

HYATT HOTELS CORP

FORM 8-K (Current report filing)

Filed 12/14/12 for the Period Ending 12/12/12

Address	71 SOUTH WACKER DRIVE 12TH FLOOR CHICAGO, IL 60606
Telephone	(312) 750-1234
CIK	0001468174
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SIC Code	7011 - Hotels and Motels
Industry	Hotels & Motels
Sector	Services
Fiscal Year	12/31

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

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): December 12, 2012

HYATT HOTELS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-34521
(Commission
File Number)

20-1480589
(IRS Employer
Identification No.)

71 South Wacker Drive, 12th Floor
Chicago, IL
(Address of principal executive offices)

60606
(Zip Code)

Registrant's telephone number, including area code: (312) 750-1234

Former name or former address, if changed since last report: Not Applicable

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(e) On December 12, 2012, the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Hyatt Hotels Corporation (the “Company”), approved new employment letter agreements between the Company and Thomas J. Pritzker, the Company’s Executive Chairman of the Board, and Mark S. Hoplamazian, the Company’s President and Chief Executive Officer. The Company and each of Messrs. Pritzker and Hoplamazian have each executed the new employment letter agreements.

Mr. Pritzker’s employment letter agreement (the “Pritzker Agreement”) will become effective on January 1, 2013, and will supersede the employment letter agreement between him and the Company dated as of July 30, 2009. Pursuant to the Pritzker Agreement, Mr. Pritzker will continue to serve as Executive Chairman of the Board until December 31, 2015 after which time the Pritzker Agreement will automatically renew for one-year periods. The Company has agreed to use commercially reasonable efforts to appoint Mr. Pritzker as Executive Chairman for so long as he is a member of the Board and as long as he is willing and able to serve in that office, and if he is not so appointed Mr. Pritzker will be entitled to terminate his employment and to the rights and entitlements under the Company’s Corporate Office Severance Plan as in effect and as amended from time to time (the “Severance Plan”) (or, if applicable, the Company’s Executive Change in Control Plan as in effect and as amended from time to time (the “CiC Policy”) as if his employment were terminated by the Company without cause. The Pritzker Agreement also provides that Mr. Pritzker will be entitled to a base salary of \$500,000 per year, subject to certain adjustments and withholdings, to receive annual equity awards under the Amended and Restated Hyatt Hotels Corporation Long Term Incentive Plan (the “LTIP”) with a target grant date fair value of \$3,722,500, subject to adjustment by the Committee, and to various other benefits as further described in the Pritzker Agreement.

Mr. Hoplamazian’s employment letter agreement (the “Hoplamazian Agreement”) will become effective on January 1, 2013 and will supersede the employment letter agreement between him and the Company dated as of July 30, 2009. Pursuant to the Hoplamazian Agreement, Mr. Hoplamazian will continue to serve as President and Chief Executive Officer of the Company until December 31, 2015 after which time the Hoplamazian Agreement will automatically renew for one-year periods. The Company has agreed to use commercially reasonable efforts to nominate Mr. Hoplamazian for re-election as a member of the Board for so long as he is President and Chief Executive Officer of the Company, and if he is not re-elected to the Board Mr. Hoplamazian will be entitled to terminate his employment and to the rights and entitlements under the Severance Plan (or, if applicable, the CiC Policy) as if his employment were terminated by the Company without cause. The Hoplamazian Agreement also provides that Mr. Hoplamazian will be entitled to a base salary of \$1,015,000 per year, subject to certain adjustments and withholdings and will be eligible to receive an annual incentive payment under the Hyatt Hotels Corporation Executive Incentive Plan, with a target annual incentive payment in an amount equal to 150% of Mr. Hoplamazian’s base salary and a maximum annual incentive payment in an amount equal to 225% of his base salary, subject to adjustment by the Committee. Additionally, Mr. Hoplamazian will be entitled to receive annual equity awards under the LTIP with a target grant date fair value of \$4,500,000, subject to adjustment by the Committee, and to various other benefits as further described in the Hoplamazian Agreement. Pursuant to the Hoplamazian Agreement, Mr. Hoplamazian also received, effective December 12, 2012, an award of 40,694 restricted stock units, which have a grant date fair value of \$1,500,000, that will vest ratably annually over four years according to the terms of the Company’s form of Restricted Stock Unit Award Agreement.

The foregoing description of the Pritzker Agreement and Hoplamazian Agreement is qualified in its entirety by reference to the terms of such agreements, which are filed herewith as Exhibit 10.1 and Exhibit 10.2, respectively, and are incorporated by reference.

Item 9.01 Financial Statements and Exhibits

<u>Exhibit Number</u>	<u>Exhibit Description</u>
10.1	Employment Letter Agreement – Mr. Thomas J. Pritzker
10.2	Employment Letter Agreement – Mr. Mark S. Hoplamazian

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Hyatt Hotels Corporation

Date: December 14, 2012

By: /s/ Gebhard F. Rainer

Gebhard F. Rainer

Executive Vice President, Chief Financial Officer

INDEX TO EXHIBITS

<u>Exhibit Number</u>	<u>Description</u>
10.1	Employment Letter Agreement – Mr. Thomas J. Pritzker
10.2	Employment Letter Agreement – Mr. Mark S. Hoplamazian



Hyatt Hotels Corporation
71 South Wacker Drive
Chicago, IL 60606
312-780-5816
Fax: 312-780-5282

December 12, 2012

Thomas J. Pritzker
c/o The Pritzker Organization
71 South Wacker Drive, 47th Floor
Chicago, Illinois 60606

Dear Tom:

This letter agreement will set forth the terms of your employment as Executive Chairman of Hyatt Hotels Corporation (“Hyatt” or the “Company”), commencing January 1, 2013 (the “Effective Date”), and shall supersede and replace the letter agreement between you and Hyatt dated July 30, 2009 (the “Prior Agreement”).

- Position:** Executive Chairman of the Board.
- Board:** For so long as you are a member of the Company’s Board of Directors (“Board”) the Company will use commercially reasonable efforts to appoint you as Executive Chairman as long as you are willing and able to serve in that office. If you are not re-appointed as Executive Chairman, you will be entitled to terminate your employment with the rights and entitlements available to you under the Company’s Corporate Office Severance Plan (as in effect and as amended from time to time, the “Severance Plan”) (or, if applicable, the Company’s Executive Change in Control Plan, as in effect and as amended from time to time (the “CiC Policy”) as if your employment was terminated by the Company without Cause (as defined in the Severance Plan).
- Reporting:** You will report to the Board.
- Scope:** You will devote sufficient business time and attention to the business and affairs of the Company as reasonably necessary to fulfill your duties and responsibilities hereunder. You will be permitted to (a) engage in civic, philanthropic or similar activities and teach or speak at educational or civic institutions or organizations, (b) manage your personal affairs and investments, and (c) engage in other business activities.
- Term:** From the Effective Date through December 31, 2015, at which time your employment under the terms of this letter agreement will renew automatically each year as of January 1 for one year (each a “renewal year”), unless prior written notice of such nonrenewal is given by either party by June 30th of the renewal year.

Base Salary: Your base salary will be \$500,000 on an annualized basis (payable in accordance with the Company normal payroll of base salary to senior executives), less required tax and other authorized withholdings. Your salary will be reviewed annually by the Compensation Committee of the Board (the “Committee”) and is subject to adjustment at its discretion.

Annual Equity Participation: You will remain eligible for annual grants under the Amended and Restated Hyatt Hotels Corporation Long Term Incentive Plan (as amended and restated from time to time, or any successor equity plan maintained by the Company “LTIP”) similar to other senior executives of Hyatt. Such annual LTIP grants currently take the form of stock appreciation rights (“SARs”), restricted stock units (“RSUs”) and restricted stock. RSUs and SARs generally vest pro rata annually over the vesting period determined by the Committee (as Administrator of the LTIP), but RSUs and restricted stock may also vest based on performance, as determined by the Committee. Your annual grant is targeted to have a grant date fair value (as determined under FASB (ASC) Topic 718, Compensation-Stock Compensation) of \$3,722,500 and is subject to change at the discretion of the Compensation Committee.

LTIP: All SAR, RSU and restricted stock grants (other than any grants that vest based on performance and are intended to be “qualified performance based compensation” under 162(m) of the Internal Revenue Code), whether annual or supplemental, will be subject to the terms and conditions set forth in the LTIP (including the class of shares available) and the applicable award agreements approved by the Committee; provided that to the extent your employment with the Company terminates for any reason other than Cause (as defined in the Severance Plan) prior to full vesting of any of your LTIP awards, such awards will continue to vest and be exercisable and payable as if your employment continued so long as you (a) provide a general release of claims against the Company in such form as the Company may reasonably require and (b) you do not engage in Competition (as defined below). If you do not provide a general release of claims against the Company within fifty (50) days following your termination of employment, you revoke or violate such release or you engage in Competition with the Company, then you will forfeit any LTIP awards which were not vested upon your termination of employment.

For this purpose “Competition” shall mean the provision of services as an employee, contractor, director, advisor, or in any other capacity, or ownership, directly or indirectly for or with a Competitor, as determined in the sole discretion of the Committee; provided, however, you will not be deemed to be engaged in Competition by reason of your ownership of less than 5% of any public company that is a Competitor, whether directly or indirectly. A “Competitor” shall mean any enterprise a principal business of which is the ownership, management and/or development of hotels, resorts and/or timeshares and fractional properties in any geographic area in which

the Company is then conducting or planning to conduct such business, and which actively competes with the Company for customers, as determined in the sole discretion of the Committee.

Benefits: As an employee of Hyatt you will receive the following benefits at the level and under terms which, in the aggregate are substantially equivalent to those provided from time to time to the Company's senior executive officers generally:

- Medical and Dental insurance
- Life Insurance
- 401(k) and Retirement Savings Plan
- Disability Coverage
- Vacation benefits
- Monthly parking in Hyatt Center
- Executive Dining Room privileges for you and your business guests
- Deferred Compensation Plan

All our benefit plans and programs are subject to change or termination at any time at the discretion of the Committee or the Board.

**Termination;
Severance;
Change of
Control:** Upon termination of your employment with the Company your rights to any severance will be determined under the Severance Plan (or, if applicable, the CiC Policy) applicable to your position, if any, as in effect at such time.

**Restrictive
Covenants:** You will be bound by the restrictive covenants set forth in your LTIP award agreements and in your Confidentiality, Intellectual Property, Non-Solicitation and Non-Disparagement Agreement (“CIPN&N Agreement”).

Legal Costs: You will be responsible for any legal costs associated with this letter agreement.

Indemnification: You shall be indemnified to the maximum extent provided under the indemnification provisions for officers and directors of the Company set forth in the Company's Certificate of Incorporation and Bylaws.

Other: As a condition of your continued employment with Hyatt, you confirm that you have signed the CIPN&N Agreement and the Company's Code of Business Conduct and Ethics. In addition, you will be bound by all Company policies to the extent that they apply to senior executives of the Company, including, the T&E Policy, the Internet Use Policy, the Compensation Recovery Policy, the Share Ownership Guidelines, the Severance Plan, the CiC Policy, and the Compensation Recovery Policy (including as such policy may be amended to reflect the provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act).

Please note that your employment at Hyatt is “at will.” This means that you may resign from Hyatt at any time with or without cause, and Hyatt has the right to terminate your employment with or without cause at any time subject to the terms of any Company policies applicable to your position at the time of termination, including, without limitation, the Severance Policy and the CiC Policy. Neither this letter agreement nor any other communication, either written or oral, should be construed as a contract of employment for any particular duration. This letter agreement supersedes and replaces all prior written and oral communication on employment related subjects, including any Prior Agreement.

Please sign and date this letter agreement in the space indicated and return it to my attention to evidence your understanding and agreement to the terms set forth herein.

Sincerely,

Mark S. Hoplamazian
President and Chief Executive Officer
Hyatt Hotels Corporation

Acknowledged and Agreed:

/s/ Thomas J. Pritzker

Thomas J. Pritzker

Date: December 12, 2012



Hyatt Hotels Corporation
71 South Wacker Drive
Chicago, IL 60606
312-780-5816
Fax: 312-780-5282

December 12, 2012

Mark S. Hoplamazian
c/o Hyatt Hotels Corporation
71 South Wacker Drive, 12th Floor
Chicago, Illinois 60606

Dear Mark:

This letter agreement will set forth the terms of your employment as President and Chief Executive Officer of Hyatt Hotels Corporation (“Hyatt” or the “Company”), commencing January 1, 2013 (the “Effective Date”), and shall supersede and replace the letter agreement between you and Hyatt dated July 30, 2009 (the “Prior Agreement”).

- Position:** President and Chief Executive Officer.
- Board:** For so long as you are the President and Chief Executive Officer of the Company, the Company will use commercially reasonable efforts to nominate you for re-election as a director prior to the end of your term. If you are not re-elected to the Board, you will be entitled to terminate your employment with the rights and entitlements available to you under the Company’s Corporate Office Severance Plan (as may be in effect and amended from time to time, the “Severance Plan”) (or, if applicable, the Company’s Executive Change in Control Plan, as in effect and as amended from time to time (the “CiC Policy”)) as if your employment was terminated by the Company without Cause (as defined in the Severance Plan).
- Reporting:** You will report to the Board.
- Scope:** You will devote substantially all of your business time and attention to the business and affairs of the Company as reasonably necessary to fulfill your duties and responsibilities hereunder. You will be permitted to (a) engage in civic, philanthropic or similar activities and teach or speak at educational or civic institutions or organizations, which activities, you will disclose to the Company upon the written request of the Chairman of the Board (the “Chairman”), from time to time, (b) manage your personal affairs and investments, and (c) engage in other activities consented to in advance by the Chairman; provided, that in the reasonable determination of the Chairman or his designee (which may be the Board or a committee of the Board), such activities under clauses (a), (b) and (c) of this do not, interfere materially with your duties and responsibilities under this letter agreement.

Term: From the Effective Date through December 31, 2015, at which time your employment under the terms of this letter agreement will renew automatically each year as of January 1 for one year (each a “renewal year”), unless prior written notice of such nonrenewal is given by either party by June 30th of the renewal year.

Base Salary: Your base salary will be \$1,015,000 on an annualized basis (payable in accordance with the Company normal payroll of base salary to senior executives), less required tax and other authorized withholdings. Your salary will be reviewed annually by the Compensation Committee of the Board (the “Committee”) and is subject to adjustment at its discretion.

Incentive Eligibility: You will be eligible for a target incentive of 150% of your base salary (“target incentive”) if target performance is achieved, with a maximum of 225% of base salary at maximum performance. The Committee may change the target incentive and maximum incentive in its discretion; provided that your annual total compensation opportunity (base salary plus annual target incentive) after such change shall not be less than your total compensation opportunity prior to such change. For the avoidance of doubt you are not entitled to any minimum incentive award. All incentive payments will be subject to the terms and conditions of the Hyatt Hotels Corporation Executive Incentive Plan (as may be in effect and amended from time to time or any successor plan thereto).

Annual Equity Participation: You will remain eligible for annual grants under the Amended and Restated Hyatt Hotels Corporation Long Term Incentive Plan (as amended and restated from time to time, or any successor equity plan maintained by the Company “LTIP”) similar to other senior executives of Hyatt. Such annual LTIP grants currently take the form of stock appreciation rights (“SARs”), restricted stock units (“RSUs”) and/or restricted stock. RSUs and SARs generally vest pro rata annually over the vesting period determined by the Committee (as Administrator of the LTIP), but RSUs and restricted stock may also vest based on performance as determined by the Committee. Your annual grant is targeted to have a grant date fair value (as determined under FASB (ASC) Topic 718, Compensation-Stock Compensation) of \$4,500,000 and is subject to change at the discretion of the Compensation Committee.

Special Equity Award: Upon accepting the terms set forth in this letter, you will be granted a one-time equity award with a grant date fair value (as determined under FASB (ASC) Topic 718, Compensation-Stock Compensation) of \$1,500,000 to be delivered in Restricted Stock Units. This award will vest ratably annually over four years and be governed by a Restricted Stock Unit Award Agreement to be entered into by you and the Company, in the form Restricted Stock Unit Award Agreement previously filed with the SEC.

LTIP:

All SAR, RSU and restricted stock grants (other than any grants that vest based on performance and are intended to be “qualified performance based compensation” under 162(m) of the Internal Revenue Code), whether annual or supplemental, will be subject to the terms and conditions set forth in the LTIP and the applicable award agreements approved by the Committee; provided that to the extent your employment with the Company terminates for any reason other than Cause (as defined in the Severance Plan) prior to full vesting of any of your LTIP awards, such awards will continue to vest and become exercisable and payable as if your employment continued so long as you (a) provide a general release of claims against the Company in such form as the Company may reasonably require and (b) you do not engage in Competition (as defined below). If you do not provide a general release of claims against the Company within fifty (50) days following your termination of employment, you revoke or violate such release or you engage in Competition with the Company, then you will forfeit any LTIP awards which were not vested upon your termination of employment.

For this purpose “Competition” shall mean the provision of services as an employee, contractor, director, advisor, or in any other capacity, or ownership, directly or indirectly for or with a Competitor, as determined in the sole discretion of the Committee; provided, however, you will not be deemed to be engaged in Competition by reason of your ownership of less than 5% of any public company that is a Competitor, whether directly or indirectly. A “Competitor” shall mean any enterprise a principal business of which is the ownership, management and/or development of hotels, resorts and/or timeshares and fractional properties in any geographic area in which the Company is then conducting or planning to conduct such business, and which actively competes with the Company for customers, as determined in the sole discretion of the Committee.

Benefits:

As an employee of Hyatt you will receive the following benefits at the level and under terms which, in the aggregate are substantially equivalent to those provided from time to time to the Company’s senior executive officers generally:

- Medical and Dental insurance
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All our benefit plans and programs are subject to change or termination at any time at the discretion of the Committee or the Board.

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Control:** Upon termination of your employment with the Company your rights to any severance will be determined under the Severance Plan (or, if applicable, the CiC Policy) applicable to your position, if any, as in effect at such time.
- Restrictive
Covenants:** You will be bound by the restrictive covenants set forth in your LTIP award agreements and in your Confidentiality, Intellectual Property, Non-Solicitation and Non-Disparagement Agreement (“CIPN&N Agreement”).
- Legal Costs:** You will be responsible for any legal costs associated with this letter agreement.
- Indemnification:** You shall be indemnified to the maximum extent provided under the indemnification provisions for officers and directors of the Company set forth in the Company’s Certificate of Incorporation and Bylaws.
- Other:** As a condition of your continued employment with Hyatt, you confirm that you have signed the CIPN&N Agreement and the Company’s Code of Business Conduct and Ethics. In addition, you will be bound by all Company policies to the extent that they apply to senior executives of the Company, including, the T&E Policy, the Internet Use Policy, the Compensation Recovery Policy, the Share Ownership Guidelines, the Severance Plan, the CiC Policy, and the Compensation Recovery Policy (including as such policy may be amended to reflect the provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act).

Please note that your employment at Hyatt is “at will.” This means that you may resign from Hyatt at any time with or without cause, and Hyatt has the right to terminate your employment with or without cause at any time subject to the terms of any Company policies applicable to your position at the time of termination, including, without limitation, the Severance Policy and the CiC Policy. Neither this letter agreement nor any other communication, either written or oral, should be construed as a contract of employment for any particular duration. This letter agreement supersedes and replaces all prior written and oral communication on employment related subjects, including the Prior Agreement.

Please sign and date this letter agreement in the space indicated and return it to my attention to evidence your understanding and agreement to the terms set forth herein.

Sincerely,

Thomas J. Pritzker
Chairman of the Board of Directors
Hyatt Hotels Corporation

Acknowledged and Agreed :

/s/ Mark S. Hoplamazian
Mark S. Hoplamazian

Date: December 12, 2012