

**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):

January 4, 2017

DiamondRock Hospitality Company

(Exact name of registrant as specified in charter)

Maryland
(State or Other
Jurisdiction
of Incorporation)

001-32514
(Commission File Number)

20-1180098
(IRS Employer
Identification No.)

**3 Bethesda Metro Center, Suite 1500
Bethesda, MD 20814**
(Address of Principal Executive Offices) (Zip Code)

(240) 744-1150
(Registrant's telephone number, including area code)

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 (see General Instruction A.2. below):

- 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))

ITEM 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On January 4, 2017, DiamondRock Hospitality Company (the "Company") announced that Thomas Healy was appointed Chief Operating Officer and Executive Vice President, Asset Management, effective January 16, 2017. In this role, Mr. Healy will oversee the Company's Asset Management Department and will report to Mark W. Brugger, President and Chief Executive Officer.

Mr. Healy has more than 25 years of hotel operations and asset management experience. Mr. Healy has worked at Strategic Hotels and Resorts since 2006 and most recently served as EVP/Co-Head of Asset Management, a role in which he had oversight responsibility for the asset management function for both owned assets and third-party contracts and worked with both internal and external partners to drive asset value. He worked and developed relationships with multiple Brands, Developers and Ownership Groups. In this position, he had shared responsibility for the strategic and tactical execution for over 20 hotels generating \$1.3 billion in revenue and \$360 million EBITDA in 2015 across North America. Prior to Strategic Hotels and Resorts, Mr. Healy served in various corporate and property operational roles for Starwood Hotels & Resorts and Hyatt Hotels & Resorts. He worked in both hotel operations as General Manager in multiple assets as well as working at the corporate office for Starwood in Development. He has received recognition for his efforts and was awarded "Turnaround Hotel of the Year" for Westin Hotels & Resorts and Regional New Build Award for his opening of the Sheraton Overland Park and Conference Center. Mr. Healy is an alumnus of Johnson & Wales University where he earned a BS Hospitality Management and he earned a Masters with Distinction (MSc) in Hospitality and Tourism Leadership from the University of Strathclyde Business School, Cornell University and Ecole Hoteliere de Lausanne.

In connection with the offer letter, the Compensation Committee of the Board approved the following compensation for Mr. Healy, effective as of his first day of employment:

- Mr. Healy's annual base salary will be \$450,000.
- Mr. Healy will be eligible for an annual cash bonus, with a target bonus of 80% of his base salary, and a threshold and a maximum bonus of 40% and 160%, respectively, of his base salary.

Mr. Healy will receive an award of \$600,000 in equity-based incentive compensation consisting of a mix of restricted stock and performance stock units, which is expected to be granted in February 2017. Thereafter, he will be eligible to receive an annual grant of equity-based incentive compensation at the same time the Compensation Committee of the Board approves the annual grants to other employees of the Company.

It is also expected that Mr. Healy and the Company will enter into a severance agreement in the form attached as Exhibit B to the offer letter.

Mr. Healy does not have any familial relationship requiring disclosure under Item 401(d) of Regulation S-K. Mr. Healy does not have any related party interests requiring disclosure under Item 404(a) of Regulation S-K.

The above descriptions of the offer letter and the form of severance agreement are not complete and are qualified entirely by reference to the text of those agreements, which are filed as an exhibit (with the form of severance agreement filed as Exhibit B to the offer letter) to this Current Report on Form 8-K (“Current Report”) and are incorporated herein by reference.

ITEM 7.01. Regulation FD Disclosure

On January 4, 2017, the Company announced that Mr. Healy was appointed Chief Operating Officer and Executive Vice President, Asset Management, effective January 16, 2017. A copy of that press release is attached to this Current Report as Exhibit 99.1 and is incorporated by reference herein. The press release has also been posted in the investor relations/presentations section of its website at www.drhc.com.

The information in this Item 7.01 of this Current Report, including the exhibit attached hereto, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section, nor shall such information be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act regardless of any general incorporation language in such filing.

ITEM 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits are included with this report:

<u>Exhibit No.</u>	<u>Description</u>
10.1	Offer Letter, by and between DiamondRock Hospitality Company and Thomas Healy.
99.1	Press Release, dated January 4, 2017

SIGNATURE

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.

DIAMONDROCK HOSPITALITY COMPANY

Date: January 4, 2017

By: /s/ William J. Tennis
William J. Tennis
Executive Vice President, General Counsel and Corporate Secretary

December 20, 2016

Mr. Thomas Healy
c/o Ferguson Partners
Chicago, Illinois

Dear Tom:

We are excited to offer you a position with DiamondRock Hospitality Company (“DiamondRock” or the “Company”) as Chief Operating Officer and Executive Vice President, Asset Management, reporting to me. In this position, you will serve as a “named executive officer” of DiamondRock; a description of your responsibilities is set forth in Exhibit A. The commencement date of your employment will be January 16, 2017 or such other date as may be mutually agreed.

The compensation and benefits that we are able to offer you are as follows:

- Your base salary will be \$450,000 per year.
- You will be eligible to receive an annual cash bonus with a target of 80% of your base salary that you receive in that year, with a maximum bonus percentage of 160% and a threshold bonus percentage of 40%; the actual percentage will be determined by DiamondRock’s Board of Directors based on your performance and DiamondRock’s financial results during the year. You must be employed on the last day of the fiscal year to receive a bonus for that year.

Example: your annual salary is \$450,000, you worked forty-eight weeks in 2017 and your bonus percentage is the target (80%), your bonus would be \$332,307.

- You will be eligible to receive an equity incentive grant each year, subject to the approval of DiamondRock’s Board of Directors. Your initial equity incentive grant award will be valued at \$600,000 and, subject to approval from the Board of Directors, is expected to be issued in February 2017. The equity incentive grant will be composed of two components, each of which will comprise 50% of the total equity incentive grant, as follows: (i) Restricted Stock, which will vest in three equal annual installments, commencing in February 2018 and (ii) Performance Stock Units which will all vest in February 2020 and will be based on (x) the total shareholder return of DiamondRock relative to the total shareholder return of a peer group over a three-year performance period and (y) achievement of certain targeted market share improvement by each of the Company’s hotels over three years. The actual amount of Restricted Stock and Performance Stock Units will be determined by the closing price of

DiamondRock stock on an appropriate day following the grant of the stock by the Board of Directors. The terms and conditions of the Restricted Stock and the Performance Stock Units will be fully set forth in separate agreements to be entered into at the time of the grant. DiamondRock retains the right to, at any time, change the design and vesting schedule for the equity incentive grant, but the design and vesting schedule each year will be the same as for the other executives of DiamondRock.

- DiamondRock will reimburse your actual cost of relocation (including moving costs, rent and related items) up to an amount to be agreed. DiamondRock will require that at least two (2) bids be obtained for the moving cost of such relocation. In the event that you are not employed by DiamondRock on the first annual anniversary of your start date, you will be obligated to repay the amount reimbursed to you for relocation within 10 days of demand by DiamondRock.
- Prior to the commencement of your employment, DiamondRock will enter into a Severance Agreement with you, providing for, among other things, compensation to be paid to you upon the termination of your employment for certain reasons. For example, the Severance Agreement will provide that if your employment terminates in connection with a change in control of the Company for any reason (other than a voluntary resignation without good reason), you will be entitled to a severance payment equal to (i) vesting in all stock, (ii) payment of year-to date bonus accrued at target and (iii) two (2) times the sum of (x) your then current base salary and (y) your target annual bonus.
- You will be eligible to participate in DiamondRock’s 401(k) Plan. We have a company match where DiamondRock will match a portion of your contribution to the 401(k) Plan.
- You will be eligible to participate in the DiamondRock Hospitality Company Deferred Compensation Plan (DCP). The DCP provides certain senior-level employees with tax-advantaged means to accumulate assets for the future. Key features of the DCP include the ability to defer state and federal income taxes on a designated percentage of your base salary (up to 80%), bonus (up to 90%) and equity grants. The DCP provides for a menu of investment options and flexible retirement distribution options.
- You will receive twenty-five (25) days of paid time off (PTO) per year; in your discretion, you may use your PTO days either for vacation or for sick days.
- You will be eligible to participate in DiamondRock’s medical and dental benefits. If you enroll within thirty (30) days of the date you start work, your coverage will be effective on the first day of the first full month that you are employed by DiamondRock; otherwise, you generally must wait until the Company’s annual enrollment period to enroll and benefits would not be available until the following plan year, which starts on July 1 of each year. Currently, DiamondRock pays

100% of the premium for the medical and dental plan, but DiamondRock retains the right to, at any time, change the amount that it pays towards the premium.

You will be eligible to participate in DiamondRock's life insurance and disability benefits. DiamondRock currently provides life insurance equal to two times your salary, up to \$200,000, Long Term Disability Insurance equal to 60% of your earnings up to \$10,000 per month and Short Term Disability up to \$1500 per week. Currently, DiamondRock pays 100% of the premium for the life insurance and long term disability insurance, but DiamondRock retains the right to, at any time, change the amount that it pays towards the premium.

As you know, in the ordinary course of business, compensation and benefit programs evolve as business needs and laws change. To the extent it becomes necessary and desirable to change any of the plans in which you may participate, such changes will apply to you as they do to other employees of DiamondRock.

This letter constitutes the full commitments that have been extended to you. However, this does not constitute a contract of employment for any period of time. DiamondRock reserves the right, at the discretion of the Board of Directors, to modify the compensation terms in the future subject to the limitations in the Severance Agreement. Further, please be aware that the Compensation Committee of DiamondRock's Board of Directors will need to formally approve these terms.

Employment with DiamondRock is also contingent upon a satisfactory background and reference check. Please complete the attached **Employment Application Consent Release** and return it to my attention together with this Offer Letter.

DiamondRock has established a Social Security Verification procedure for verifying Social Security numbers in order to prevent discrepancies and mismatches between the information in DiamondRock's payroll records and the information on file with the Social Security Administration (SSA). As part of your new hire paperwork, you will be required to complete Section 1 of the Record of Social Security Administration Verification form which includes your name, Social Security number, date of birth and gender. This information will be verified with records at the SSA.

Under the Immigration Reform and Control Act, DiamondRock must verify your eligibility for employment in the United States. On your first day of work you will be expected to present one or more of the documents listed on the enclosed U.S. Department of Justice form and to complete a Government Form I-9. This information will be used to verify your eligibility for employment and to preclude the unlawful hiring of individuals who are not authorized to work in the U.S.

On behalf of everyone at DiamondRock, I want to express our enthusiasm to have you join our Company.

Sincerely,

/s/ Mark Brugger

Mark Brugger
Chief Executive Officer

CC: Bill Tennis

I accept the above offer to be employed by DiamondRock Hospitality Company and I understand and agree to the terms set forth.

Signed: /s/ Thomas Healy

Date: December 21, 2016

Exhibit A

Responsibilities
of the
Chief Operating Officer
and
Executive Vice President, Asset Management

The Chief Operating Officer and Executive Vice President, Asset Management ("COO") will help formulate the Company's strategy and be responsible for its successful implementation. Providing leadership and direction to the overall business, the COO is expected to drive value and cash flow through superior operating results, and to ensure that the right organizational structure is in place and qualified executives are in appropriate roles. The COO will be responsible to maintain DiamondRock's strong culture, where individuals are compensated for performance. In the near term, the COO is expected to achieve further operating efficiencies, implement enhanced sales and marketing strategies, and oversee appropriate property investments. The COO is expected to successfully drive the Company's growth plan. The COO must develop strong relationships with a number of constituencies, including employees, the Board and Chief Executive Officer, and appropriate external parties.

Specific position duties and responsibilities include the following:

- Play a leadership role at the Company as the head of asset management with a team of more than 6 reporting up to the position.
- Play a leadership role outside of the Company as one of the primary interfaces with the senior leaders at the brand companies (e.g., Marriott, Hilton) and with the third-party operators (e.g., Davidson, Highgate, HEI).
- Manage the Company's portfolio of assets as single, stand-alone investments. Analyze and track return on investment on the portfolio, individual assets and incremental investments.
- Oversee asset management function and focus on maximizing value of the hotel assets through:

- 1) Setting the revenue management strategy for each hotel; 2) implementing profit containment plans; and 3) reviewing the capital improvement plans for each hotel.
- Coordinate with the departmental team members to analyze, monitor and maximize the value of and return on the portfolio.
 - Use research, industry analysis/benchmarking, accounting, hotel financial analysis and computer modeling fundamentals to analyze hotel operation, hotel business plans, hotel capital investments, sales & marketing plans and hotel strategic alternatives.
 - Keep current on all markets affecting the hospitality industry and specifically the markets in which the assets are situated.
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- Constantly examine and monitor the operating performance of the assets to ensure the return on investment in each asset is maximized.
 - Meet with hotel executive teams to review operating performance, annual business plans and longer term strategic plans.
 - Proactively identify and resolve ownership issues to maintain the integrity of the assets.
 - Analyze and track of return on investment for the assets as well as profit improving projects, either implemented or proposed.
 - Identify value enhancement opportunities within the portfolio.
 - Oversee the preparation of monthly, quarterly and annual reports for all assets in designated territory.
 - Play a key role in underwriting acquisition opportunities. While the COO is not responsible for identifying acquisitions, he should play an integral part in the process.
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Exhibit B

SEVERANCE AGREEMENT

THIS SEVERANCE AGREEMENT (the “**Agreement**”) is made this day of , by DiamondRock Hospitality Company, a Maryland corporation (the “**REIT**”), with its principal place of business at 3 Bethesda Metro Center, Suite 1500, Bethesda, Maryland 20814 and , residing at (the “**Executive**”). This Agreement is effective as of , the first day of employment of Executive.

1. Purpose

The REIT considers it essential to the best interests of its stockholders to promote and preserve the continuous employment of key management personnel. The Board of Directors of the REIT (the “**Board of Directors**”) recognizes that, as in the case with many corporations, the possibility of a termination of employment exists and that such possibility, and the uncertainty and questions that it may raise among management, may result in the distraction of key management personnel to the detriment of the REIT and its stockholders. Therefore, the Board of Directors has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the REIT’s key management. Nothing in this Agreement shall be construed as creating an express or implied contract of employment and, except as otherwise agreed in writing between the Executive and the REIT, the Executive shall not have any right to be retained in the employ of the REIT.

2. Definitions

(a) **Accrued Salary.** “Accrued Salary” shall mean accrued and unpaid base salary through the Date of Termination. In addition, in the event the Executive’s annual bonus for the REIT’s most recently completed fiscal year has not yet been paid to the Executive, then Accrued Salary also shall include such prior fiscal year’s earned, accrued and unpaid bonus.

(b) **Cause.** “Cause” for termination shall mean a determination by the Board of Directors in good faith that any of the following events has occurred: (i) indictment of the Executive of, or the conviction or entry of a plea of guilty or nolo contendere by the Executive to any felony, or any misdemeanor involving moral turpitude; (ii) the Executive engaging in conduct which constitutes a material breach of a fiduciary duty or duty of loyalty, including without limitation, misappropriation of funds or property of the REIT, DiamondRock Hospitality Limited Partnership (the “**Operating Partnership**”) and their subsidiaries (the REIT, the Operating Partnership and their subsidiaries are hereinafter referred to as the “**DiamondRock Group**”) other than an occasional and de minimis use of Company property for personal purposes; (iii) the Executive’s willful failure or gross negligence in the performance of his assigned duties for the DiamondRock Group, which failure or gross negligence continues for more than 5 days following the Executive’s receipt of written or electronic notice of such willful

failure or gross negligence from the Board of Directors; (iv) any act or omission of the Executive that has a demonstrated and material adverse impact on the DiamondRock Group’s reputation for honesty and fair dealing or any other conduct of the Executive that would reasonably be expected to result in injury to the reputation of the DiamondRock Group; or (v) willful failure to cooperate with a bona fide internal investigation or an investigation by regulatory or law enforcement authorities, after being instructed by the REIT to cooperate, or the willful destruction or failure to preserve documents or other materials known to be relevant to such investigation or the willful inducement of others to fail to cooperate, destroy or fail to produce documents or other materials.

For purposes of this Section 2(b), any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board of Directors or based upon the written advice of counsel for the DiamondRock Group shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the DiamondRock Group. The cessation of employment of the Executive shall not be deemed to be for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of the Board of Directors, finding that, in the good faith opinion of the Board of Directors, the Executive has engaged in the conduct described in this Section 2(b); provided, that if the Executive is a member of the Board of Directors, the Executive shall not vote on such resolution.

(c) **Change in Control.** “Change in Control” shall mean any of the following events:

- (i) The conclusion of the acquisition (whether by a merger or otherwise) by any Person (other than a Qualified Affiliate), in a single transaction or a series of related transactions, of Beneficial Ownership of more than 50 % of (1) the REIT’s

outstanding common stock (the “**Common Stock**”) or (2) the combined voting power of the REIT’s outstanding securities entitled to vote generally in the election of directors (the “**Outstanding Voting Securities**”);

- (ii) The merger or consolidation of the REIT with or into any other Person other than a Qualified Affiliate, if the directors immediately prior to the merger or consolidation cease to be the majority of the Board of Directors at anytime within 12 months of the completion of the merger or consolidation;
- (iii) Any one or a series of related sales or conveyances to any Person or Persons (including a liquidation or dissolution) other than any one or more Qualified Affiliates of all or substantially all of the assets of the REIT or the Operating Partnership; or
- (iv) Incumbent Directors cease, for any reason, to be a majority of the members of the Board of Directors, where an

“**Incumbent Director**” is (1) an individual who is a member of the Board of Directors on the effective date of this Agreement or (2) any new director whose appointment by the Board of Directors or whose nomination for election by the stockholders was approved by a majority of the persons who were already Incumbent Directors at the time of such appointment, election or approval, other than any individual who assumes office initially as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board of Directors or as a result of an agreement to avoid or settle such a contest or solicitation.

A Change in Control shall also be deemed to have occurred upon the completion of a tender offer for the REIT’s securities representing more than 50% of the Outstanding Voting Securities, other than a tender offer by a Qualified Affiliate.

For purposes of this definition of Change in Control, the following definitions shall apply: (A) “**Beneficial Ownership**,” “**Beneficially Owned**” and “**Beneficially Owns**” shall have the meanings provided in Exchange Act Rule 13d-3; (B) “**Exchange Act**” shall mean the Securities Exchange Act of 1934, as amended; (C) “**Person**” shall mean any individual, entity, or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act), including any natural person, corporation, trust, association, company, partnership, joint venture, limited liability company, legal entity of any kind, government, or political subdivision, agency or instrumentality of a government, as well as two or more Persons acting as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of the REIT’s securities; and (D) “**Qualified Affiliate**” shall mean (I) any directly or indirectly wholly owned subsidiary of the REIT or the Operating Partnership; (II) any employee benefit plan (or related trust) sponsored or maintained by the REIT or the Operating Partnership or by any entity controlled by the REIT or the Operating Partnership; or (III) any Person consisting in whole or in part of the Executive or one or more individuals who are then the REIT’s Chief Executive Officer or any other named executive officer (as defined in Item 402 of Regulation S-K under the Securities Act of 1933) of the REIT as indicated in its most recent securities filing made before the date of the transaction.

(d) **Date of Termination.** “Date of Termination” shall mean the actual date of the Executive’s termination of employment with the REIT.

(e) **Disability.** “Disability” shall mean if the Executive is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

(f) **Good Reason.** “Good Reason” for termination shall mean the occurrence of one of the following events, without the Executive’s prior written consent, provided such event is not corrected within 15 days following the Board of Director’s

receipt of written or electronic notice of such event: (i) a material diminution in the Executive’s duties or responsibilities or any material demotion from the Executive’s current position at the REIT, including, without limitation: (A) if the Executive is the CEO, either discontinuing his direct reporting to the Board of Directors or a committee thereof or discontinuing the direct reporting to the CEO by each of the senior executives responsible for finance, legal, acquisition and operations or (B) if the Executive is not the CEO, discontinuing the Executive reporting directly to the CEO or (C) if the Executive is the Chief Accounting Officer, discontinuing the Executive’s reporting directly to the Chief Financial Officer or to the Chief Executive Officer; (ii) if the Executive is a member of the Board of Directors, the failure of the REIT or its affiliates to nominate the Executive as a Director of the REIT; (iii) a requirement that the Executive work principally from a location outside the 50 mile radius from the REIT’s address, except for required travel on the REIT’s business to the extent substantially consistent with the Executive’s business travel obligations on the date hereof; (iv) failure to pay the Executive any compensation, benefits or to honor any indemnification agreement to which the Executive is entitled within 30 days of the date due; or (v) the occurrence of any of the following events or conditions in the year immediately following a Change in Control: (A) a reduction in the Executive’s annual base salary or annual bonus opportunity as in effect immediately prior to the Change in Control; (B) the failure of the REIT to obtain an agreement, reasonably satisfactory to the Executive, from any successor or assign of the REIT to assume and agree to adopt this Agreement for a period of at least two years from the Change in Control.

(g) **Restricted Period.** The “Restricted Period” shall mean, the Executive’s employment with the REIT, which period may be extended for an additional period of 12 months if the Executive is entitled to, and receives, the Cash Severance specified under Section 3(b)(2) hereof.

(h) **Retirement.** As used in this Agreement, “Retirement” shall mean a retirement by the Executive if the Executive has been designated as an eligible retiree by the Board of Directors, in the Board’s sole discretion.

3. **Effect of Termination**

(a) **Any Termination.** If the Executive’s employment with the REIT terminates for any reason, the Executive shall be entitled to any Accrued Salary. The Executive shall have no rights or claims against the DiamondRock Group except to receive the payments and benefits described in this Section 3. The REIT shall have no further obligations to Executive except as otherwise expressly provided under this Agreement, provided any such

termination shall not adversely affect or alter Executive's rights under any employee benefit plan of the REIT in which Executive, at the Date of Termination, has a vested interest, unless otherwise provided in such employee benefit plan or any agreement or other instrument attendant thereto.

None of the benefits described in this Section 3 (other than Accrued Salary) will be payable unless the Executive has signed a general release which has become irrevocable, satisfactory to the REIT in the reasonable exercise of its discretion, releasing the

DiamondRock Group, its affiliates including the REIT, and their officers, directors and employees, from any and all claims or potential claims arising from or related to the Executive's employment or termination of employment. In addition, the benefits described in this Section 3 (other than Accrued Salary) are conditioned upon the Executive's ongoing compliance with his/her restrictions, covenants and promises under Sections 4, 5, 6 and 7 below (as applicable).

(b) **Termination by the REIT without Cause or by Executive for Good Reason.** If the REIT terminates the Executive's employment without Cause, or the Executive terminates his employment for Good Reason so as to constitute, in either case, a separation from service for purposes of Code Section 409A, then in addition to the benefits under Section 3(a) above, the Executive shall be entitled to receive the following:

- (i) a pro-rata bonus for the fiscal year determined through the Date of Termination and calculated based on the target bonus for such fiscal year to be paid within 90 days after the Date of Termination;
- (ii) an amount equal to (A) two times (B) the sum of (I) the Executive's base salary in effect immediately prior to the Date of Termination, and (II) the Executive's target annual bonus (collectively, the "**Cash Severance**") to be paid within 90 days after the date of Termination;
- (iii) continued payment by the REIT for health insurance coverage for the Executive and the Executive's spouse and dependents for 18 months, consistent with COBRA following the Date of Termination to the same extent that the REIT paid for such coverage immediately prior to the termination of the Executive's employment and subject to the eligibility requirements and other terms and conditions of such insurance coverage, provided that if any such insurance coverage shall become unavailable and/or the REIT's insurer refuses to continue coverage during the 18 month period, the REIT thereafter shall be obliged only to pay monthly to the Executive an amount which, after reduction for applicable income and employment taxes, is equal to the monthly COBRA premium for such insurance for the remainder of such severance period.
- (iv) vesting as of the Date of Termination of 100% of all unvested time-based restricted stock awards, to the extent permitted by law. The treatment of equity compensation awards that are not time based vesting (such as restricted stock which vests based on one or more performance metrics) granted after the effective date of this agreement

will be specified in the individual grant agreements and/or the applicable plans covering such awards.

(c) **Termination In the Event of Death or Disability.** If the Executive's employment terminates because of the Executive's death or Disability, then in addition to the benefits under Section 3(a) above, the Executive (or his estate or other legal representatives, as the case may be) shall be entitled to receive:

- (i) a pro-rata bonus, payable within 90 days after the Date of Termination, for the fiscal year determined through the Date of Termination and calculated based on the target bonus for such fiscal year;
- (ii) continued payment by the REIT for health insurance coverage for the Executive and the Executive's spouse and dependents for 18 months, consistent with COBRA, following the Date of Termination to the same extent that the REIT paid for such coverage immediately prior to the termination of the Executive's employment and subject to the eligibility requirements and other terms and conditions of such insurance coverage, provided that if any such insurance coverage shall become unavailable and/or the REIT's insurer refuses to continue coverage during the 18 month period, the REIT thereafter shall be obliged only to pay monthly to the Executive an amount which, after reduction for applicable income and employment taxes, is equal to the monthly COBRA premium for such insurance for the remainder of such severance period.
- (iii) vesting as of the Date of Termination of 100% of all unvested time-based restricted stock awards, to the extent permitted by law. The treatment of equity compensation awards that are not time based vesting (such as restricted stock which vests based on one or more performance metrics) granted after the effective date of this agreement will be specified in the individual grant agreements and/or the applicable plans covering such awards.

(d) **Termination In the Event of Retirement.** If the Executive's employment terminates because of his Retirement, then in addition to the benefits under Section 3(a) above, the Executive shall be entitled to receive the following:

- (i) a pro-rata bonus, payable within 90 days after the date of termination, for the fiscal year determined through the Date of Termination and calculated based on the target bonus for such fiscal year; and

- (ii) notwithstanding the Retirement by the Executive, all unvested time-based restricted stock awards shall continue to vest at the times and on the terms as set forth in the relevant restricted stock award agreements as if the Executive remained continuously employed by the REIT from the Date of Termination through each such vesting date. The treatment of non-

time-based equity compensation awards (such as restricted stock which vests based on one or more performance metrics) granted after the effective date of this agreement will be specified in individual grant agreements and/or the applicable plans covering such awards.

(e) **Termination In the Event of a Change in Control.** In the event the Executive's termination of employment occurs in connection with or following a Change in Control, and in the event that any payment made pursuant to Section 3 hereof or any insurance benefits, accelerated vesting, pro-rated bonus or other benefit payable to the Executive under this Agreement or otherwise (the "**Severance Payments**"), are subject to the excise tax imposed by Section 4999 (as it may be amended or replaced) of the Internal Revenue Code of 1986, as amended (the "**Excise Tax**"); then

- (i) If the reduction of the Severance Payments to the maximum amount that could be paid to the Executive without giving rise to the Excise Tax (the "**Safe Harbor Cap**") would provide the Executive with a greater after tax benefit than if such amounts were not reduced, then the amounts payable to the Executive under this Agreement shall be reduced (but not below zero) to the Safe Harbor Cap. The reduction of the amounts payable hereunder, if applicable, shall be made by reducing first the payments of cash originating under Section 3 (a)-3(d) hereof, and then by reducing other payments to the extent permitted by any applicable plan and/or agreement.
- (ii) If the reduction for the Severance Payments to the Safe Harbor Cap would not result in a greater after tax result to the Executive, no amounts payable under this agreement shall be reduced pursuant to this provision.
- (iii) The determination of whether the Excise Tax is payable and the amount thereof shall be made in writing in good faith by a nationally recognized independent certified public accounting firm selected by the REIT and approved by the Executive, such approval not to be unreasonably withheld (the "**Accounting Firm**"). For purposes of

making the calculations required by this Section 3(e), to the extent not otherwise specified herein, reasonable assumptions and approximations may be made with respect to applicable taxes and reasonable, good faith interpretations of the Code may be relied upon. The REIT and the Executive shall furnish such information and documents as may be reasonably requested in connection with the performance of the calculations under this Section 3(e). The REIT shall bear all costs incurred in connection with the performance of the calculations contemplated by this Section 3(e).

4. **Non-Disparagement**

The Executive agrees that he/she will not, whether during or after the Executive's employment with the REIT, make any statement, orally or in writing, regardless of whether such statement is truthful, nor take any action, that (a) in any way could disparage the DiamondRock Group or any officers, executives, directors, partners, managers, members, principals, employees, representatives, or agents of the DiamondRock Group, or which foreseeably could or reasonably could be expected to harm the reputation or goodwill of any of those persons or entities, or (b) in any way, directly or indirectly, could knowingly cause, encourage or condone the making of such statements or the taking of such actions by anyone else.

5. **Non-Competition**

(a) **Non-Competition.** Subject to Section 5(b) hereof, the Executive agrees that during the Restricted Period the Executive shall not, without the prior express written consent of the REIT, directly or indirectly, anywhere in the United States, own an interest in, join, operate, control or participate in, or be connected as an owner, officer, executive, employee, partner, member, manager, shareholder, or principal of or with, any lodging-oriented real estate investment company. Notwithstanding the foregoing, the Executive may own up to one percent (1%) of the outstanding stock of a real estate investment company. The restrictions of this Section 5(a) shall not apply if the Executive's employment with the REIT is terminated without cause by the Company or the Executive effective during the 12 month period immediately following a Change in Control.

(b) **Board's Discretion.** Notwithstanding anything contained herein, the Board of Directors retains the right, in its sole discretion, to shorten or eliminate the post-employment Restricted Period for any Executive.

6. **Non-Solicitation of Employees.** The Executive agrees that while he/she is employed as an employee of the REIT and for a period of 12 months after the termination of the Employee's employment with the REIT for whatever reason, the

Employee shall not, without the express written consent of the REIT, hire, solicit, recruit, induce or procure (or assist or encourage any other person or entity to hire, solicit, recruit, induce or procure), directly or indirectly or on behalf of himself or any other person or entity, any officer, executive, director, partner, principal, member, or non-clerical employee of the DiamondRock Group or any person who was an officer, executive, director, partner, principal, member, or non-clerical employee of the DiamondRock Group at any time during the final year of the Executive's employment with the REIT, to work for the Executive or any person or entity with which the Executive is or intends to be affiliated or otherwise directly or indirectly encourage any such person to terminate his or her employment or other relationship with the DiamondRock Group without the prior express written consent of the REIT. Notwithstanding anything contained herein, the foregoing shall not restrain the Executive from hiring, soliciting, recruiting, inducing or procuring any person to work for the Executive or any person or entity with which the Executive is or intends to be affiliated if such person was either terminated by the REIT or such person resigned for Good Reason. In addition, the Board of Directors retains the right, in its sole discretion, to release any Executive from its obligations under this Section.

7. **Injunctive Relief.** The Executive understands that the restrictions contained in Section 4, 5 and 6 of this Agreement are intended to protect the REIT's interests in its proprietary information, goodwill, and its employee and investor relationships, and agrees that such restrictions (and the scope and duration thereof) are necessary, reasonable and appropriate for this purpose. The Executive acknowledges and agrees that it would be difficult to measure any damages caused to the REIT which might result from any breach by the Executive of his promises and obligations under Sections 4, 5 and/or 6, that the REIT would be irreparably harmed by such breach, and that, in any event, money damages would be an inadequate remedy for any such breach. Therefore, the Executive agrees and consents that the REIT shall be entitled to an injunction or other appropriate equitable relief (in addition to all other remedies it may have for damages or otherwise) to restrain any such breach or threatened breach without showing or proving any actual damage to the REIT; and the REIT shall be entitled to an award of its attorneys fees and costs incurred in enforcing the Executive's obligations under Sections 4, 5 and/or 6.

8. **Miscellaneous**

(a) **409A.** Notwithstanding anything to the contrary, if the Executive is a “key employee” (as defined in Section 416(i) of the Code without regard to paragraph (5) thereof) and any of the REIT’s stock is publicly traded on an established securities market or otherwise, to the extent necessary to avoid any penalties under Section 409A of the Code, any payment hereunder may not be made before the date that is six months after the date of separation from service.

(b) **Tax Withholding.** All payments made by the REIT under this Agreement shall be net of any tax or other amounts required to be withheld by the REIT under applicable law.

(c) **No Mitigation.** The REIT agrees that, if the Executive’s employment by the REIT is terminated during the term of this Agreement, the Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the REIT pursuant to Section 3 hereof. Further, the amount of any payment provided for in this Agreement shall not be reduced by any compensation earned by the Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Executive to the REIT or otherwise.

(d) **No Offset.** The REIT’s obligation to make the payments provided for in this Agreement and otherwise perform its obligations hereunder shall not be affected by any circumstances, including, without limitation, any set-off, counterclaim, recoupment, defense or other right which the REIT, the Operating Partnership or any of their subsidiaries may have against the Executive or others unless such set-off, counterclaim, recoupment, defense, or other right arises from the Executive engaging in conduct which constitutes a material breach of a fiduciary duty or duty of loyalty, including without limitation, misappropriation of funds or property of the Operating Partnership and their subsidiaries.

(e) **Litigation and Regulatory Cooperation.** During and after Executive’s employment, Executive shall reasonably cooperate with the REIT in the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the REIT which relate to events or occurrences that transpired while Executive was employed by the REIT; provided, however, that such cooperation shall not materially and adversely affect Executive or expose Executive to an increased probability of civil or criminal litigation. Executive’s cooperation in connection with such claims or actions shall include, but not be limited to, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of the REIT at mutually convenient times. During and after Executive’s employment, Executive also shall cooperate fully with the REIT in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while Executive was employed by the REIT. The REIT shall also provide Executive with compensation on an hourly basis (to be derived from the sum of his Base Salary and average annual incentive compensation) for requested litigation and regulatory cooperation that occurs after his termination of employment, and reimburse Executive for all costs and expenses incurred in connection with his performance under this Section 8(e), including, but not limited to, reasonable attorneys’ fees and costs.

(f) **Notices.** All notices required or permitted under this Agreement shall be in writing and shall be deemed effective (i) upon personal delivery, (ii) upon deposit with the United States Postal Service, by registered or certified mail, postage prepaid, or (iii) in the case of facsimile transmission or delivery by nationally recognized overnight delivery service, when received, addressed as follows:

(i) If to the REIT, to:

DiamondRock Hospitality Company
3 Bethesda Metro, Suite 1500
Bethesda, MD 20814
Facsimile: (240) 744-1199
Attn: 1) Lead Director; 2) Chairman of the Board and 3) Chairman of the Compensation Committee

(ii) If to the Executive, to:

INSERT ADDRESS

or to such other address or addresses as either party shall designate to the other in writing from time to time by like notice.

(g) **Pronouns.** Whenever the context may require, any pronouns used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular forms of nouns and pronouns shall include the plural, and vice versa.

(h) **Entire Agreement.** This Agreement constitutes the entire agreement between the parties and supersedes all prior agreements and understandings, whether written or oral, relating to the subject matter of this Agreement.

(i) **Amendment.** This Agreement may be amended or modified only by a written instrument executed by both the REIT and the Executive.

(j) **Governing Law and Forum.** This Agreement shall be construed, interpreted and enforced in accordance with the laws of the State of Maryland, without regard to its conflicts of laws principles, by a court of competent jurisdiction located within the State of Maryland.

(k) **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of both parties and their respective successors and assigns, including any entity with which or into which the REIT may be merged or which may succeed to its assets or business or any entity to which the REIT may assign its rights and obligations under this Agreement; provided, however, that the obligations of the Executive are personal and shall not be assigned or delegated by him.

(l) **Waiver.** No delays or omission by the REIT or the Executive in exercising any right under this Agreement shall operate as a waiver of that or any other right. A waiver or consent given by the REIT or the Executive on any one occasion shall be effective only in that instance and shall not be construed as a bar or waiver of any right on any other occasion.

(m) **Captions.** The captions appearing in this Agreement are for convenience of reference only and in no way define, limit or affect the scope or substance of any section of this Agreement.

(n) **Severability.** In case any provision of this Agreement shall be held by a court or arbitrator with jurisdiction over the parties to this Agreement to be invalid, illegal or otherwise unenforceable, such provision shall be restated to reflect as nearly as possible the original intentions of the parties in accordance with applicable law, and the validity, legality and enforceability of the remaining provisions shall in no way be affected or impaired thereby. In the event that any portion or provision of this Agreement (including, without limitation, any portion or provision of Sections 4, 5, and/or 6) is determined by a court or arbitrator of competent jurisdiction to be invalid, illegal or otherwise unenforceable by reason of excessive scope as to geographic, temporal or functional coverage, such provision will be reformed and deemed to extend only over the maximum geographic, temporal and functional scope as to which it may be enforceable and shall be enforced by said court or arbitrator accordingly.

(o) **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

DIAMONDROCK HOSPITALITY COMPANY

By:

Title:

EXECUTIVE

Name:



COMPANY CONTACT

Sean Mahoney
(240) 744-1150

FOR IMMEDIATE RELEASE

DIAMONDROCK NAMES THOMAS HEALY CHIEF OPERATING OFFICER AND EXECUTIVE VICE PRESIDENT OF ASSET MANAGEMENT

Brings Over Twenty-Five Years of Operational Experience in the Hospitality Sector

BETHESDA, MD., January 4, 2017 — DiamondRock Hospitality Company (the “Company”) (NYSE: DRH) announced today that Thomas Healy, former Co-Head of Asset Management at Strategic Hotels and Resorts, will join the Company as Chief Operating Officer and Executive Vice President of Asset Management, effective January 16, 2017. In this role, Mr. Healy will report directly to Mark Brugger, DiamondRock’s President and Chief Executive Officer, and will lead the Company’s asset management efforts.

“We could not be more excited to welcome Tom to the DiamondRock team,” said Mr. Brugger. “Tom has over 25 years of hotel and asset management experience and a proven track record of success. Over his career, Tom has taken a broad strategic approach to the design, implementation and execution of a range of initiatives at the portfolio and property level that have driven margin expansion and delivered value to shareholders. We are confident that Tom will help us execute on our strategy to drive superior shareholder returns across the lodging cycle and build on the significant progress we have made in our operations in recent years.”

“I am delighted to join the talented DiamondRock management team,” said Mr. Healy. “DiamondRock has a high quality portfolio of hotels, a very strong balance sheet and a number of exciting opportunities lie ahead in the near future. I look forward to working collaboratively with DiamondRock’s leadership team and will focus the asset management group on maximizing operational performance. My priority will be to ensure that everyone is focused on one simple goal: ensuring that everything we do enhances asset value for DiamondRock shareholders.”

Previously, Mr. Healy has worked at Strategic Hotels and Resorts since 2006 and most recently served as EVP/Co-Head of Asset Management, a role in which he had oversight responsibility for the asset management function for both owned assets and third party contracts and worked with both internal and external partners to drive asset value. He worked and developed relationships with multiple Brands, Developers and Ownership Groups. In this position, he had shared responsibility for the strategic and tactical execution for over 20 hotels generating \$1.3 billion in revenue and \$360 million EBITDA in 2015 across North America. Prior to Strategic Hotels

and Resorts, Mr. Healy served in various corporate and property operational roles for Starwood Hotels & Resorts and Hyatt Hotels & Resorts. He worked in both hotel operations as General Manager in multiple assets as well as working at the corporate office for Starwood in Development. He has received recognition for his efforts and was awarded “Turnaround Hotel of the Year” for Westin Hotels & Resorts and Regional New Build Award for his opening of the Sheraton Overland Park and Conference Center. Mr. Healy is an alumnus of Johnson & Wales University where he earned a BS Hospitality Management and he earned a Masters with Distinction (MSc) in Hospitality and Tourism Leadership from the University of Strathclyde Business School, Cornell University and Ecole Hoteliere de Lausanne.

About the Company

DiamondRock Hospitality Company is a self-advised real estate investment trust (REIT) that is an owner of a leading portfolio of geographically diversified hotels concentrated in top gateway markets and destination resort locations. The Company owns 26 premium quality hotels with over 9,400 rooms. The Company has strategically positioned its hotels to be operated both under leading global brands such as Hilton, Marriott, and Westin and boutique hotels in the lifestyle segment. For further information on the Company and its portfolio, please visit DiamondRock Hospitality Company’s website at www.drhc.com.

This press release contains forward-looking statements within the meaning of federal securities laws and regulations. These forward-looking statements are identified by their use of terms and phrases such as “believe,” “expect,” “intend,” “project,” “forecast,” “plan” and other similar terms and phrases, including references to assumptions and forecasts of future results. Forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors which may cause the actual results to differ materially from those anticipated at the time the forward-looking statements are made. These risks include, but are not limited to: national and local economic and business conditions, including the potential for additional terrorist attacks, that will affect occupancy rates at the Company’s hotels and the demand for hotel products and services; operating risks associated with the hotel business; risks associated with the level of the Company’s indebtedness; relationships with property managers; the ability to compete effectively in areas such as access, location, quality of accommodations and room rate structures; changes in travel patterns, taxes and government regulations which influence or determine wages, prices, construction procedures and costs; potential changes in our expected sources and uses of cash; and other risk factors contained in the Company’s filings with the Securities and Exchange Commission. Although the Company believes the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that the expectations will be attained or that any deviation will not be material. All information in this release is as of the date of this release, and the Company undertakes no obligation to update any forward-looking statement to conform the statement to actual results or changes in the Company’s expectations.

