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## CORPORATE PARTICIPANTS

**Kevin J. Jacobs** *Hilton Worldwide Holdings Inc. - CFO & President, Global Development*

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**Thomas Glassbrooke Allen** *Morgan Stanley, Research Division - Senior Analyst*

## PRESENTATION

**Thomas Glassbrooke Allen** - *Morgan Stanley, Research Division - Senior Analyst*

I'm Thomas Allen, Morgan Stanley's U.S. gaming lodging and leader analyst. I'm very happy this morning to be joined by Kevin Jacobs, the CFO of Hilton Hotels. Before we get into our Q&A of what life after Co is going to be like for Hilton, I'm going to do a quick disclosure. Please note that this webcast is for Morgan Stanley's clients and appropriate Morgan Stanley employees only. The webcast is not for members of the press. If you are member the press, please and reach out separately. For important disclosures, please see the Morgan Stanley research disclosure website at www.morganstanley.com/researchdisclosures.

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## QUESTIONS AND ANSWERS

**Thomas Glassbrooke Allen** - *Morgan Stanley, Research Division - Senior Analyst*

So Kevin, going right into it. Thank you again. Can you describe the impact COVID has had on your business? And where are you in terms of -- now in terms of the recovery?

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**Kevin J. Jacobs** - *Hilton Worldwide Holdings Inc. - CFO & President, Global Development*

Yes. Thanks for having me, Thomas. As we were talking before, it's a distinguished list of companies that you guys have for this life after COVID event. So we're happy to be here. Yes, look, obviously, our business, we're in the travel business. So our business relies a lot of mobility. And so the impact that COVID had early in the crisis when people -- when the economies of the world started shutting down due the lockdowns was that almost overnight, our revenues went down 85% to 90%. We finished the second quarter with same-store sales down 81%. So third quarter that we just reported, same-store sales were down 60%. So obviously, that's -- you and I have both been covering this business for a long time. Those are numbers that were inconceivable -- minus $60 million was inconceivable prior to 2020 in our business, but it turns out it's 20 points better than the second quarter was. So that it feels like -- and really to break that down, what happened over the course of really the second quarter, sort of, if April was the low over the course of May and June, in the second quarter, we were adding about 10 occupancy points a month. For the first 2 months of the third quarter, we were adding about 5 occupancy points per month. And then what happened in September, and that trend has continued into October is we've sort of leveled off there. And the reason for that is our business in normal times is about 70% corporately driven one way or the other, whether that's corporate individual travelers or corporate groups, and that's been turned on its head, right now. Leisure is the predominant travel segment. You have some business travel and a little bit of group, mostly recovery related business, first responders and the like or sports teams, things like that. Obviously, you don't have big group conventions or big corporate conventions at the moment, but what happened is, as you get into the end of the summer in the Northern Hemisphere, you had some of that leisure drop off, not all of it, but some of it. And then you had a little bit of incremental business travel that sort of filled in the leisure one for one. And now we're sort of flattish for a little while here. And obviously, we had news yesterday around the vaccine. That was pretty good. The stocks responded accordingly, but now we have to build it's still going to be a while before people feel safe, congregating. And so that's -- that will be the next -- what we think will be the next step change in our business is when you can kind of get back to having medium to large groups in the hotels.

**Thomas Glassbrooke Allen** - *Morgan Stanley, Research Division - Senior Analyst*

So a lot of focus there on the short-term and you being at kind of the win of the market and market demand. Can you talk about some of the things that health has done to kind of change comfort with traveling in this current environment. I know you have this health and clean stay program. You've been talking about workspaces by Hilton. Can you talk a little bit about them? And then do you think -- can you -- do you have any metrics around if they've been successful?

**Kevin J. Jacobs** - *Hilton Worldwide Holdings Inc. - CFO & President, Global Development*

Yes. I mean the core -- look, the core of it is what we call the Hilton Cleans Day, right? So that is -- we've -- obviously, we've always had very high levels of cleanliness and hygiene in our properties, and customers have been able to rely on that. It's 1 of the reasons they keep coming back. I'm sure there's people on the webcast today who have had less than perfect experiences in one of our hotels. And so feel free to call me about that, if you want, but I think we've always been really good at that, but with COVID, it's about being even better. So we did the partnership with Lysol and the makers of Lysol and Mayo clinic early on in the crisis because we wanted to say, we want to do everything we could to make people so when you come into one of our hotels, if you are traveling, first of all, thank you for that, if you are. Secondly, you're going to see people wearing PPE. You're going to see Plexiglass shields. You're going to see distancing markers, all the normal stuff that everybody is getting used to in their lives, and then in clean stay, it's about an extra level of cleanliness in the room using Lysol's products, which are obviously top of the line and people feel very comfortable with. And then things like the door seal, once the housekeeper leaves the room, we sanitize, we put the seal on the door that you break when you come in. Everything sort of builds off of that. So then we have what we sort of customize that program for meetings, we call it event ready, but it's really based on the same standards with some additional protocols for how do you deal with having people in the room? And how do you deal with the technology side of hybrid events. And then the workspace is just a way, look, we have a lot of capacity, we have a lot of non-utilized hotel room. So we have capacity, and we have people that are now not able to go to their offices and maybe for whatever reason, they want to get -- they want to get out of their house and a hotel room is a great place to so the event -- the workspace is just around taking that environment we've built that at the moment, with demand way down, we have capacity in just being able to -- our job is to our job is to get whatever business and the hotels we can for our hotel owners. And so it's just another way for our hotel owners to make money.

**Thomas Glassbrooke Allen** - *Morgan Stanley, Research Division - Senior Analyst*

You said earlier, thank you for people who are coming to stay. And obviously, demand is severely impacted. Are you seeing a lot of difference between kind of loyalty and non-loyalty customers? And I guess also like road warriors versus non-road warriors, like are the rodo just not traveling or if you used to be a road warrior, you're coming a little?

**Kevin J. Jacobs** - *Hilton Worldwide Holdings Inc. - CFO & President, Global Development*

Yes. I think it's a -- I think it's more the latter where there are business people -- there are business people -- I mean, in fact, we think 45 -- I mean, just to sort of level set a little bit. In the second quarter, we think we estimate that 60% of the occupancy was leisure. About 30% was business and 10% was in the third quarter, it was really balanced between leisure and business. It was about 45% leisure, 45% business. Now again, some of that was because as you got past the summer and into September, there's just less less people going on vacate -- fewer people going on vacation, the business traveler that's out there, yes, is, I think, the road warrior, meaning, obviously, big companies like Morgan Stanley, and the tech companies, your people -- those people are not traveling. If you're a small business owner and you have to go somewhere and get some sales done to survive, you're getting your car and you're driving and you're going and trying to sell your product and a lot of -- and we're doing a lot more same day, a lot more day of arrival business. And a lot of people that just go on the road and they drive up to a hotel when they get tired and say, "Hey, can I have a room for the night?" So it's kind of like the old school roadside motel business, that's just a lot of what's out there. And so it is -- there is more of that than maybe people would guess.

**Thomas Glassbrooke Allen** - *Morgan Stanley, Research Division - Senior Analyst*

If it helps, I stayed at a couple of hotels since the pandemic (inaudible) on supporting the industry.

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**Kevin J. Jacobs** - *Hilton Worldwide Holdings Inc. - CFO & President, Global Development*

Hilton, of course, right?

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**Thomas Glassbrooke Allen** - *Morgan Stanley, Research Division - Senior Analyst*

Only Hilton. We have expensive tastes here at Orion County. Yes. So what do you see as the long-term structural headwinds, tailwinds to the hotel business? We've done a couple of corporate travel manager surveys, which have found that corporate travel managers expect to ship about 20% of the travel to virtual meetings in the long term. Do you think that, that's a fair expectation? And then on the flip side, we all more remotely, I'm working out of Houston right now. I'm going to go back to New York, and I'm potentially going to need a place to stay in a hotel, for example, do you think that, that could be a big driver of upside in the future?

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**Kevin J. Jacobs** - *Hilton Worldwide Holdings Inc. - CFO & President, Global Development*

Yes. So look, it depends on what your definition of permanent is, I read your report. As always, I thought it was thoughtful. You obviously don't just make stuff up, you do a lot of research, and I have no reason to judge the validity of your conclusions. I just think there are more conclusions for the now. I think in the end, when we're really past this the business will look more -- a lot more like it did before than it does today. And I think that the -- we're not big believers in new normal. We don't have our heads in the sand. I think -- we think hybrid meetings is a thing. I mean, most of the people we talk to about hybrid meetings. In the long run, my guest/our guest, that's not going to reduce capacity of meetings, it's actually going to increase the capacity and what you're going to have is a certain number of people that come live and then more people that -- I mean, I can tell you the meeting planners and the associations and people that run events for a living are trying to use hybrid or thinking along the lines of using it to grow their business, not to shrink their business, right, or not to hang on, right? So I do think you'll have hybrid for a while, but I think you'll get back to capacity. I do think we've learned a lot about lower impact and lower value travel, meaning there are interactions or there are business trips that can now be done virtually. There's a lot of things we've built some muscle memory about virtual, but we think in the end that, that means the low impact or low-value trips get replaced with higher value is so people spend more of their available travel time on research and development and using kind of grow the top end of the funnel of their business versus just more transactional stuff. And so we don't think there will be permanent headwinds in our business.

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**Thomas Glassbrooke Allen** - *Morgan Stanley, Research Division - Senior Analyst*

Yes. So I --

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**Kevin J. Jacobs** - *Hilton Worldwide Holdings Inc. - CFO & President, Global Development*

We realize we're biased in that.

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**Thomas Glassbrooke Allen** - *Morgan Stanley, Research Division - Senior Analyst*

So look, someone who's not biased, and the job is to be objective. Look, our general view is that there will be some shift, but it's very easy to say here and now right now. Like we're doing a virtual conference right now. And so it will be very interesting to see how those respondents change in a couple of months once I want it out on the road. If your competitors are out on the road, my job is if my competitor is going to see of Canton Boston, and I'm the only one left not going, that's not going to help my career, right? So what we generally view virtual meeting shifts is more of a potential impact on the margin than it is likely like massive.

**Kevin J. Jacobs** - *Hilton Worldwide Holdings Inc. - CFO & President, Global Development*

And if there's a -- look, and the other thing we have to remember is we are going to be in a recession when this is -- I mean, look, quarter-over-quarter, you're going to have all kinds of growth because you're off of a lower base, but you're going to need to build the business back. And especially in our business, you got to build the group business back, and that always comes back on a lag. So I'm not saying that demand snaps back to 2019 levels overnight, but in that interim period where demand remains a little bit lower, you're going to need fewer hotels. And so I think our growth, and you haven't asked about it, but we can launch into that whenever you want. I mean, our growth rate will be relatively sustained because we'll take more share, but fewer hotels will get built during this interim period where you need less capacity. So that's actually -- the flip side of that is that that's good for fundamentals, right? I mean that if you have capacity additions constrained for a while that helps the existing hotels and our existing owners do better in the interim. And so that means fundamentals will be supported on the flip side.

**Thomas Glassbrooke Allen** - *Morgan Stanley, Research Division - Senior Analyst*

So broadly, U.S. unit growth has been growing at about 2% a year historically. And then in the past few years, Hilton has.

**Kevin J. Jacobs** - *Hilton Worldwide Holdings Inc. - CFO & President, Global Development*

Well, historically, meaning that's the long-term average that we had just gotten back to a just-in-time for it to flip-over, we had just gotten back to the long-term average. So I know they're I -- I know there are people -- they're more generalists on the line here today than the people who cover our business. We had just gotten back to the long-term average before it flipped before now it's going to flip over.

**Thomas Glassbrooke Allen** - *Morgan Stanley, Research Division - Senior Analyst*

Yes. And so held grew at 6% to 7%. On our estimates, you had 13% of all hotel rooms in the U.S. and 24% of the future pipeline and then you're growing exponentially internationally. So that's why you're growing so much faster than the industry as a whole. Can you talk a little.

**Kevin J. Jacobs** - *Hilton Worldwide Holdings Inc. - CFO & President, Global Development*

I mean just to market a little bit. So I mean, in the U.S., which is a much more developed market, we're taking 2x our share, right? So our -- your numbers are plus or minus our numbers. I mean we think we're more like 11% or 12% of the installed base, and we're something like 24% of the rooms under construction, but directionally, 2x. And then globally, it's 4.5. I mean, we're 5% of the installed base, and we're almost 20% of the rooms under construction. So it's approaching 4x outside the U.S.

**Thomas Glassbrooke Allen** - *Morgan Stanley, Research Division - Senior Analyst*

So the crux of the question is, talk about future rooms growth. I mean, you talked on your last earnings call about hitting close to the 5 this year and seeing the sustainability of that. I think a lot of us -- a lot of generalists would say, how are you doing that, right? Like who's building a new hotel now. You just went through this pandemic. I think that people would think the closures are a lot more likely than new openings. And so can you just talk a little bit about that, and how you're continuing to kind of be a leader?

**Kevin J. Jacobs** - *Hilton Worldwide Holdings Inc. - CFO & President, Global Development*

Yes. No, I appreciate that. I mean, look, first of all, I'd say you don't have, at least in the parts of the business or at the price points and the chain scales that that we operate at, you don't really usually have a lot of closures. I mean, at the upper end of the business, when you have sort of negative supply growth or declines in capacity, it's usually driven by a push, very strong residential markets. And so you see hotels convert in cities, you see hotels convert to multifamily residential, probably not going to see a lot of that this cycle. So I don't think there's going to be a lot of removals.

Who's building hotels now are people that have already been under construction, right? So remember, the whole thing is on a lag. And so yes, the world is going to be risk off from a development perspective for a little while. And so now, by the way, we think signings are only going to be down about 20% this year. Right? And I'll come back around to who are the 80% of run rate that are still signing deals. So if you're under construction, you're going to keep going and then the development cycle is on a lag. So there wants to be a little bit of a lower rate of growth 2 or 3 years out from these demand shocks. And our job is to fill in more with the lower end brands that they deliver more quickly because they left the hotels themselves take less time to build and then conversions, right? And so we convert -- we always, in any given year, about 20% of our new openings are conversions. In down markets, we tend to do more conversions because our commercial engines are strong. And there's more of a flight to quality where owners say, "okay, I had an independent hotel. I thought I could go it alone, but I really need a brand now", so they convert -- or I have a weaker brand and I want to convert to a stronger brand. So we do more conversions but then we'll still -- we'll still -- we'll still sign a lot of deals, and we'll still start a lot of hotels under construction. We'll start fewer than -- for a couple of years, we think we'll start fewer than we were, of course, because the world's risk off and development capital is harder to come by, et cetera, et cetera, but the really smart people in our business and the people that have the financial wherewithal, they know that the best time to build a hotel is during a recession and during a down market because you'd rather be under construction. One, it's going to cost you less to build it because there's less demand for general contractors and labor and materials; your cost of capital is going to be less because rates are lower; and then three, by the -- usually, by the time you build the hotel, you open your hotel into the next bull market. And so the people that can actually build hotels during recessions are the -- they tend to make more money. And fortunately, for us, we have a lot of those development partners in our stable of developers, and they're going to keep doing deals. It's just going to be at a lower rate of growth for a little while than it had been pretty crisis.

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**Thomas Glassbrooke Allen** - *Morgan Stanley, Research Division - Senior Analyst*

And from what we hear, it's easier to get financing for the development of Hilton, for example, Marriott hotel than it is for most other brands?

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**Kevin J. Jacobs** - *Hilton Worldwide Holdings Inc. - CFO & President, Global Development*

Yes. Yes, it always is, right? I mean there are certain lender groups like developers, developers preference our brands because they think they're going to make more money. Lenders preference our brands because they, on a risk-adjusted basis, feel better about getting paid back.

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**Thomas Glassbrooke Allen** - *Morgan Stanley, Research Division - Senior Analyst*

On the closure front, I often say to people, it's easy when you live in one of the major especially New York to think that there are a lot of closures because you read it in the New York Post or whatever, all the time that they're there about closures in the city, but in New York, there's higher and better use, if you own a Holiday Inn to Mississippi, what else is it going to be, except for maybe a comfort in in Tupelo, Mississippi, but it's still going to be a hotel. Can't really convert it.

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**Kevin J. Jacobs** - *Hilton Worldwide Holdings Inc. - CFO & President, Global Development*

Yes, look, to our brands, it's going to stay with our brands, but sure, keep talking about our competitors.

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**Thomas Glassbrooke Allen** - *Morgan Stanley, Research Division - Senior Analyst*

I was trying to say that none of your hotels closed, that's why I chose to use (inaudible) competitor. So what are you hearing though from your franchisees, like what is the health of the franchisees? There was definitely a lot of focus on getting them stimulus. We heard a lot about kind of debt maintenance deferrals when COVID virus hit, but that was expected to kind of end by year-end. So what are you hearing from them in general?

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**Kevin J. Jacobs** - *Hilton Worldwide Holdings Inc. - CFO & President, Global Development*

Yes. Look, there's still -- look, there's still a lot of people out there struggling. Again, I'll go back to the beginning. We think thinkings are getting better in our business for revenue still down 60%, right? And it's probably down in the 55% range in the U.S., right? But I think that so it's better than it was, but there's still a lot of pain out there, and it's really deal by deal. So yes, if you live in a big city, part of it you'll hear about -- again, you read a lot of headlines, but there really haven't been that many hotel closures yet, and we really don't think there will be a lot of them. And yes, in big urban environments, you have the highest and best use of a hotel might be -- first of all, the highest and best use of a lot of hotel sites might -- depending on a part of town you're in, in New York, might be office, but even -- but the highest and best use has improved is probably still a hotel in almost all cases because it costs a lot of money if you convert a hotel into a different use. That's why I said a lot of the closures, the hotel to residential is a lot less expensive than hotel to anything else, which is why that's what you mostly see, but again, you're right, that's more of an urban phenomenon. It doesn't mean owners aren't struggling. And so what we would say is, we said this publicly on our call, we think about 75% of our hotels systemwide are breakeven at the moment. And that's -- and breakeven through debt service. And the reason for that is, our limited service hotels in secondary and tertiary markets, which is a lot of the portfolio, they have a different labor model and a different -- ultimately, a different cost structure than the big full-service urban hotels do, right? And so they can make it work at these levels of occupancy. The inverse of that 75%, unfortunately, is that means 25% of our properties, the owner is still feeding it with cash because there's not enough demand to cover their expenses. So at the moment, most of them are getting continued forbearance from their lenders. I mean, everybody is trying to -- everyone is doing their best to work together to try to make a work to share the pain, right, where maybe the lender takes a little bit of a discount. The equity takes a little bit of a discount. They share the expenses to fund it along the way, and they make it through the other side. That's what everybody is trying to do at the moment. I think how that ultimately plays out will depend on the duration of the crisis, right? I mean the reality is, again, good news yesterday. We hope there's a vaccine soon. We don't know if there will be, hopefully, some combination of vaccine therapeutics, curved immunity, better weather, the passage of time, however you want to slice it, I think everybody is hopeful that it won't be too much longer, but the question is, in some cases, it depends on how much debt you have, where -- when is your next maturity, right? I mean, meaning if you have a near term maturity, you might be in a bit of a different situation. And so I think there will be a round of deals whether that be not just forbearance next time, but some like debt pay down, combined with rescue capital, people will raise equity or additional common equity to pay down the loan and make it through to the other side. So I think there's a round of those kinds of discussions and transactions that are still to come.

**Thomas Glassbrooke Allen** - *Morgan Stanley, Research Division - Senior Analyst*

And just on the franchisor versus franchisee relationship, you've streamlined your corporate structure a lot, and we have heard that some of those kind of like franchise relations your people have left, what's going to change in the (inaudible) and the dynamic between the franchisors?

**Kevin J. Jacobs** - *Hilton Worldwide Holdings Inc. - CFO & President, Global Development*

No. I mean, look, we have, unfortunately, had to reduce our force quite significantly, I'd say, the best way I can describe it is owner relations as a team support, right? I mean all of our I think we have every single one of our -- there's one deal in our pipeline, and it's in the Middle East that is structured as a lease technically, it's really more like a management contract than a lease, but every single one of the hotels in our pipeline, and every single one of the hotels that we add going forward is built by somebody else, right? And so our owners are our lifeblood. And our owner is choosing to preference our brands is what drives our network effect and drives our growth rate and what really that's our flywheel, right? And so we have to -- our owners are everything to us. And so all of us make it our jobs to -- we -- yes, technically, we have some people whose job is to work with the owners day-to-day. And frankly, we've reduced those folks less than we have others, but the reality is, I think, our relationships with our owners are quite strong, and we get very high marks for our owners in terms of the way they deal with us versus our competitors. And I think part of that is, starting with the CEO who came from the REIT business, there are a bunch of us here at Hilton, me included, who came from the ownership side of the business. So we know what they're up against. And we -- and we understand that without our owners being successful, then if our owners aren't successful, ultimately, then we're out of business.

**Thomas Glassbrooke Allen** - *Morgan Stanley, Research Division - Senior Analyst*

Yes. The general feedback I've gotten from owners is that they're happy with the flexibility that they've gotten. And then in ways, if they feel like they've gotten a bigger seat at the table with some of the ships because they are experiencing it as a group. And like you're all working together to get through this, and this has kind of brought a lot of people. Just -- we have 2 more topics I want to hit for our remaining 5 more minutes. Travel distribution. So you've done a really good job over the past few years, getting more and more people to book through hilton.com and through your apps. How do you think that, that's going to change? And how is it changing? And then the relationship with online (inaudible) is always a topic of interest?

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**Kevin J. Jacobs** - *Hilton Worldwide Holdings Inc. - CFO & President, Global Development*

Yes. I think, look, a good question. Of course, and an important one. Ultimately, we don't think a lot is going to change, meaning our strategy -- our distribution strategy is the same. We have been driving the benefits of booking Direct for all the reasons that we've covered over time, right? We think we have -- having a more direct relationship with the customers is better for the customer. It's clearly better for our owners, the more we can drive distribution costs down, but that said, third parties, and particularly online travel agents have been and will continue to be important partners of ours. And so our approach to third-party distribution won't change. As a matter of fact, with COVID, our direct bookings have gone up more than our indirect booking, but also OTA bookings have gone up somewhat. And they've not gone up dramatically, but they've gone up. And the reason for that is mix, right? The reason for that is there's more of the demand that's available is less frequent leisure travelers, and that's where the OTAs, they do a really good job. And so our job at the moment is not to bias against channels that can bring our owners more profit, that our job is to bias 2 channels that will bring our owners more profit. And so it's natural that, that's gone up, but the reality is, that we talked earlier in the discussion about Road warriors and people just driving up the hotels and booking a room, that's gone up more than any other channel. And so we've actually shifted more direct business. And then the other thing is some of our -- we didn't design our contactless, our -- we didn't design our digital experience for COVID, of course, because no one knew that COVID was coming, but our features like the ability to check in to your -- check, choose your room, check-in, use your -- the mobile app as your room key, that works pretty well for COVID, and we've opened that up now to all of our channels, right? And so even customers that book indirectly can use those tools, but guess what, they have to sign up for Honors for the program to be able to use them. And so we've been able to maintain our level of occupancy that our loyalty members is down slightly, but not anywhere near what you might think. OTA bookings up slightly, but not anywhere near what you might think. And direct business overall is up. And so we think we'll make it through the crisis just fine in that regard, and the strategy will remain the same kind of post crisis.

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**Thomas Glassbrooke Allen** - *Morgan Stanley, Research Division - Senior Analyst*

How many loyalty members do you have now?

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**Kevin J. Jacobs** - *Hilton Worldwide Holdings Inc. - CFO & President, Global Development*

[110-or-so million].

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**Thomas Glassbrooke Allen** - *Morgan Stanley, Research Division - Senior Analyst*

And then just last question, I'll turn it over to accommodations. So your peer Marriott has large or platform for alternative accommodations in their system. You have not -- news reports adjusted that business did well over the summer. Any thoughts on adding that business to your platform? And if not, why?

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**Kevin J. Jacobs** - *Hilton Worldwide Holdings Inc. - CFO & President, Global Development*

No. So short answer is no. And why is for the same reasons, right? And so yes, you've had a lot of people, mainly participants in that business sort of touting how well they did over the summer. Well, if your business is almost entirely leisure-driven, then yes, you had a good summer, right? I mean, because that's what I just got done saying a few minutes ago how the overwhelming majority of our business is -- or a big shift of our business mix was leisure in the second quarter and it remains in the third quarter, of course, those businesses are doing better because there's more leisure travelers out there. We still don't think our customers want it from us. We have [1.3 million] approaching [1.4 million] hotel rooms. So our view is the -- our customers don't really want it from us. It's not our core business and the institutional distraction that it would create. And I guess, we're way behind that 10,000, 0 to 10,000 listings doesn't, to us doesn't seem to be worth.

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**Thomas Glassbrooke Allen** - *Morgan Stanley, Research Division - Senior Analyst*

You did mention the franchisee relationship, which is interesting. You don't think it would be an issue with the franchisees?

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**Kevin J. Jacobs** - *Hilton Worldwide Holdings Inc. - CFO & President, Global Development*

No, no, no, I do. I didn't want to -- no. I just figured I'd focus on the strategic merit of it. You should ask Marriott about that.

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**Thomas Glassbrooke Allen** - *Morgan Stanley, Research Division - Senior Analyst*

Perfect.

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**Kevin J. Jacobs** - *Hilton Worldwide Holdings Inc. - CFO & President, Global Development*

We just say because we're not in the business, so we don't get the real reactions.

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**Thomas Glassbrooke Allen** - *Morgan Stanley, Research Division - Senior Analyst*

Got it. Kevin, this has been super informative. Thank you for taking the 30 minutes with us. Thank you everyone for listening.

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**Kevin J. Jacobs** - *Hilton Worldwide Holdings Inc. - CFO & President, Global Development*

Yes. Thanks, everybody. Talk to you.

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