

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009
FOR
HLT Operating Mezz III-E Limited**

THURSDAY



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COMPANIES HOUSE

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for the year ended 31 December 2009

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DIRECTORS:

Mrs E J Rabin
Mr M J Way
Mr B Wilson
Hilton Corporate Director LLC

SECRETARY:

HLT Secretary Limited

REGISTERED OFFICE

Maple Court
Central Park
Reeds Crescent
Watford
Hertfordshire
WD24 4QQ

REGISTERED NUMBER:

6399181

AUDITORS:

Ernst & Young LLP
1 More London Place
London
SE1 2AF

REPORT OF THE DIRECTORS
for the year ended 31 December 2009

The directors present their report with the financial statements of the company for the year ended 31 December 2009

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of an investment holding company

REVIEW OF BUSINESS

The company has made neither a profit nor a loss (2008 £-) in the year ended 31 December 2009

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2009

FUTURE DEVELOPMENTS

The company will continue to operate as an investment holding company in the future

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2009 to the date of this report

Mrs E J Rabin
Mr M J Way
Mr B Wilson
Hilton Corporate Director LLC

Other changes in directors holding office are as follows

Mr L Lichman - resigned 30 June 2009

EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

No significant post balance sheet events have occurred

PRINCIPAL RISKS AND UNCERTAINTIES

The company's principal activities are those of an investment holding company. As such the principal risks and uncertainties facing the company relate solely to the recoverability of the value of those investments.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

During the year Hilton Worldwide, Inc purchased and maintained on behalf of the company liability insurance for its directors and officers, in respect of proceedings brought by third parties, as permitted by section 236 of the Companies Act 2006.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

REPORT OF THE DIRECTORS
for the year ended 31 December 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he/she is obliged to take as a director to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS

In accordance with section 485 of the Companies Act 2006, a resolution is proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the company.

ON BEHALF OF THE BOARD:



Director ELIZABETH RABIN

03 SEP 2010

Date

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF HLT OPERATING MEZZ III-E LIMITED

We have audited the financial statements of HLT Operating Mezz III-E Limited for the year ended 31 December 2009 on pages five to nine. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on pages two and three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of the result for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

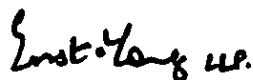
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Richard Murray (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP
1 More London Place
London
SE1 2AF

Date **03 SEP 2010**

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2009

		Year Ended 31 12 09 £	Period 15 10 07 to 31 12 08 £
	Notes		
TURNOVER		-	-
OPERATING PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	-	-
Tax on profit on ordinary activities	4	-	-
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u>-</u>	<u>-</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous period

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses for the current year or previous period

The notes form part of these financial statements

BALANCE SHEET
31 December 2009

	Notes	2009 £	2008 £
FIXED ASSETS			
Investments	6	86,667,290	86,667,290
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>86,667,290</u>	<u>86,667,290</u>
CAPITAL AND RESERVES			
Called up share capital	7	100	100
Share premium	8	86,667,190	86,667,190
SHAREHOLDERS' FUNDS	10	<u>86,667,290</u>	<u>86,667,290</u>

The financial statements were approved by the Board of Directors on its behalf by

03 SEP 2010

and were signed on



Director **ELIZABETH RABIN**

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2009

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards

Fixed asset investments

Investments in subsidiary undertakings are stated at cost. Impairment reviews are carried out as and when required by FRS 11

2 STAFF COSTS

All operations of the company during the year ended 31 December 2009 have been undertaken by employees of other companies within Hilton Worldwide, Inc. A charge of £- has been included in the financial statements in respect of their services (2008 - £-)

3 OPERATING PROFIT

The remuneration of the auditors is borne entirely by Hilton International Co

4 TAXATION

The company made neither a profit nor a loss during the period and as such there is no tax charge for the period or any tax balances to report

5 DIRECTORS' REMUNERATION

The directors of the company were also directors of other undertakings within Hilton Worldwide, Inc. The directors' remuneration for the year was paid by the other undertakings. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of the fellow subsidiary undertakings

6 FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2009 and 31 December 2009	86,667,290
NET BOOK VALUE	
At 31 December 2009	86,667,290
At 31 December 2008	86,667,290

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2009

6 FIXED ASSET INVESTMENTS - continued

As a result of the acquisition of Hilton Worldwide, Inc by BH Hotels LLC, on 24th October 2007, there was a restructuring of the companies within Hilton Worldwide, Inc

New sets of companies known as Mezzanine stacks were added to the group company structure, in part to comply with the terms and stipulated conditions in the loan agreements between Hilton Worldwide, Inc and third party providers. The Mezzanine companies, of which this company is one, act as intermediate holding companies of wholly owned operating companies.

As a result of the creation of this structure on 24th October 2007, HLT Operating Mezz III-E Limited formed the subsidiary as disclosed below. The company then acquired the operating companies from its immediate parent and subsequently sold it to its newly formed subsidiary as part of the transfer of the operating companies to the bottom of the Mezzanine stack. All transactions were carried out at book value.

	Country of registration and operation	Principal activity	Holding	Proportion of voting rights and shares held
HLT Operating Mezz III-D Limited	England	Investment holding company	Ordinary shares	100%

The shares owned by the company are pledged as security under the terms of the loan agreements between Hilton Worldwide, Inc and third party providers.

The company has utilised the exemption under Section 410 of the Companies Act 2006 not to disclose all undertakings held by its direct subsidiaries as none of those undertakings principally affect the profit or assets of the company.

Consolidated financial statements have not been prepared as the company is consolidated into the financial statements of a larger group, for which the consolidated financial statements are publicly available, as disclosed in the below note "Parent undertaking, controlling party and consolidating entity".

In the opinion of the directors the aggregate value of the investment in subsidiary undertakings is not less than the amounts at which they are stated in these financial statements.

7 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid		Nominal value	2009 £	2008 £
Number	Class			
100	Ordinary shares	1	<u>100</u>	<u>100</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2009

8 RESERVES

	Profit and loss account £	Share premium £	Totals £
At 1 January 2009	-	86,667,190	86,667,190
Profit for the year	-	-	-
At 31 December 2009	-	86,667,190	86,667,190

9 RELATED PARTY DISCLOSURES

The company has taken advantage of provisions in FRS 8 which exempt wholly owned subsidiary undertakings within the Hilton Worldwide, Inc group, from disclosing transactions with other entities within the group. The ultimate parent undertaking at 31 December 2009, Hilton Worldwide, Inc has included the required related party disclosures within its group financial statements.

10 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009 £	2008 £
Profit for the financial year	-	-
Issue of ordinary shares	-	86,667,290
Net addition to shareholders' funds	-	86,667,290
Opening shareholders' funds	86,667,290	-
Closing shareholders' funds	86,667,290	86,667,290

11 PARENT UNDERTAKING, CONTROLLING PARTY AND CONSOLIDATING ENTITY

The company's immediate parent undertaking is HLT Operating Mezz III-F Limited, an investment holding company registered in England.

The ultimate parent undertaking and controlling party at 31 December 2009 is BH Hotels Holdco LLC, a company controlled by certain investment funds affiliated with the Blackstone Group LP, a publicly owned entity registered in the United States of America.

The only undertaking for which group financial statements were prepared and into which the company is consolidated for 31 December 2009, was Hilton Worldwide, Inc (formerly known as Hilton Hotels Corporation), a Delaware company incorporated in the United States of America. These group financial statements are available from the company secretary, Hilton Worldwide, Inc, 7930 Jones Branch Drive, McLean, Fairfax County, Virginia VA 22102-3302, United States of America.

12 CASH FLOW STATEMENT

The company has taken advantage of the provision within FRS 1 which exempts subsidiary undertakings, 90% or more of whose voting rights are controlled within Hilton Worldwide, Inc, from preparing a cash flow statement as consolidated financial statements in which the company is included are publicly available.