



**PARK HOTELS & RESORTS INC.**

## **QUESTIONS AND ANSWERS REGARDING E&P DIVIDEND ELECTIONS**

**Your right to make an election as to the type of payment you wish to receive in the dividend described below will expire at 5:00 p.m., New York City time, on the Election Deadline, which is February 28, 2017, or such later date as is determined and publicly announced by Park Hotels & Resorts Inc. Unless we have otherwise advised you, it is imperative that we promptly receive your instructions in order to properly fulfill your instructions prior to the Election Deadline.**

Hilton Worldwide Holdings Inc. recently completed the spin-off of real estate and other assets into Park Hotels & Resorts Inc. (“Park”, “we” or “us”), which we refer to as the “Spin-Off.” Park is electing to be treated as a real estate investment trust, or “REIT,” for federal income tax purposes beginning with the taxable year ending on December 31, 2017 and began operating in compliance with REIT requirements as of January 4, 2017. To qualify as a REIT, Park is required to pay its stockholders by January 31, 2018 a dividend of its non-REIT earnings and profits attributable to taxable years ending prior to January 4, 2017. To comply with this requirement, Park’s board of directors recently declared a special dividend relating to the periods prior to the Spin-Off of \$2.79 per share of Park common stock payable on or as soon as practicable after March 9, 2017 to Park’s stockholders of record on January 19, 2017. We refer to this dividend as the “E&P Dividend.” Park expects the aggregate amount of the E&P Dividend to be distributed to all Park stockholders will equal approximately \$551.3 million. This document provides answers to some questions that you may have about the E&P Dividend.

### **Question 1. How Will I Be Paid My E&P Dividend?**

You have the right, subject to the limitation described below and in the accompanying Election Form, to elect **one** of the following options for payment of the E&P Dividend:

- *Stock Election – you elect to receive the E&P Dividend entirely in shares of Park common stock; or*
- *Cash Election – you elect to receive the E&P Dividend entirely in cash, subject to the limitation described below.*

To make your election, follow the instructions under “**Question 8. How Do I Make My E&P Dividend Election?**” below and on the accompanying Election Form.

### **Question 2. If I Make a Stock Election, How Many Shares of Stock Will I Receive?**

If you make a Stock Election, Park will calculate the number of shares of common stock to be issued to you based on the average closing price of Park common stock during the three consecutive trading day period ending on March 3, 2017 (which is the third trading day after the Election Deadline of February 28, 2017). We refer to this price as the “PK Average Share Price.” Because the PK Average

Share Price is calculated in advance of the payment date, the actual number of shares you receive may be different from the number you would have received if the calculation had been made based on the price of Park's common stock on the payment date of the E&P Dividend.

**Question 3. Are There Any Limitations to the Amount of Cash I May Receive if I Make a Cash Election?**

Yes. Park does not intend to distribute cash in excess of 20% of the aggregate value of the E&P Dividend, or approximately \$110.3 million (the "Cash Limitation"), which means that regardless of a stockholder's election choice to receive cash, such stockholder may in fact receive some combination of cash and shares of our common stock. Notwithstanding the foregoing, Park retains the right, in its sole discretion, to increase (but not decrease) the Cash Limitation at any time prior to the Election Deadline of February 28, 2017.

If stockholders make elections that would otherwise require Park to pay an aggregate amount of cash in excess of the Cash Limitation, Park will reduce the amount of cash paid to each stockholder making a Cash Election and each such stockholder will receive a corresponding amount in common stock with respect to the balance of the E&P Dividend. Any reductions in cash will be made pro rata, subject to the limitation that no such stockholder will receive less than 20% of the stockholder's distribution in cash. Accordingly, if you make a Cash Election, in no event will you receive cash equal to less than 20% of your entire entitlement under the E&P Dividend.

**Question 4. Are There Any Limitations to the Amount of Stock I May Receive if I Make a Stock Election?**

In general, if you make a Stock Election, or if you make no election, you will receive your E&P Dividend 100% in shares of Park common stock. However, any shares distributed to stockholders pursuant to the E&P Dividend will be subject to the ownership limitations and transfer restrictions contained in Park's amended and restated certificate of incorporation. For more information, see the Information Statement that was filed as an exhibit to the Registration Statement on Form 10 that Park filed with the SEC on November 23, 2016.

**Question 5. Does Park Expect to Make Additional Dividends to Reduce Its Non-REIT Earnings and Profits Attributable to Pre-REIT Years?**

Park does not anticipate the need for any further dividends to complete the reduction of its non-REIT earnings and profits. If Park later determines that a subsequent dividend is necessary to qualify to be taxed as a REIT in 2017, Park would expect to declare an additional dividend of non-REIT earnings no later than December 31, 2017 and pay such dividend no later than January 31, 2018.

**Question 6. What are the Federal Income Tax Consequences of the E&P Dividend?**

The following is a brief summary of certain U.S. federal income tax consequences of the E&P Dividend applicable to taxable U.S. stockholders. For a more complete discussion of the tax consequences to taxable U.S. stockholders as well as a discussion of the tax consequences to non-U.S. stockholders and tax-exempt stockholders, please refer to the Information Statement that was filed as an exhibit to the Registration Statement on Form 10 that Park filed with the SEC on November 23, 2016.

Generally, the E&P Dividend will be a taxable dividend to you to the extent that it is comprised of your share of Park's current and accumulated earnings and profits allocable to the E&P Dividend, without regard to the form in which it is paid to you. The E&P Dividend is expected to be treated as a

dividend that will first reduce Park's accumulated earnings and profits attributable to pre-REIT years in satisfaction of the REIT annual distribution requirement. Park currently believes that all of the E&P Dividend will be comprised of current and accumulated earnings and profits and, therefore, that the entire E&P Dividend will be taxable as a dividend, regardless of whether you receive cash, shares of common stock or a combination of both. If, notwithstanding Park's current expectations, a portion of the E&P Dividend were in excess of your portion of Park's current and accumulated earnings and profits allocable to the E&P Dividend, that excess will first constitute a tax free return of capital, to the extent of your basis in your shares of Park common stock, and any remainder will be treated as capital gain, assuming you hold your shares as capital assets.

Although REIT dividends generally are not eligible for taxation at the preferential income tax rates (*i.e.*, the 20% maximum U.S. federal rate) that apply to qualified dividends received from taxable corporations by most U.S. stockholders that are individuals, trusts or estates, the E&P Dividend will be considered a qualified dividend eligible for tax at the preferential rates to the extent that the E&P Dividend is attributable to Park's accumulated earnings and profits from its pre-REIT years.

A stockholder of Park common stock will be required to report dividend income as a result of the entire E&P Dividend, even if Park distributes no cash or only nominal amounts of cash to such stockholder. As a result, you may be required to pay income tax with respect to such dividends in excess of the cash dividends received.

If necessary, the Election Agent (as defined below) will sell a sufficient number of shares of Park common stock in the open market at prevailing market prices to satisfy any tax withholding requirements. Any excess funds from the sale will be refunded to you as soon as administratively feasible. Such sale of shares to satisfy tax withholding requirements will be treated as a sale of shares in your account and subject to tax reporting.

A cash payment received by you in lieu of a fractional share of Park common stock will be treated as if you received the fractional share in the E&P Dividend and then received the cash in exchange for that fractional share. As a result, you should generally recognize capital gain or loss equal to the difference between the amount of cash received and the portion of the basis of the Park common stock that is allocable to the fractional share. Any gain or loss should be short-term capital gain or loss. The deductibility of capital losses is subject to limitations.

You are encouraged to consult your tax advisors regarding the application of the federal income tax laws to your particular situation as well as the applicability of any federal estate and gift, state, local or foreign tax laws to which you may be subject.

**Question 7. Could Stockholder Sales of Park Common Stock to Pay Taxes Owed on the E&P Dividend Impact the Price of Park Common Stock?**

Stockholders receiving stock in the E&P Dividend may be required to pay income tax with respect to dividends in excess of the cash dividends received. See "**Question 6. What are the Federal Income Tax Consequences of the E&P Dividend?**" above. If a stockholder sells Park common stock that it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of the stock at the time of the sale. If a significant number of Park stockholders determine to sell shares of Park common stock in order to pay taxes owed on dividends, it may put downward pressure on the market price of Park common stock.

### **Question 8. How Do I Make My E&P Dividend Election?**

If you are a Registered Holder (and you hold your shares directly with Park through its transfer agent, Wells Fargo Bank, N.A.) (a “**Registered Holder**”), please complete and sign the accompanying Election Form and Form W-9 (or Form W-8 if you are a non-U.S. stockholder) and return them in the enclosed envelope as soon as possible. For your election to be valid, Wells Fargo Bank, N.A., as Election Agent, must receive your properly completed and signed Election Form no later than 5:00 P.M., New York City time, on February 28, 2017, the Election Deadline. **If you do not timely return a properly completed Election Form, you will be deemed to have made a Stock Election and receive your E&P Dividend entirely in Park common stock. Your election is irrevocable.**

If you hold your Park shares through a broker, dealer, commercial bank, trust company or other nominee, you should instruct such broker, dealer, commercial bank, trust company or other nominee as to your election with respect to your Park common stock by carefully following the instruction you will receive from your broker, dealer, commercial bank, trust company or other nominee. **Your broker, dealer, commercial bank, trust company or other nominee cannot make an election on your behalf absent your instructions. If you do not timely make your election in accordance with the instructions provided by your broker, dealer, commercial bank, trust company or other nominee, you will be deemed to have made a Stock Election and receive your E&P Dividend entirely in Park common stock.** You may be subject to an earlier deadline for making your election based on the instructions of your broker, dealer, commercial bank, trust company or other nominee.

### **Question 9. Can I Change My Election After I Submit an Election Form?**

No. Your election cannot be revoked or changed once it is received by the Election Agent.

### **Question 10. Can I Elect to Receive a Combination of Cash and Stock?**

No. You must either make a Stock Election, which means that you will receive the E&P Dividend entirely in shares of Park common stock, or a Cash Election, which means that you will receive the E&P Dividend entirely in cash, subject to the limitation described above. As discussed above, because of the Cash Limitation, you may receive a combination of cash and stock even if you make a Cash Election.

### **Question 11. What Happens If I Do Not Make an Election?**

If you do not make a valid election that is **received** by the Election Agent prior to the Election Deadline, then you will be deemed to have made a Stock Election and will receive your E&P Dividend entirely in shares of Park common stock. Further, you will be deemed to have made a Stock Election if you are a Registered Holder and:

- You fail to clearly check a box on the accompanying Election Form;
- You check more than one box on the accompanying Election Form;
- You fail to follow the instructions on the accompanying Election Form or otherwise fail to properly make an election; or
- A properly completed Election Form is not actually **received** by the Election Agent prior to the Election Deadline.

If you hold your Park shares through a broker, dealer, commercial bank, trust company or other nominee, you may be deemed to have made a Stock Election if you fail to follow instructions on making a Cash Election or a Stock Election from your broker, dealer, commercial bank, trust company or other nominee.

**Question 12. Who Will Receive the E&P Dividend if I Transfer My Shares of Park Common Stock After the Record Date?**

You will receive the E&P Dividend with respect to any shares that you held as of the Record Date of January 19, 2017, even if such shares are sold prior to the payment of the E&P Dividend. The purchasers of your shares of common stock will not receive any portion of the E&P Dividend with respect to shares of Park common stock that you held as of the Record Date of January 19, 2017. In addition, you are entitled to make an election with respect to any shares of common stock that you held as of the Record Date, even if such shares were subsequently transferred.

**Question 13. How Long Will It Take to Receive My E&P Dividend After I Make My Election?**

If you are a Registered Holder, as soon as practicable after March 9, 2017, Wells Fargo Bank, N.A. (the “Election Agent”) will issue and mail to you a statement listing the number of shares of Park’s common stock credited to your book entry account and/or a check in the amount of any cash to which you are entitled (and, if applicable, cash in lieu of any fractional share of common stock), in accordance with the terms of this letter and your Election Form.

If you hold your Park shares through a broker, dealer, commercial bank, trust company or other nominee, you will receive your E&P Dividend in accordance with the policies of your broker, dealer, commercial bank, trust company or other nominee.

**Question 14. I Have Received More Than One Set of Election Materials in Connection with the Election. Do I Need to Complete Them All?**

Yes. If you received more than one set of election materials, this indicates that you own stock in more than one capacity or that you own stock in more than one name. For example, you may have Park shares registered directly with Park; you may own Park shares through a third party, such as a broker; or you may own shares both solely in your name and jointly with another person. Each set of election materials you receive is specific to the manner in which you hold your Park shares. Failure to properly complete an Election Form (if you are a Registered Holder) or follow instructions on making an election from your broker, dealer, commercial bank, trust company or other nominee may result in your being deemed to have made a Stock Election with respect to such shares.

**Question 15. How Should I Return My Signed Documents?**

If you are a Registered Holder, a return envelope addressed to the Election Agent (Wells Fargo Bank, N.A.) is enclosed with this package. You may use this envelope to return your Election Form and any additional documentation that may be required to complete your Election, including the Form W-9 (or Form W-8 if you are a non-U.S. stockholder). If you do not have this envelope, you may send such materials to:

*By Mail:*  
Must be received by 5:00 p.m. New York City time  
on the Election Deadline  
Wells Fargo Bank, N.A.  
Shareowner Services  
Voluntary Corporate Actions  
P.O. Box 64858  
St. Paul, Minnesota 55164-0858

*By Hand or Overnight Courier:*  
Must be received by 5:00 p.m. New York City time  
on the Election Deadline  
Wells Fargo Bank, N.A.  
Shareowner Services  
Voluntary Corporate Actions  
1110 Centre Pointe Curve, Suite 101  
Mendota Heights, Minnesota 55120

It is recommended that your documentation be sent (using the return envelope provided) by registered mail with return receipt requested. You may instead choose to send your documentation to the Election Agent by an overnight delivery service.

If you hold your Park shares through a broker, dealer, commercial bank, trust company or other nominee, you should carefully follow the instructions you will receive from your broker, dealer, commercial bank, trust company or other nominee in order to return your signed election materials.

**Question 16. When Is My Election Form Due?**

The Election Deadline is 5:00 p.m., New York City time, on February 28, 2017. If you are a Registered Holder, your Election Form and related documents must be **received** by the Election Agent prior to the Election Deadline. If you hold your Park shares through a broker, dealer, commercial bank, trust company or other nominee, you must return your election instructions to them in time for them to make an election to the Election Agent on your behalf prior to the Election Deadline. Please refer to the instructions provided by your broker, dealer, commercial bank, trust company or other nominee for the applicable deadline.

**Question 17. Who Can I Contact If I Need Help with My Election Form or Have Additional Questions?**

If you have any questions regarding the election materials, please contact Park's Information Agent, Georgeson LLC, at the address and phone number listed below:

Georgeson LLC  
1290 Avenue of the Americas, 9<sup>th</sup> Floor  
New York NY 10104  
Toll Free Number: (800) 903-2897

**Question 18. Where Can I Learn More About Park?**

Park files (or expects to file) annual, quarterly, and current reports, proxy statements and other information with the SEC. Park encourages you to review the most recent information available regarding Park, including the Information Statement that was filed as an exhibit to the Registration Statement on Form 10, which Park filed with the SEC on November 23, 2016 in connection with the Spin-Off, before making your election decision. This document, as well as other public filings made by Park, are available to the public at the SEC's website at <http://www.sec.gov>. Stockholders are also encouraged to review information about Park on its website at <http://www.pkhotelsandresorts.com>. The reference to the SEC's website, Park's website and the information contained therein are not intended to be incorporated into this document.