (b) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and, in the event that such business includes a proposal to amend these By-Laws, the language of the proposed amendment), the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; (c) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the Corporation's books and records, and of such beneficial owner, (ii) the class or series and number of shares of capital stock of the Corporation which are owned directly or indirectly, beneficially and of record by such stockholder and such beneficial owner, (iii) a representation that the stockholder is a holder of record of the stock of the Corporation at the time of the giving of the notice, will be entitled to vote at such meeting and will appear in person or by proxy at the meeting to propose such business or nomination, (iv) a representation whether the stockholder or the beneficial owner, if any, will be or is part of a group which will (A) deliver a proxy statement and/or form of proxy to holders of at least the percentage of the voting power of the Corporation's outstanding capital stock required to approve or adopt the proposal or elect the nominee, (B) otherwise solicit proxies or votes from stockholders in support of such proposal or nomination, and/or (C) solicit proxies or votes in support of director nominees other than the Corporation's nominees in accordance with Rule 14a-19 under the Exchange Act, including by soliciting the holders of shares representing at least 67% of the voting power of shares entitled to vote on the election of directors, (v) a certification regarding whether such stockholder and beneficial owner, if any, have complied with all applicable federal, state and other legal requirements in connection with the stockholder's and/or beneficial owner's acquisition of shares of capital stock or other securities of the Corporation and/or the stockholder's and/or beneficial owner's acts or omissions as a stockholder of the Corporation and (vi) any other information relating to such stockholder and beneficial owner, if any, required to be disclosed in a proxy statement and form of proxy or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in an election contest pursuant to and in accordance with Section 14(a) of the Exchange Act and the rules and regulations promulgated thereunder; (d) a description of any agreement, arrangement or understanding with respect to the nomination or proposal and/or the voting of shares of any class or series of stock of the Corporation between or among the stockholder giving the notice, the beneficial owner, if any, on whose behalf the nomination or proposal is made, any of their respective affiliates or associates and/or any others acting in concert with any of the foregoing (collectively, "proponent persons"); and (e) a description of any agreement, arrangement or understanding (including without limitation any contract to purchase or sell, acquisition or grant of any option, right or warrant to purchase or sell, swap or other instrument) to which any proponent person is a party, the intent or effect of which may be (i) to transfer to or from any proponent person, in whole or in part, any of the economic consequences of ownership of any security of the Corporation, (ii) to increase or decrease the voting power of any proponent person with respect to shares of any class or series of stock of the Corporation and/or (iii) to provide any proponent person, directly or indirectly, with the opportunity to profit or share in any profit derived from, or to otherwise benefit economically from, any increase or decrease in the value of any security of the Corporation. A stockholder providing notice of a proposed nomination for election to the Board or other business proposed to be brought before a meeting (whether given pursuant to paragraph (A)(2) or paragraph (B) of this Section 12) shall update and supplement such notice from time to time to the extent necessary so that the information provided or required to be provided in such notice shall be true and correct as of the record date for determining stockholders entitled to notice of the meeting and as of the date that is fifteen (15) days prior to the meeting or any adjournment or postponement thereof provided that if the record date for determining the stockholders entitled to vote at the meeting is less than fifteen (15) days prior to the meeting or any adjournment or postponement thereof, the information shall be supplemented and updated as of such later date. Any such update and supplement shall be delivered in writing to the Secretary at the principal executive offices of the Corporation not later than five (5) days after the record date for determining stockholders entitled to notice of the meeting (in the case of any update or supplement required to be made as of the record date for determining stockholders entitled to notice of the meeting), not later than ten (10) days prior to the date for the meeting or any adjournment or postponement thereof (in the case of any update or supplement required to be made as of fifteen (15) days prior to the meeting or any adjournment or postponement thereof) and not later than five (5)

days after the record date for determining the stockholders entitled to vote at the meeting, but no later than the day prior to the meeting or any adjournment or postponement thereof (in the case of any update and supplement required to be made as of a date less than fifteen (15) days prior the date of the meeting or any adjournment or postponement thereof). For the avoidance of doubt, the obligation to update and supplement as set forth in this Section 12 shall not limit the Corporation's rights with respect to any deficiencies in any stockholder's notice, extend any applicable deadlines under these By-Laws or enable or be deemed to permit a stockholder who has previously submitted a stockholder's notice under these By-Laws to amend or update any proposal or to submit any new proposal, including by changing or adding nominees, matters, business and/or resolutions proposed to be brought before a meeting of stockholders. The Corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as a director of the Corporation and to determine the independence of such director under the Exchange Act and rules and regulations thereunder and applicable stock exchange rules.

Notwithstanding anything in the second sentence of this paragraph (A)(2) of this Section 12 to the contrary, in the event that the number of directors to be elected to the Board is increased, effective after the time period for which nominations would otherwise be due under this paragraph (A)(2) of this Section 12, and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board made by the Corporation at least one hundred (100) days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section 12 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the tenth (10th) day following the day on which a public announcement of such increase is first made by the Corporation; provided that, if no such announcement is made at least ten (10) days before the meeting, then no such notice shall be required.

(3) Subject to the provisions of this paragraph (A)(3), the Corporation shall include in its proxy statement (including its form of proxy) for an annual meeting of stockholders the name of any stockholder nominee for election to the Board submitted pursuant to this paragraph (A)(3) (each, an "Eligible Nominee") provided (a) timely written notice of such Eligible Nominee satisfying this paragraph (A)(3) (an "Eligible Nominee Notice") is delivered to the Corporation by or on behalf of a stockholder or stockholders that, at the time the Eligible Nominee Notice is delivered, satisfy the ownership and other requirements of this paragraph (A)(3) (such stockholder or stockholders, and any person on whose behalf they are acting, the "Eligible Stockholder"), (b) the Eligible Stockholder expressly elects in writing at the time of providing the Eligible Nominee Notice to have its nominee included in the Corporation's proxy statement pursuant to this paragraph (A)(3), and (c) the Eligible Stockholder and the Eligible Nominee otherwise satisfy the requirements of this paragraph (A)(3) and the director qualification requirements set forth in the Corporation's corporate governance guidelines and any other document(s) setting forth qualifications for directors.

To be timely, an Eligible Nominee Notice shall be delivered to the Secretary at the principal executive offices of the Corporation not less than one hundred twenty (120) days nor more than one hundred fifty (150) days prior to the first anniversary of the date of the proxy statement (as defined below) for the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is advanced or delayed by more than thirty (30) days from the first anniversary of the date of the preceding year's annual meeting, or if no annual meeting was held in the preceding year, the Eligible Nominee Notice to be timely must be so delivered not earlier than the one hundred fiftieth (150th) day prior to such annual meeting and not later than the close of business on the later of the one hundred twentieth (120th) day prior to such annual meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made. In no event shall the public announcement of any adjournment or postponement of an annual meeting commence a new time period (or extend any time period) for the giving of an Eligible Nominee Notice as described above. As used herein, "the date of the proxy statement" shall have the same meaning as "the date of the company's proxy statement released to shareholders" as used in Rule 14a-8(e) promulgated under the Exchange Act, as interpreted by the SEC from time to time.

In addition to including the name of the Eligible Nominee in the Corporation's proxy statement for the annual meeting, the Corporation also shall include (a) the information concerning the Eligible Nominee and the Eligible Stockholder that is required to be disclosed in the Corporation's proxy statement pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder and (b) if the Eligible Stockholder so elects, an

Eligible Nominee Statement (defined below). Nothing in this paragraph (A)(3) shall limit the Corporation's ability to solicit against and include in its proxy statement its own statements relating to any Eligible Nominee.

The maximum number of Eligible Nominees submitted by all Eligible Stockholders appearing in the Corporation's proxy statement with respect to an annual meeting of stockholders pursuant to this paragraph (A)(3) (the "Permitted Number") shall not exceed the greater of (a) two and (b) 20% of the total number of directors in office as of the last day on which notice of a nomination may be received pursuant to this paragraph (A)(3) with respect to the annual meeting (the "Final Proxy Access Nomination Date") or, if such amount is not a whole number, the closest whole number (rounding down) below 20%; provided, however, that the Permitted Number shall be reduced (i) by any Eligible Nominee whose name was submitted for inclusion in the Corporation's proxy materials pursuant to this paragraph (A)(3) but who was subsequently withdrawn or whom the Board decides to nominate as a Board nominee (a "Board Nominee"), (ii) by (but only to the extent the Permitted Number after such reduction equals or exceeds one) any directors in office or director nominees that in either case shall be included in the Corporation's proxy materials with respect to the annual meeting as an unopposed (by the Corporation) nominee pursuant to an agreement, arrangement or other understanding between the Corporation and a stockholder or group of stockholders (other than any such agreement, arrangement or understanding entered into in connection with an acquisition of capital stock of the Corporation, by the stockholders or group of stockholders, from the Corporation), and (iii) by (but only to the extent the Permitted Number after such reduction equals or exceeds one) any director in office as of the nomination deadline who was included in the Corporation's proxy statement as an Eligible Nominee for any of the two preceding annual meetings and whom the Board decides to nominate for election to the Board. In the event that one or more vacancies for any reason occurs on the Board at any time after the Final Proxy Access Nomination Date and before the date of the applicable annual meeting of stockholders and the Board resolves to reduce the size of the Board in connection therewith, the Permitted Number shall be calculated based on the number of directors in office as so reduced. In the event that the number of Eligible Nominees submitted by Eligible Stockholders pursuant to this paragraph (A)(3) exceeds the Permitted Number, each Eligible Stockholder shall select one Eligible Nominee for inclusion in the Corporation's proxy statement until the Permitted Number is reached, going in order of the amount (greatest to least) of the Corporation's capital stock entitled to vote on the election of directors as disclosed in the Eligible Nominee Notice. If the Permitted Number is not reached after each Eligible Stockholder has selected one Eligible Nominee, this selection process shall continue as many times as necessary, following the same order each time, until the Permitted Number is reached.

An Eligible Stockholder must have owned (as defined below) continuously for at least three years as of the date of the Eligible Nominee Notice a number of shares that represents 3% or more of the Corporation's outstanding shares of capital stock entitled to vote in the election of directors (the "Required Shares") as of both the date the Eligible Nominee Notice is received by the Corporation in accordance with this paragraph (A)(3) and the record date for determining stockholders entitled to vote at the annual meeting and must continue to own the Required Shares through the annual meeting date. For purposes of satisfying the ownership requirement under this paragraph (A)(3), the shares of the Corporation's capital stock owned by one or more stockholders, or by the person or persons who own shares of the Corporation's capital stock and on whose behalf any stockholder is acting, may be aggregated, provided that (a) the number of stockholders and other persons whose ownership of shares is aggregated for such purpose shall not exceed 20, (b) each stockholder or other person whose shares are aggregated shall have held such shares continuously for at least three years as of the date of the Eligible Nominee Notice, and (c) a group of two or more funds that are (i) under common management and investment control, (ii) under common management and funded primarily by the same employer (or by a group of related employers that are under common control), or (iii) a "group of investment companies," as such term is defined in Section 12(d)(1)(G)(ii) of the Investment Company Act of 1940, as amended, shall be treated as one stockholder or person for this purpose. Whenever an Eligible Stockholder consists of a group of stockholders and/or other persons, any and all requirements and obligations for an Eligible Stockholder set forth in this paragraph (A)(3) must be satisfied by and as to each such stockholder or other person, except that shares may be aggregated to meet the Required Shares as provided in this paragraph (A)(3). With respect to any one particular annual meeting, no stockholder or other person may be a member of more than one group of persons constituting an Eligible Stockholder under this paragraph (A)(3).

For purposes of this paragraph (A)(3), an Eligible Stockholder shall be deemed to "own" only those outstanding shares of the Corporation's capital stock as to which the person possesses both (a) the full voting and investment rights pertaining to the shares and (b) the full economic interest in (including the opportunity for profit and risk of loss on) such shares; provided that the number of shares calculated in accordance with clauses (a) and (b) shall not

include any shares (x) sold by such person or any of its affiliates in any transaction that has not been settled or closed, (y) borrowed by such person or any of its affiliates for any purposes or purchased by such person or any of its affiliates pursuant to an agreement to resell, or (z) subject to any option, warrant, forward contract, swap, contract of sale, other derivative or similar agreement entered into by such person or any of its affiliates, whether any such instrument or agreement is to be settled with shares or with cash based on the notional amount or value of outstanding shares of the Corporation's capital stock, in any such case which instrument or agreement has, or is intended to have, the purpose or effect of (i) reducing in any manner, to any extent or at any time in the future, such person's or affiliates' full right to vote or direct the voting of any such shares, and/or (ii) hedging, offsetting or altering to any degree gain or loss arising from the full economic ownership of such shares by such person or affiliate. A person shall "own" shares held in the name of a nominee or other intermediary so long as the person retains the right to instruct how the shares are voted with respect to the election of directors and possesses the full economic interest in the shares. A person's ownership of shares shall be deemed to continue during any period in which (A) the person has loaned such shares, provided that the person has the power to recall such loaned shares on five (5) business days' notice and provides a representation that it will promptly recall, and promptly recalls, such loaned shares upon being notified that any of its Eligible Nominees will be included in the Corporation's proxy statement, or (B) the person has delegated any voting power by means of a proxy, power of attorney or other instrument or arrangement that is revocable at any time by the person. The terms "owned," "owning" and other variations of the word "own" shall have correlative meanings. For purposes of this paragraph (A)(3), the term "affiliate" shall have the meaning ascribed thereto in the regulations promulgated under the Exchange Act.

An Eligible Stockholder must provide with its Eligible Nominee Notice the following in writing to the Secretary: (a) one or more written statements from the record holder of the shares (and from each intermediary through which the shares are or have been held during the requisite three-year holding period) verifying that, as of a date within seven (7) calendar days prior to the date the Eligible Nominee Notice is received by the Corporation, the Eligible Stockholder owns, and has owned continuously for the preceding three years, the Required Shares, and the Eligible Stockholder's agreement to provide (i) within five (5) business days after the record date for the annual meeting, written statements from the record holder and intermediaries verifying the Eligible Stockholder's continuous ownership of the Required Shares through the record date and (ii) immediate notice if the Eligible Stockholder ceases to own any of the Required Shares prior to the date of the applicable annual meeting of stockholders; (b) documentation satisfactory to the Corporation demonstrating that a group of funds qualifies to be treated as one stockholder or person for purposes of this paragraph (A)(3), if applicable; (c) a representation that the Eligible Stockholder (including each member of any group of stockholders and/or persons that together is an Eligible Stockholder hereunder) (i) intends to continue to own the Required Shares through the date of the annual meeting, (ii) acquired the Required Shares in the ordinary course of business and not with the intent to change or influence control of the Corporation, and does not presently have such intent, (iii) will not distribute to any stockholder any form of proxy for the annual meeting other than the form distributed by the Corporation, (iv) has not engaged and will not engage in, and has not and will not be a "participant" in, another person's "solicitation" within the meaning of Rule 14a-1(I) under the Exchange Act in support of the election of any individual as a director at the annual meeting other than its Eligible Nominee or a nominee of the Board, (v) intends to appear in person or by proxy at the annual meeting to present the nomination and (vi) has provided and will provide facts, statements and other information in all communications with the Corporation and its stockholders that are or will be true and correct in all material respects and do not and will not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; (d) the written consent of each Eligible Nominee to be named as a nominee in any proxy statement and any associated proxy card for the Corporation's next meeting of stockholders for the election of directors and to serve as a director if elected; (e) a copy of the Schedule 14N that has been filed with the SEC as required by Rule 14a-18 under the Exchange Act; (f) the information required to be provided by paragraph (A)(2) of this Section 12, as applicable; (g) in the case of a nomination by a group of stockholders that together is an Eligible Stockholder, the designation by all group members of one group member that is authorized to act on behalf of all members of the nominating stockholder group with respect to the nomination and matters related thereto, including withdrawal of the nomination; and (h) an undertaking that the Eligible Stockholder agrees to (i) assume all liability stemming from any legal or regulatory violation arising out of the Eligible Stockholder's communications with the Corporation's stockholders or out of the information that the Eligible Stockholder provides to the Corporation, (ii) indemnify and hold harmless the Corporation and each of its directors, officers and employees individually against any liability, loss or damages in connection with any threatened or pending action, suit or proceeding, whether legal, administrative or investigative, against the Corporation or any of its directors, officers or employees in connection with the Eligible Stockholder's

nomination and/or efforts to elect its Eligible Nominee(s) pursuant to this paragraph (A)(3), (iii) file with the SEC any solicitation materials relating to the annual meeting at which the Eligible Nominee will be nominated, regardless of whether any such filing is required under Section 14 of the Exchange Act and the rules and regulations promulgated thereunder or whether any exemption from filing is available for such solicitation under Section 14 of the Exchange Act and the rules and regulations promulgated thereunder, and any other communication with the Corporation's stockholders that is required to be filed under applicable law, and (iv) comply with all other applicable laws, rules, regulations and listing standards with respect to any solicitation in connection with the annual meeting.

The Eligible Stockholder may include with its Eligible Nominee Notice, a written statement for inclusion in the Corporation's proxy statement for the annual meeting, not to exceed 500 words per Eligible Nominee, in support of each Eligible Nominee's candidacy (an "Eligible Nominee Statement"). Notwithstanding anything to the contrary contained in this paragraph (A)(3), the Corporation may omit from its proxy statement any information or Eligible Nominee Statement that it believes would violate any applicable law, rule, regulation or listing standard.

Each Eligible Nominee must (a) provide within five (5) business days of the Corporation's request an executed agreement, in a form deemed satisfactory to the Corporation, that (i) the Eligible Nominee has read and agrees to adhere to the Corporation's corporate governance guidelines and all other Corporation policies and guidelines applicable to directors, including with regard to securities trading, (ii) the Eligible Nominee is not and will not become a party to (A) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Corporation or (B) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Corporation, with such person's fiduciary duties under applicable law, (iii) the Eligible Nominee is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification (a "Compensation Arrangement") in connection with such person's nomination or candidacy for director and/or service as a director that has not been disclosed to the Corporation, and (iv) the Eligible Nominee will comply with all of the Corporation's corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines, and any other corporation policies and guidelines applicable to directors, as well as any applicable law, rule or regulation or listing requirement (including the requirement set forth in Article II, Section 2 of these By-Laws to have agreed to resign from the Board upon failing to receive a majority of votes cast in an election that is not a Contested Election, contingent on acceptance of that proffered resignation by the Board in accordance with the policies and procedures adopted by the Board for such purpose); (b) complete, sign and submit all questionnaires required of the Board within five (5) business days of receipt of each such questionnaire from the Corporation; and (c) provide within five (5) business days of the Corporation's request such additional information as the Corporation determines may be necessary to permit the Board to determine whether such Eligible Nominee meets the requirements of this paragraph (A)(3) and/or the Corporation's requirements with regard to director qualifications and policies and guidelines applicable to directors, including whether (i) such Eligible Nominee is independent under the listing standards of any U.S. exchange upon which the Corporation's capital stock is listed, any applicable rules of the SEC, and any publicly disclosed standards used by the Board in determining and disclosing the independence of the directors including with regard to audit committee and compensation committee members in particular (collectively, the "Independence Standards"), (ii) such Eligible Nominee has any direct or indirect relationship with the Corporation, and (iii) such Eligible Nominee has been subject to (A) any event specified in Item 401(f) of Regulation S-K under the Securities Act of 1933, as amended (the "Securities Act") or (B) any order of the type specified in Rule 506(d) of Regulation D under the Securities Act.

In the event that any information or communications provided by the Eligible Stockholder or Eligible Nominee to the Corporation or its stockholders ceases to be true and correct in any respect or omits a fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading, each Eligible Stockholder or Eligible Nominee, as the case may be, shall promptly notify the Secretary of any such inaccuracy or omission in such previously provided information and of the information that is required to make such information or communication true and correct; it being understood that providing any such notification shall not be deemed to cure any defect or limit the Corporation's right to omit an Eligible Nominee from its proxy materials as provided in this paragraph (A)(3).

The Corporation shall not be required to include, pursuant to this paragraph (A)(3), an Eligible Nominee in its proxy statement (or, if the proxy statement has already been filed, to allow the nomination of an Eligible Nominee, notwithstanding that proxies in respect of such vote may have been received by the Corporation) (a) for any meeting for which the Secretary receives a notice that any stockholder has nominated a person for election to the Board pursuant to paragraph (A)(2) of this Section 12, (b) who is not independent under the Independence Standards, (c) whose election as a member of the Board would violate or cause the Corporation to be in violation of these By-Laws, the Corporation's certificate of incorporation, the Corporation's corporate governance guidelines or other document setting forth qualifications for directors, the listing standards of any U.S. exchange upon which the Corporation's capital stock is listed, or any applicable state or federal law, rule or regulation, (d) if the Eligible Nominee is or becomes a party to any prohibited or undisclosed Voting Commitment, (e) if the Eligible Nominee is or becomes a party to any undisclosed Compensation Arrangement, (f) who is or has been, within the past three years, an officer or director of a competitor, as defined in Section 8 of the Clayton Antitrust Act of 1914, (g) whose then-current or prior business or personal interests place such Eligible Nominee in a conflict of interest with the Corporation or any of its subsidiaries that would cause such Eligible Nominee to violate any fiduciary duties of directors established pursuant to Delaware law, including but not limited to the duty of loyalty and duty of care, (h) who is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses) or has been convicted in such a criminal proceeding within the past ten years, (i) who is subject to any order of the type specified in Rule 506(d) of Regulation D under the Securities Act, (j) if such Eligible Nominee or the applicable Eligible Stockholder shall have provided information to the Corporation in respect of such nomination that was untrue in any material respect or omitted to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading or shall have breached any of its or their agreements, representations, undertakings and/or obligations pursuant to this paragraph (A)(3) or (k) if the Eligible Stockholder who has nominated such Eligible Nominee has engaged in or is currently engaged in, or has been or is a "participant" in another person's, "solicitation" within the meaning of Rule 14a-1(l) under the Exchange Act in support of the election of any individual as a director at the meeting other than its Eligible Nominee(s) or a nominee of the Board.

Notwithstanding anything to the contrary set forth herein, if the Eligible Nominee and/or the applicable Eligible Stockholder shall have breached its or their agreements, representations, undertakings and/or obligations pursuant to this paragraph (A)(3), as determined by the Board or the person presiding at the annual meeting, (x) the Board or the person presiding at the annual meeting shall be entitled to declare a nomination by an Eligible Stockholder to be invalid, and such nomination shall be disregarded notwithstanding that proxies in respect of such vote may have been received by the Corporation (and any proxies or votes solicited for such nomination or proposal shall be disregarded) and (y) the Corporation shall not be required to include in its proxy statement any successor or replacement nominee proposed by the applicable Eligible Stockholder. Any Eligible Nominee who is included in the Corporation's proxy statement for a particular annual meeting of stockholders but either (1) withdraws from or becomes ineligible or unavailable for election at the annual meeting or (2) does not receive at least 25% of the votes cast "for" the Eligible Nominee's election, shall be ineligible to be included in the Corporation's proxy statement as an Eligible Nominee pursuant to this paragraph (A)(3) for the next two annual meetings of stockholders following the annual meeting for which the Eligible Nominee has been nominated for election.

(B) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting pursuant to Article I, Section 3 of these By-Laws. Nominations of persons for election to the Board may be made at a special meeting of stockholders at which directors are to be elected (a) pursuant to the Corporation's notice of meeting by or at the direction of the Board or a committee thereof (or at the direction of stockholders pursuant to Article I, Section 2 of these By-Laws and Article VIII of the certificate of incorporation of the Corporation) or (b) provided that the Board (or stockholders pursuant to Article I, Section 2 of these By-Laws and Article VIII of the certificate of incorporation of the Corporation) has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who is entitled to vote on such election at the meeting, who (i) complies with the notice procedures (including the content of such notice) set forth in paragraph (A)(2) of this Section 12 (mutatis mutandis for a special meeting) and who is a stockholder of record at the time such notice is delivered to the Secretary and (ii) otherwise complies in all respects with the requirements of Section 14 of the Exchange Act, including, without limitation, the requirements of Rule 14a-19 (as such rule and regulations may be amended from time to time by the SEC, including any SEC staff interpretations related thereto); provided, however, that to be timely, a stockholder's notice of nominations of persons for election to the Board at a special meeting shall be delivered to the Secretary at the

principal executive offices of the Corporation not earlier than the close of business on the one hundred and twentieth (120th) day prior to such special meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such special meeting or the tenth (10th) day following the day on which public announcement is first made of (x) the date of the special meeting and (y) that a purpose of the special meeting will be the election of directors. The number of nominees a stockholder may nominate for election at a special meeting shall not exceed the number of directors to be elected at such special meeting, and for the avoidance of doubt, no stockholder shall be entitled to make additional or substitute nominations following the expiration of the time periods set forth in this paragraph (B). The proposals by stockholders of other business to be conducted at a special meeting of stockholders may be made only in accordance with Article VIII of the certificate of incorporation of the Corporation.

(C) General.

(1) Only persons who are nominated in accordance with the procedures set forth in this Section 12 shall be eligible to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 12. Except as otherwise provided by law, the certificate of incorporation of the Corporation or these By-Laws, the chairman of the meeting (and, in advance of any meeting of stockholders, the Board) shall, in addition to making any other determination that may be appropriate for the conduct of the meeting, have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made in accordance with the procedures set forth in these By-Laws and, if any proposed nomination or business is not in compliance with these By-Laws, to declare that such defective proposal or nomination shall be disregarded or that such proposed business shall not be transacted, notwithstanding that such proposal or nomination is set forth in the notice of meeting or other proxy materials and notwithstanding that proxies in respect of such vote may have been received by the Corporation (and any proxies or votes solicited for such nomination or proposal shall be disregarded).

Notwithstanding the foregoing provisions of this Section 12, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual or special meeting of stockholders of the Corporation to present a nomination or business, including a nomination made in accordance with paragraph (A)(3) of this Section 12, such nomination shall be disregarded and such proposed business shall not be transacted, notwithstanding that such proposal or nomination is set forth in the notice of meeting or other proxy materials and notwithstanding that proxies in respect of such vote may have been received by the Corporation (and any proxies or votes solicited for such nomination or proposal shall be disregarded). For purposes of this Section 12, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders.

(2) For purposes of this Section 12, “public announcement” shall mean disclosure (a) in a press release released by the Corporation, provided such press release is released by the Corporation following its customary procedures, is reported by the Dow Jones News Service, Associated Press or comparable national news service, or is generally available on internet news sites, (b) in a document publicly filed or furnished by the Corporation with the SEC pursuant to Section 13, 14 or 15(d) of the Exchange Act or (c) otherwise disseminated in a manner constituting “public disclosure” under Regulation FD promulgated by the SEC.

(3) For purposes of this Section 12, no adjournment or postponement or notice of adjournment or postponement of any meeting shall be deemed to constitute a new notice of such meeting for purposes of this Section 12, and in order for any notification required to be delivered by a stockholder pursuant to this Section 12 to be timely, such notification must be delivered within the periods set forth above with respect to the originally scheduled meeting.

(4) Notwithstanding the foregoing provisions of this Section 12, a stockholder shall also comply with all applicable requirements of state and federal law, including the Exchange Act and the rules and regulations promulgated thereunder (including Rule 14a-19) with respect to the matters set forth in this Section 12; provided however, that, to the fullest extent permitted by law, any references in these By-Laws to the Exchange Act or the rules and regulations promulgated thereunder are not intended to and shall not limit any requirements applicable to nominations or proposals as to any other business to be considered pursuant to this Section 12 (including paragraphs (A)(1)(c) and (d) and (B) hereof). Compliance with paragraphs (A)(1)(c) and (d) and (B) of this Section 12 shall be the exclusive

means for a stockholder to make nominations or submit other business (other than business brought properly under and in compliance with Rule 14a-8 of the Exchange Act). Nothing in this Section 12 shall be deemed to affect the rights, if any, (a) of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 of the Exchange Act, or (b) of the holders of any series of Preferred Stock to elect directors pursuant to any applicable provisions of the certificate of incorporation of the Corporation.

(5) Without limiting the other provisions and requirements of this Section 12, unless otherwise required by law, if any stockholder (a) provides notice pursuant to Rule 14a-19(b) under the Exchange Act or includes the information required by Rule 14a-19(b) in a preliminary or definitive proxy statement previously filed by such person (it being understood that such notice or filing shall be in addition to, and not in lieu of, the notices required under these By-Laws) and (b) subsequently notifies the Corporation that it no longer intends to comply with Rule 14a-19(a)(2) or Rule 14a-19(a)(3) under the Exchange Act, fails to comply with the requirements of Rule 14a-19 under the Exchange Act, or fails to timely provide reasonable evidence sufficient to satisfy the Corporation that such stockholder has met the requirements of Rule 14a-19(a)(3) under the Exchange Act, in accordance with the following sentence, then the nomination of each such proposed nominee shall be disregarded, notwithstanding that such nomination is set forth in the notice of meeting or other proxy materials and notwithstanding that proxies or votes in respect of the election of such proposed nominees may have been received by the Corporation (and any proxies or votes solicited for such nomination shall be disregarded). If any stockholder provides notice pursuant to Rule 14a-19(b) under the Exchange Act or includes the information required by Rule 14a-19(b) in a preliminary or definitive proxy statement previously filed by such person, such stockholder shall deliver to the Corporation, no later than five (5) business days prior to the applicable meeting, reasonable evidence that it has met the requirements of Rule 14a-19(a)(3) under the Exchange Act.

ARTICLE II BOARD OF DIRECTORS

Section 1. **NUMBER; TENURE; ELECTION.** At any regular meeting or at any special meeting called for that purpose, a majority of the entire Board may establish, increase or decrease the number of directors constituting the entire Board; provided, that the number thereof shall never be fewer than three (3), nor more than twelve (12); and provided further, that the tenure of office of a director shall not be affected by any decrease in the number of directors. Except as hereinafter provided for the filling of vacancies and newly created directorships, directors shall be elected by a vote of the majority of votes cast (as defined below) by the holders of shares present in person or represented by proxy at the meeting and entitled to vote on the election of such directors; provided, however, that in the event of a Contested Election (as defined below), the directors shall be elected by a plurality of the votes cast by the holders of shares present in person or represented by proxy at the meeting and entitled to vote on the election of such directors. A majority of the total number of directors then in office (but not less than one-third of the number of directors constituting the entire Board) shall constitute a quorum for the transaction of business. Except as otherwise provided by law, these By-Laws or by the certificate of incorporation of the Corporation, the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board. Directors need not be stockholders.

For purposes of this Article II, Section 1, the "majority of the votes cast" means that the number of shares voted "for" a director nominee exceeds the number of shares voted "against" such director nominee.

An election of directors is a "Contested Election" if, as of the tenth (10th) day preceding the date the Corporation first mails its notice of meeting for such meeting to the stockholders of the Corporation, or at any time thereafter, the number of nominees exceeds the number of directors to be elected.

Section 2. **VACANCIES.** Subject to the certificate of incorporation of the Corporation, unless otherwise required by the DGCL or Article II, Section 4 of these By-Laws, any newly created directorship on the Board that results from an increase in the number of directors and any vacancy occurring in the Board (whether by death, resignation, removal, retirement, disqualification or otherwise) shall be filled only by a majority of the directors then in office, even if less than a quorum, or by a sole remaining director.

The Corporation's corporate governance guidelines have established procedures with respect to the resignation of any director who does not receive a majority of the votes cast in an election that is not a Contested Election. The

Board will not nominate any person for service on the Board unless such Board Nominee has agreed to resign from the Board upon failing to receive a majority of the votes cast in an election that is not a Contested Election, contingent on acceptance of that proffered resignation by the Board in accordance with the policies and procedures adopted by the Board for such purpose. If the Board accepts a Board Nominee's resignation, then the Board may fill any resulting vacancy pursuant to this Article II, Section 2 of these By-Laws.

Section 3. MEETINGS. Meetings of the Board shall be held at such place, if any, within or without the State of Delaware as may from time to time be fixed by resolution of the Board or as may be specified in the notice of any meeting. Regular meetings of the Board shall be held at such times as may from time to time be fixed by resolution of the Board and special meetings may be held at any time upon the call of the Chairman of the Board or the Chief Executive Officer, by oral or written notice, including telegraph, telex or transmission of a telecopy, e-mail or other means of electronic transmission, duly served on or sent and delivered to each director to such director's address, e-mail address or telephone or telecopy number as shown on the books of the Corporation not less than twenty-four (24) hours before the meeting. The notice of any meeting need not specify the purposes thereof. A meeting of the Board may be held without notice immediately after the annual meeting of stockholders at the same place, if any, at which such meeting is held. Notice need not be given of regular meetings of the Board held at times fixed by resolution of the Board.

Section 4. DIRECTORS ELECTED BY PREFERRED STOCKHOLDERS. Notwithstanding the foregoing, whenever the holders of any one or more series of Preferred Stock issued by the Corporation shall have the right, voting separately as a series or separately as a class with one or more such other series, to elect directors at an annual or special meeting of stockholders, the election, term of office, removal, and other features of such directorships shall be governed by the terms of the certificate of incorporation of the Corporation (including any certificate of designations relating to any series of Preferred Stock) applicable thereto. Notwithstanding Section 1 of this Article II, the number of directors that may be elected by the holders of any such series of Preferred Stock shall be in addition to the total number of directors fixed by the Board pursuant to the certificate of incorporation of the Corporation and these By-Laws. Except as otherwise expressly provided in the terms of such series, the number of directors that may be so elected by the holders of any such series of stock shall be elected for terms expiring at the next annual meeting of stockholders, and vacancies among directors so elected by the separate vote of the holders of any such series of Preferred Stock shall be filled by the affirmative vote of a majority of the remaining directors elected by such series, or, if there are no such remaining directors, by the holders of such series in the same manner in which such series initially elected a director.

Section 5. QUORUM. If at any meeting for the election of directors, the Corporation has outstanding more than one class of stock, and one or more such classes or series thereof are entitled to vote separately as a class to elect directors, and there shall be a quorum of only one such class or series of stock, that class or series of stock shall be entitled to elect its quota of directors notwithstanding the absence of a quorum of the other class or series of stock.

Section 6. COMMITTEES. The Board may from time to time establish one or more committees of the Board to serve at the pleasure of the Board, which shall be composed of such members of the Board and have such duties as the Board shall from time to time determine. Any director may belong to any number of committees of the Board. The Board may also establish such other non-Board committees with such members (whether or not directors) and with such duties as the Board may from time to time determine. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member. Unless otherwise provided in the certificate of incorporation of the Corporation, these By-Laws or the resolution of the Board designating the committee, a committee may create one or more subcommittees, each subcommittee to consist of one or more members of the committee, and may delegate to a subcommittee any or all of the powers and authority of the committee.

Section 7. ACTION IN WRITING BY DIRECTORS. Unless otherwise restricted by the certificate of incorporation of the Corporation or these By-Laws, any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting if all members of the Board or committee, as the case may

be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board or committee.

Section 8. TELEPHONE MEETINGS. The members of the Board or any committee thereof may participate in a meeting of such Board or committee, as the case may be, by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this subsection shall constitute presence in person at such a meeting.

Section 9. COMPENSATION. The Board may establish policies for the compensation of directors and for the reimbursement of the expenses of directors, in each case, in connection with services provided by directors to the Corporation.

ARTICLE III OFFICERS

Section 1. GENERAL PROVISIONS. The Board shall elect officers of the Corporation, including a Chief Executive Officer, President and a Secretary. The Board may also from time to time elect such other officers (including, without limitation, a Chief Financial Officer, a Chief Operating Officer, a General Counsel, one or more Vice Presidents, a Treasurer, one or more Assistant Vice Presidents, one or more Assistant Secretaries and one or more Assistant Treasurers) as it may deem proper or may delegate to any elected officer of the Corporation the power to appoint and remove any such other officers and to prescribe their respective terms of office, authorities and duties. Any Vice President may be designated Executive, Senior or Corporate, or may be given such other designation or combination of designations as the Board or the Chief Executive Officer may determine. Any two or more offices may be held by the same person. The Board may also elect or appoint a Chairman of the Board, who may or may not also be an officer of the Corporation. The Board may elect or appoint co-Chairmen of the Board, co-Presidents or co-Chief Executive Officers and, in such case, references in these By-Laws to the Chairman of the Board, the President or the Chief Executive Officer shall refer to either such co-Chairman of the Board, co-President or co-Chief Executive Officer, as the case may be.

Section 2. TENURE; REMOVAL AND RESIGNATION. All officers of the Corporation elected by the Board shall hold office for such terms as may be determined by the Board or, except with respect to his or her own office, the Chief Executive Officer, or until their respective successors are chosen and qualified or until his or her earlier resignation or removal. Any officer may be removed from office at any time either with or without cause by affirmative vote of a majority of the members of the Board then in office, or, in the case of appointed officers, by any elected officer upon whom such power of removal shall have been conferred by the Board.

Section 3. POWERS. Each of the officers of the Corporation elected by the Board or appointed by an officer in accordance with these By-Laws shall have the powers and duties prescribed by law, by these By-Laws or by the Board and, in the case of appointed officers, the powers and duties prescribed by the appointing officer, and, unless otherwise prescribed by these By-Laws or by the Board or such appointing officer, shall have such further powers and duties as ordinarily pertain to that office.

Section 4. DELEGATION. Unless otherwise provided in these By-Laws, in the absence or disability of any officer of the Corporation, the Board or the Chief Executive Officer may, during such period, delegate such officer's powers and duties to any other officer or to any director and the person to whom such powers and duties are delegated shall, for the time being, hold such office.

ARTICLE IV INDEMNIFICATION AND ADVANCEMENT OF EXPENSES

Section 1. INDEMNITEES. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a director or an officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, manager, employee, agent or trustee of another corporation or of a partnership, limited liability company,

joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an “indemnitee”), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, manager, employee, agent or trustee or in any other capacity while serving as a director, officer, manager, employee, agent or trustee, shall be indemnified and held harmless by the Corporation to the fullest extent permitted by Delaware law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys’ fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith; provided, however, that, except as provided in Section 3 of this Article IV with respect to proceedings to enforce rights to indemnification or advancement of expenses or with respect to any compulsory counterclaim brought by such indemnitee, the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board.

Section 2. **REIMBURSEMENT.** In addition to the right to indemnification conferred in Section 1 of this Article IV, an indemnitee shall also have the right to be paid by the Corporation the expenses (including attorney’s fees) incurred in appearing at, participating in or defending any such proceeding in advance of its final disposition or in connection with a proceeding brought to establish or enforce a right to indemnification or advancement of expenses under this Article IV (which shall be governed by Section 3 of this Article IV) (hereinafter an “advancement of expenses”); provided, however, that, if (x) the DGCL requires or (y) in the case of an advance made in a proceeding brought to establish or enforce a right to indemnification or advancement, an advancement of expenses incurred by an indemnitee in his or her capacity as a director or officer of the Corporation (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made solely upon delivery to the Corporation of an undertaking (hereinafter an “undertaking”), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a “final adjudication”) that such indemnitee is not entitled to be indemnified or entitled to advancement of expenses under Section 1 or 2 of this Article IV or otherwise.

Section 3. **FAILURE TO PAY CLAIM.** If a claim under Section 1 or 2 of this Article IV is not paid in full by the Corporation within (i) sixty (60) days after a written claim for indemnification has been received by the Corporation or (ii) twenty (20) days after a claim for an advancement of expenses has been received by the Corporation, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim or to obtain advancement of expenses, as applicable. To the fullest extent permitted by law, if the indemnitee is successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the DGCL. Neither the failure of the Corporation (including by its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the DGCL, nor an actual determination by the Corporation (including by its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article IV or otherwise shall be on the Corporation.

Section 4. **NON-EXCLUSIVITY OF RIGHTS.** The provision of indemnification to or the advancement of expenses and costs to any indemnitee under this Article IV, or the entitlement of any indemnitee to indemnification or advancement of expenses and costs under this Article IV, shall not limit or restrict in any way the power of the

Corporation to indemnify or advance expenses and costs to such indemnitee in any other way permitted by law or be deemed exclusive of, or invalidate, any right to which any indemnitee seeking indemnification or advancement of expenses and costs may be entitled under any law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such indemnitee's capacity as an officer, director, employee or agent of the Corporation and as to action in any other capacity.

Section 5. **RIGHTS CONTRACTUAL.** The rights conferred upon indemnitees in this Article IV shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a director or officer and shall inure to the benefit of the indemnitee's heirs, executors and administrators. Any amendment, alteration or repeal of this Article IV that adversely affects any right of an indemnitee or its successors shall be prospective only and shall not limit, eliminate, or impair any such right with respect to any proceeding involving any occurrence or alleged occurrence of any action or omission to act that took place prior to such amendment or repeal.

Section 6. **INSURANCE.** The Corporation may purchase and maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, limited liability company, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL.

Section 7. **INDEMNIFICATION.** The Corporation may, to the extent authorized from time to time by the Board, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Corporation to the fullest extent of the provisions of this Article IV with respect to the indemnification and advancement of expenses of directors and officers of the Corporation.

ARTICLE V CORPORATE BOOKS

The books of the Corporation may be kept inside or outside of the State of Delaware at such place or places as the Board may from time to time determine.

ARTICLE VI CHECKS, NOTES, PROXIES, ETC.

All checks and drafts on the Corporation's bank accounts and all bills of exchange and promissory notes, and all acceptances, obligations and other instruments for the payment of money, shall be signed by such officer or officers or agent or agents as shall be authorized from time to time by the Board or such officer or officers who may be delegated such authority. Proxies to vote and consents with respect to securities of other corporations or other entities owned by or standing in the name of the Corporation may be executed and delivered from time to time on behalf of the Corporation by the Chairman of the Board, the Chief Executive Officer, or by such officers as the Chairman of the Board, the Chief Executive Officer or the Board may from time to time determine.

ARTICLE VII FISCAL YEAR

The fiscal year of the Corporation shall be, unless otherwise determined by resolution of the Board, the calendar year ending on December 31.

ARTICLE VIII CORPORATE SEAL

The corporate seal shall have inscribed thereon the name of the Corporation. In lieu of the corporate seal, when so authorized by the Board or a duly empowered committee thereof, a facsimile thereof may be impressed or affixed or reproduced.

ARTICLE IX
GENERAL PROVISIONS

Section 1. WAIVER OF NOTICE. Whenever notice is required to be given by law or under any provision of the certificate of incorporation of the Corporation or these By-Laws, notice of any meeting need not be given to any person who shall attend such meeting (except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened), or who shall waive notice thereof, before or after such meeting, in writing (including by electronic transmission).

Section 2. HEADINGS. Section headings in these By-Laws are for convenience of reference only and shall not be given any substantive effect in limiting or otherwise construing any provision herein.

Section 3. SEVERABILITY. In the event that any provision of these By-Laws is or becomes inconsistent with any provision of the certificate of incorporation of the Corporation or the DGCL, the provision of these By-Laws shall not be given any effect to the extent of such inconsistency but shall otherwise be given full force and effect.

ARTICLE X
AMENDMENTS

These By-Laws may be made, amended, altered, changed, added to or repealed as set forth in the certificate of incorporation of the Corporation and these By-Laws.

Approved and Adopted: July 28, 2023

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Thomas J. Baltimore, Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Park Hotels & Resorts Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in the Securities Exchange Act of 1934, as amended, Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 1, 2024

By:

/s/ Thomas J. Baltimore, Jr.

Thomas J. Baltimore, Jr.
Chairman of the Board, President and
Chief Executive Officer

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Sean M. Dell'Orto, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Park Hotels & Resorts Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in the Securities Exchange Act of 1934, as amended, Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 1, 2024

By:

/s/ Sean M. Dell'Orto

Sean M. Dell'Orto
Executive Vice President,
Chief Financial Officer and Treasurer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Park Hotels & Resorts Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas J. Baltimore, Jr., President and Chief Executive Officer, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: August 1, 2024

By:

/s/ Thomas J. Baltimore, Jr.

Thomas J. Baltimore, Jr.
Chairman of the Board, President and
Chief Executive Officer

In accordance with SEC Release NO. 34-47986, this Exhibit is furnished to the SEC as an accompanying document and is not deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Park Hotels & Resorts Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Sean M. Dell'Orto, Executive Vice President and Chief Financial Officer, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: August 1, 2024

By:

/s/ Sean M. Dell'Orto

Sean M. Dell'Orto
Executive Vice President,
Chief Financial Officer and Treasurer

In accordance with SEC Release NO. 34-47986, this Exhibit is furnished to the SEC as an accompanying document and is not deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended.