

# HYATT HOTELS CORP

## FORM 8-K (Current report filing)

Filed 03/20/12 for the Period Ending 03/16/12

Address	71 SOUTH WACKER DRIVE 12TH FLOOR CHICAGO, IL 60606
Telephone	(312) 750-1234
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Industry	Hotels & Motels
Sector	Services
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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT**

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

Date of Report (Date of earliest event reported): March 16, 2012

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**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, 12<sup>th</sup> 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**

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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 March 14, 2012, the Compensation Committee (the “Committee”) of the Board of Directors of Hyatt Hotels Corporation (the “Company”), in its capacity as Administrator of the Amended and Restated Hyatt Hotels Corporation Long-Term Incentive Plan, approved the grant of shares of the Company’s Class A common stock, par value \$0.01 per share, to the Company’s executive officers (the “Restricted Stock”), effective as of March 16, 2012. The Restricted Stock is subject to certain restrictions, including restrictions on transfer, and will vest based on satisfaction of performance targets set forth in a Restricted Stock Award Agreement consistent with the form filed herewith as Exhibit 10.1 (the “Restricted Stock Award Agreement”). The shares of Restricted Stock will vest at the end of a performance period based on achievement of certain pre-determined goals relating to the performance of the Company. The shares of Restricted Stock vest at 12.5% if the threshold goal is achieved, 50% if the target goal is achieved and 100% if the maximum goal is achieved or exceeded. Achievement between goals will be interpolated linearly. If the threshold goal is not achieved, then the shares of Restricted Stock will be forfeited and none will vest. Upon vesting, the Company will release the restrictions on the shares that have vested. If less than 100% of the shares of Restricted Stock vest, then those shares that did not vest will be forfeited.

The shares of Restricted Stock granted as of March 16, 2012 vest based on attainment of performance goals which generally are based on Adjusted EBITDA less a specified percentage of the Company’s average invested capital for each year of the three year performance period ending December 31, 2014. For this purpose Adjusted EBITDA is defined to be consistent with the definition used in the Company’s 10-K for the year ending December 31, 2011, but with net income (loss) calculated in accordance with GAAP as in effect on the effective date of grant of the Restricted Stock, and average invested capital is defined to include net working capital and long-term assets, with adjustments for rabbi trust funded nonqualified deferred compensation plans and balances associated with the Hyatt Gold Passport program, but excluding cash and short-term investments over a specified limit and purchases of unimproved land with a value less than a specified amount.

In the future, the Committee may change the performance goals upon which future Restricted Stock grants may vest, but any such future Restricted Stock grants will otherwise be consistent with the terms of the form Restricted Stock Award Agreement.

The following lists the named executive officers of the Company who received Restricted Stock grants as of March 16, 2012 and the number of shares of Restricted Stock subject to such grants:

Mark S. Hoplamazian	72,656
Harmit J. Singh	24,218
H. Charles Floyd	30,677
Rakesh K. Sarna	30,677
Stephen G. Haggerty	24,218

The foregoing description of the March 16, 2012 Restricted Stock grant is qualified in its entirety by reference to the terms of the form Restricted Stock Award Agreement, which is filed herewith as Exhibit 10.1 and is incorporated by reference.

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**Item 9.01 Financial Statements and Exhibits**

<u>Exhibit Number</u>	<u>Exhibit Description</u>
10.1	Form of Restricted Stock Award Agreement

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: March 20, 2012

By: /s/ Harmit J. Singh  
Harmit J. Singh  
Executive Vice President, Chief Financial Officer

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## INDEX TO EXHIBIT

<u>Exhibit Number</u>	<u>Description</u>
10.1	Form of Restricted Stock Award Agreement

**HYATT HOTELS CORPORATION**  
**Restricted Stock Award**

The following sets forth the terms of your Hyatt Hotels Corporation Restricted Stock (“Restricted Stock”) Award to you:

**AWARD:**

**Shares:** shares of Class A Common Stock of Hyatt Hotels Corporation

**Restricted Stock  
Grant Identifier:**

**PERFORMANCE CONDITIONS:**

**Performance  
Period:** January 1, 2012 – December 31, 2014

**Vesting of Award  
and Payment Date:** Shares of Restricted Stock vest (or not) based on achievement relative to the Performance Goal set forth in this Agreement. To the extent that the Performance Goal is met, shares of Restricted Stock shall vest and be paid to the Participant on the date that the Committee certifies that the Performance Goal is met, provided that the Participant remains in the employment or service of the Company through the last day of the Performance Period (except for a termination of employment or service due to death, Disability or Retirement, or in the event of a Change in Control as provided below).

The Restricted Stock Award that is described and made pursuant to this Restricted Stock Award (this “Award”) is issued under the Amended and Restated Hyatt Hotels Corporation Long-Term Incentive Plan (as amended from time to time, the “Plan”). By electronically acknowledging and accepting this Award within 30 days after the date of the electronic mail notification to you of the grant of this Award (the “Electronic Notification Date), you agree to be bound by the terms and conditions herein, the Plan and all conditions established by the Company in connection with awards issued under the Plan. In order to vest in the Award you must accept this Award within 30 days of the Electronic Notification Date. If you fail to accept this Award within 30 days of the Electronic Notification Date, the Award will be cancelled and forfeited.

The following terms and conditions apply to the Restricted Stock granted pursuant to this Award.

**Company; Defined Terms:** Except as the context may otherwise require, references to the “Company” shall be deemed to include its subsidiaries and affiliates.

To the extent not defined herein, capitalized terms shall have the meanings ascribed to them in the Plan.

**Determination of Number of Earned Shares of Restricted Stock:** The number of shares of Restricted Stock that will vest, if any, shall be determined as follows:

$$\text{Vested shares of Restricted Stock} = \text{Vested Percentage} \times \text{Award}$$

The “Vested Percentage” is based on achievement with respect to “Economic Profit” (the “Performance Goal”) over the Performance Period, determined at the end of the Performance Period, in accordance with the following table:

	<u>Below Threshold</u>	<u>Threshold</u>	<u>Target</u>	<u>Maximum</u>
<b>Economic Profit Performance</b>	Less than			
	\$170.5 Million	\$170.5 Million	\$341 Million	\$682 Million
<b>Vested Percentage</b>	0%	12.5%	50%	100%

Achievement between threshold and target and between target and maximum will be interpolated linearly.

All shares of Restricted Stock that are not vested at the end of the Performance Period shall be forfeited.

The Committee shall have the sole authority and discretion to determine the achievement level of the Performance Goal and the number of shares of Restricted Stock earned at the end of the Performance Period, including the discretion to adjust the actual achievement of the Performance Goal by the Company to reflect one or more of the following: (i) items related to a change in accounting principles; (ii) items relating to financing activities; (iii) expenses for restructuring or productivity initiatives; (iv) other non-operating items; (v) items related to acquisitions; (vi) items attributable to the business operations of any entity acquired by the Company during the Performance Period; (vii) items related to the disposal of a business or segment of a business; (viii) items attributable to any stock dividend, stock split, combination or exchange of stock occurring during the Performance Period; (ix) any other items of significant income or expense which are determined to be appropriate adjustments; (x) items relating to unusual or extraordinary corporate transactions, events or developments; (xi) items relating to changes in tax laws; (xii) items relating to major partnership arrangements; (xiii) items relating to gains or losses for litigation, arbitration and contractual settlements; or (xiv) items relating to any other unusual or

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nonrecurring events or changes in applicable laws, accounting principles or business conditions.

The Restricted Stock shall vest on the date the Committee determines and certifies the attainment of the Performance Goal.

“Economic Profit” means Adjusted EBITDA less the Capital Charge for each year in the Performance Period (i.e., 2012, 2013 and 2014). Economic Profit can be negative.

“Adjusted EBITDA” means, for each year in the Performance Period, net income (loss) attributable to Hyatt Hotels Corporation plus its pro-rata share of unconsolidated hospitality ventures Adjusted EBITDA based on its ownership percentage of each venture, adjusted to exclude the following items:

- Equity earnings (losses) from unconsolidated hospitality ventures;
- Gains (losses) on sales of real estate;
- Asset impairments;
- Other income (loss), net;
- Discontinued operations, net of tax;
- Net loss (income) attributable to noncontrolling interests;
- Depreciation and amortization;
- Interest expense; and
- (Provision) benefit for income taxes.

Adjusted EBITDA is calculated by adding the Adjusted EBITDA of each of Hyatt’s reportable segments to corporate and other Adjusted EBITDA. For the purposes of this Agreement, net income (loss) attributable to Hyatt Hotels Corporation will be calculated in accordance with Accounting Principles Generally Accepted in the United States (US GAAP) as in effect on the Date of Grant.

“Capital Charge” means, for each year in the Performance Period, 10% multiplied by the Average Invested Capital for the relevant year, where “Average Invested Capital” means (a) divided by (b) where (a) is the sum of Invested Capital for such year and Invested Capital for the preceding year and (b) is 2.

“Invested Capital” is determined based on the following amounts from the Company’s audited financial statements as of the end of each year in the Performance Period:

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- Net Working Capital; plus
  - Total Long-Term Assets (net of depreciation/amortization); less
  - Adjustment for fully funded nonqualified deferred compensation plans; less
  - Balances associated with the Hyatt Gold Passport program.

Invested Capital does not include (i) cash and short-term investments in excess of \$300 million, or (ii) purchases of unimproved land of less than \$100 million in the aggregate over the Performance Period.

“Net Working Capital” means (a) \$300 million in cash, plus (b) current assets less cash and cash equivalents, restricted cash, short term investments and current liabilities plus the current portion of long term debt.

**Termination of Service :**

Subject to the exceptions below, vested Restricted Stock will be payable only if the Participant remains in continuous Service (as defined below) with the Company from the Grant Date through the last day of the Performance Period. “Service” for purposes of this Award shall mean employment as an Employee, or service to the Company as a Director or Consultant. Except as provided below, all unvested Restricted Stock will be forfeited and cancelled upon Termination of Service. Notwithstanding the foregoing, the ability to vest in the Restricted Stock will not be forfeited in the following circumstances:

- In the event of Termination of Service due to death or Disability (as defined below), the Restricted Stock shall vest as if the Participant remained employed through the last day of the Performance Period. For this purpose “Disability” shall mean either (i) the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, (ii) the Participant is by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under the Company’s long-term disability or other accident and health plan, or (iii) the Participant is determined to be totally disabled by the Social Security Administration.
- Notwithstanding the Amended and Restated Retirement Policy Regarding Equity Vesting adopted by Hyatt Hotels Corporation (the “Retirement Policy”), in the event of Retirement (as defined in the Retirement Policy) the number of shares of Restricted Stock that shall be vested at the end of the Performance Period shall be determined on a pro rata basis in an amount equal to the total number of shares of Restricted Stock which would otherwise be vested at the end of the Performance Period multiplied by a fraction the numerator of which is the number of full months elapsed in the Performance Period through the Participant’s

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date of Retirement and the denominator of which is 36.

As described below, shares of Restricted Stock are subject to cancellation and forfeiture in the event the Participant engages in certain “detrimental conduct” (as defined below).

**Change in Control :**

In the event of a Change in Control during the Performance Period, the Restricted Stock will be deemed to have been vested at the greater of (a) 50% of the shares of Restricted Stock or (b) the number of shares of Restricted Stock that would be payable based on the actual performance of the Company determined as if the date of the Change in Control was the last day of the Performance Period. Once vested the Restricted Stock will no longer be subject to forfeiture and cancellation under the terms of this Award. Any shares of Restricted Stock that are not vested upon a Change in Control shall be forfeited and cancelled.

**Rights of Ownership/Escrow**

Subject only to the terms of this Agreement, the Participant shall have all rights as a stockholder in the shares of Restricted Stock. However, the shares of Restricted Stock shall be held in escrow by the Company, and shall be released from escrow to the account of the Participant only upon vesting.

**Dividend Rights :**

During the period beginning on the Grant Date and ending on the last day of the Performance Period if the Company pays a cash dividend on its Common Stock, such cash dividend will be held in escrow by the Company and paid to the Participant when, and if, and to the extent that the Restricted Stock becomes vested.

**Tax Withholding :**

Unless paid in cash by the Participant at the time of settlement, the Company will deduct or withhold from shares issuable upon vesting of the Restricted Stock a number of shares of Common Stock having a Share Value equal to the amount sufficient to satisfy the minimum statutory federal, state, foreign and local taxes and any employment, disability, social welfare or other legally required withholdings. Notwithstanding anything to the contrary herein, if the tax obligation arises during period in which the Participant is prohibited from trading under any policy of the Company or by reason of the Securities Exchange Act of 1934, then the tax withholding obligation shall automatically be satisfied by the Company withholding shares of Common Stock.

The Participant is encouraged to consult with a tax advisor regarding the tax consequences of participation in the Plan and acceptance of this Award.

**Transferability of Restricted Stock :**

Restricted Stock may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated unless and until the Restricted Stock has vested, and all other terms and conditions set forth herein and in the Plan have been satisfied; provided that in the event of the Participant's death, shares deliverable or amounts payable with respect to the Restricted Stock shall be delivered or paid, as applicable, to the Participant's designated beneficiary. The Administrator will advise Participants with respect to the procedures for naming and changing designated beneficiaries.

**Data Privacy :**

By acceptance of this Award, the Participant acknowledges and consents to the collection, use, processing and transfer of personal data as described below and in accordance with the Hyatt Global Privacy Policy for Employees. The Company, its affiliates and the Participant's employer hold certain personal information, including the Participant's name, home address and telephone number, date of birth, social security number or other employee tax identification number, salary, nationality, job title, and any equity compensation grants or Common Stock awarded, cancelled, purchased, vested, unvested or outstanding in the Participant's favor, for the purpose of managing and administering the Plan ("Data"). The Company and its affiliates will transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located in the United States, the European Economic Area, or elsewhere. The Participant hereby authorizes them to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan on behalf of the Participant to a third party with whom the Participant may have elected to have payment made pursuant to the Plan. The Participant may, at any time, review Data, require any necessary amendments to it or withdraw the consent herein in writing by contacting the Company; however, withdrawing the consent may affect the Participant's ability to participate in the Plan and receive the benefits intended by this Award.

**No Impact on Other Rights :**

Participation in the Plan is voluntary. The value of the Restricted Stock is an extraordinary item of compensation outside the scope of Participant's normal employment and compensation rights, if any. As such, the Restricted Stock is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pensions or retirement benefits or similar payments unless specifically and otherwise provided in the plans or agreements governing such compensation. The Plan is discretionary in nature and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time. The grant of Restricted Stock under the Plan is a one-time benefit and does not create any contractual or other right to receive any other grant of Restricted Stock or other awards under the Plan in the future. Future grants, if any, will be at the sole discretion of the Company, including, but not limited to, the timing of the grant, the form of award, number of shares of Common Stock subject to an award, vesting, and exercise provisions, as relevant.

**Effect of Detrimental Conduct:**

In the event the Participant engages in “detrimental conduct” (as defined below), the Participant shall forfeit all unvested shares of Restricted Stock and all such awards shall be null and void as of the date such detrimental conduct first occurs.

*Definition of Detrimental Conduct* . The Participant will be deemed to have engaged in detrimental conduct if in the reasonable, good faith determination of the Administrator, the Participant has engaged in conduct constituting (1) a felony; (2) gross negligence or willful misconduct in the performance of Participant’s duties and responsibilities to the Company; (3) willful violation of a material Company policy, including, without limitation, any policy relating to confidentiality, honesty, integrity and/or workplace behavior, which violation has resulted or may reasonably be expected to result in harm to the Company, its stockholders, directors, officers, employees or customers; (4) improper internal or external disclosure or use of confidential information or material concerning the Company or any of its stockholders, directors, officers, or employees which use or disclosure has resulted or may reasonably be expected to result in harm to the Company; (5) publicly disparaging the Company or any of its stockholders, directors, officers or employees; and/or (6) willful violation of any material agreements with the Company entered into by the Participant in connection with or pursuant to the Plan.

*Determination of Detrimental Conduct* . Upon a reasonable, good faith determination that detrimental conduct has occurred, the Administrator shall give the Participant written notice, which shall specify the conduct and the date of the conduct. Any dispute concerning the matters set forth in the notice shall be decided under the procedures in the Plan.

PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE RESTRICTED STOCK AWARDED PURSUANT TO THIS AGREEMENT ARE EARNED ONLY BY CONTINUING EMPLOYMENT AT THE WILL OF THE COMPANY (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS AWARD OR ACQUIRING SHARES HEREUNDER) AND BY ACHIEVEMENT OF THE PERFORMANCE GOAL AND BY COMPLIANCE WITH PARTICIPANT’S VARIOUS OBLIGATIONS UNDER THIS AGREEMENT. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS AGREEMENT, NOR IN THE PLAN SHALL CONFER UPON PARTICIPANT ANY RIGHT WITH RESPECT TO CONTINUATION OF EMPLOYMENT BY THE COMPANY, NOR SHALL IT INTERFERE IN ANY WAY WITH PARTICIPANT’S RIGHT OR THE COMPANY’S RIGHT TO TERMINATE PARTICIPANT’S EMPLOYMENT AT ANY TIME, FOR ANY REASON OR NO REASON, WITH OR WITHOUT CAUSE, AND WITH OR WITHOUT ADVANCE NOTICE EXCEPT AS MAY BE REQUIRED BY APPLICABLE LAW.