

RLJ Lodging Trust  
Form DEF 14A  
March 28, 2016

Use these links to rapidly review the document

[TABLE OF CONTENTS](#)

[Table of Contents](#)

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

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No.        )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

**RLJ LODGING TRUST**

---

(Name of Registrant as Specified In Its Charter)

---

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  - (2) Aggregate number of securities to which transaction applies:
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

## Edgar Filing: RLJ Lodging Trust - Form DEF 14A

- (4) Proposed maximum aggregate value of transaction:
  - (5) Total fee paid:
  
  - o Fee paid previously with preliminary materials.
  - o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
    - (1) Amount Previously Paid:
    - (2) Form, Schedule or Registration Statement No.:
    - (3) Filing Party:
    - (4) Date Filed:
-

## Edgar Filing: RLJ Lodging Trust - Form DEF 14A

### Table of Contents

March 28, 2016

Dear Fellow Shareholders:

You are cordially invited to attend the 2016 Annual Meeting of Shareholders (the "Annual Meeting") of RLJ Lodging Trust, which will be held at the Bethesda Residence Inn, 7335 Wisconsin Ave, Bethesda, MD 20814, on Friday, April 29, 2016, at 11:30 a.m. Eastern Time.

At the Annual Meeting, you will be asked to (i) elect seven trustees; (ii) ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2016; (iii) approve (on a non-binding basis) the compensation of our named executive officers; (iv) amend our Articles of Amendment and Restatement of Declaration of Trust to allow our shareholders to amend our bylaws by a majority vote of the outstanding shares entitled to be cast on the matter; and (v) transact such other business as may properly come before the Annual Meeting or any adjournments or postponements of the Annual Meeting. The accompanying Proxy Statement provides a detailed description of these proposals.

To assist you in voting your shares, you will find enclosed the Notice of Annual Meeting, the 2016 Proxy Statement and our 2015 Annual Report to Shareholders, which includes our audited financial statements. We urge you to read the accompanying materials so that you will be informed about the business to be addressed at the Annual Meeting. In addition to the formal business that will be transacted, management will report on the progress of our business and respond to comments and questions of general interest to our shareholders.

On behalf of our Board of Trustees and our employees, we thank you for your continued interest in and support of our company. We look forward to seeing you on April 29.

Sincerely,

Thomas J. Baltimore, Jr.  
*President and Chief Executive Officer*

Robert L. Johnson  
*Executive Chairman*

---

Table of Contents

**RLJ LODGING TRUST**

**3 Bethesda Metro Center  
Suite 1000  
Bethesda, MD 20814**

---

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
To Be Held on April 29, 2016**

---

NOTICE IS HEREBY GIVEN that the 2016 Annual Meeting of Shareholders (the "Annual Meeting") of RLJ Lodging Trust will be held at the Bethesda Residence Inn, 7335 Wisconsin Ave, Bethesda, MD 20814 on Friday, April 29, 2016, at 11:30 a.m. Eastern Time, for the following purposes:

- (1) to elect the seven trustees named in the Proxy Statement;
- (2) to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2016;
- (3) to approve (on a non-binding basis) the compensation of our named executive officers;
- (4) to amend our Articles of Amendment and Restatement of Declaration of Trust (the "Declaration of Trust") to allow our shareholders to amend our bylaws by a majority vote of the outstanding shares entitled to be cast on the matter; and
- (5) to transact such other business as may properly come before the meeting or any adjournments or postponements of the Annual Meeting.

The Board of Trustees has fixed the close of business on Tuesday, March 15, 2016 as the record date for the determination of shareholders entitled to notice of and to vote at the Annual Meeting and any adjournments or postponements of the Annual Meeting. Accordingly, only shareholders of record at the close of business on that date are entitled to notice of and to vote at the Annual Meeting and any adjournments or postponements of the Annual Meeting.

This notice and the enclosed Proxy Statement are first being made available to our shareholders on or about March 28, 2016.

By Order of the Board of Trustees,

Anita Cooke Wells  
*Corporate Secretary*

Edgar Filing: RLJ Lodging Trust - Form DEF 14A

Bethesda, Maryland

March 28, 2016

**YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, YOU ARE URGED TO COMPLETE, DATE AND SIGN THE ACCOMPANYING PROXY CARD AND RETURN IT PROMPTLY IN THE POSTAGE-PAID ENVELOPE PROVIDED. IF YOU ATTEND THE MEETING, YOU MAY WITHDRAW YOUR PROXY AND VOTE IN PERSON, IF YOU DESIRE.**

---

Table of Contents

TABLE OF CONTENTS

<b><u>ABOUT THE MEETING</u></b>	<b><u>1</u></b>
<b><u>PROPOSALS TO BE VOTED ON</u></b>	<b><u>6</u></b>
<u>Proposal 1: Election of Trustees</u>	<u>6</u>
<u>Proposal 2: Ratification of Appointment of Independent Registered Public Accounting Firm</u>	<u>9</u>
<u>Proposal 3: Advisory (Non-Binding) Vote to Approve Named Executive Officer Compensation</u>	<u>11</u>
<u>Proposal 4: Amendment of Declaration of Trust to Allow Shareholders to Amend our Bylaws</u>	<u>12</u>
<b><u>CORPORATE GOVERNANCE AND BOARD MATTERS</u></b>	<b><u>13</u></b>
<u>Corporate Governance Profile</u>	<u>13</u>
<u>Corporate Governance Guidelines</u>	<u>13</u>
<u>Code of Business Conduct and Ethics</u>	<u>14</u>
<u>Availability of Corporate Governance Materials</u>	<u>14</u>
<u>Independence of Trustees</u>	<u>14</u>
<u>Board Leadership Structure</u>	<u>15</u>
<u>Board Oversight of Risk Management</u>	<u>15</u>
<u>Board and Committee Meetings</u>	<u>16</u>
<u>Board Committees</u>	<u>16</u>
<u>Executive Sessions of Non-Management Trustees</u>	<u>19</u>
<u>Communications with the Board</u>	<u>19</u>
<u>Trustee Selection Process</u>	<u>19</u>
<u>Trustee Compensation</u>	<u>20</u>
<b><u>EXECUTIVE OFFICERS</u></b>	<b><u>24</u></b>
<b><u>COMPENSATION DISCUSSION AND ANALYSIS</u></b>	<b><u>25</u></b>
<b><u>COMPENSATION COMMITTEE REPORT</u></b>	<b><u>36</u></b>
<b><u>COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION</u></b>	<b><u>36</u></b>
<b><u>COMPENSATION OF EXECUTIVE OFFICERS</u></b>	<b><u>37</u></b>
<u>Summary Compensation Table</u>	<u>37</u>
<u>Grants of Plan-Based Awards</u>	<u>39</u>
<u>Outstanding Equity Awards at Fiscal Year-End December 31, 2015</u>	<u>39</u>
<u>Vested Share Awards in 2015</u>	<u>40</u>
<u>Employment Agreements with our Named Executive Officers</u>	<u>40</u>
<u>Potential Payments Upon Termination of Change-in-Control</u>	<u>42</u>
<b><u>EQUITY COMPENSATION PLAN INFORMATION</u></b>	<b><u>46</u></b>
<b><u>REPORT OF THE AUDIT COMMITTEE</u></b>	<b><u>47</u></b>
<b><u>PRINCIPAL SHAREHOLDERS</u></b>	<b><u>48</u></b>
<b><u>CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS</u></b>	<b><u>50</u></b>
<u>Related Party Transaction Policy</u>	<u>50</u>
<u>Related Party Transactions</u>	<u>50</u>
<b><u>OTHER MATTERS</u></b>	<b><u>53</u></b>
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	<u>53</u>
<u>Other Matters to Come Before the 2016 Annual Meeting</u>	<u>53</u>
<u>Shareholder Proposals and Nominations for the 2017 Annual Meeting</u>	<u>53</u>
<u>Householding of Proxy Materials</u>	<u>53</u>



Table of Contents

## RLJ LODGING TRUST

3 Bethesda Metro Center  
Suite 1000  
Bethesda, MD 20814

---

### PROXY STATEMENT

---

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be Held on April 29, 2016.**

**This Proxy Statement, our 2015 Annual Report to Shareholders and our Annual Report on Form 10-K for the year ended December 31, 2015 are available at <http://www.rjlodgingtrust.com/meeting.html>**

### ABOUT THE MEETING

#### **Why am I receiving this Proxy Statement?**

This Proxy Statement contains information related to the solicitation of proxies for use at our 2016 annual meeting of shareholders, to be held at the Bethesda Residence Inn, 7335 Wisconsin Ave, Bethesda, MD 20814, on Friday, April 29, 2016, at 11:30 a.m. Eastern Time, for the purposes stated in the accompanying Notice of Annual Meeting of Shareholders. This solicitation is made by RLJ Lodging Trust on behalf of our Board of Trustees, or the Board. "We", "our", "us" and the "Company" refer to RLJ Lodging Trust. This Proxy Statement, the enclosed proxy card and our 2015 Annual Report to Shareholders are first being mailed to shareholders beginning on or about March 28, 2016.

#### **What am I being asked to vote on?**

You are being asked to vote on the following proposals:

***Proposal 1 (Election of Trustees):*** The election of the seven trustee nominees named in this Proxy Statement, each for a term expiring at the 2017 annual meeting of shareholders;

***Proposal 2 (Ratification of PricewaterhouseCoopers LLP):*** The ratification of PricewaterhouseCoopers LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2016;

***Proposal 3 (Non-Binding Advisory Vote to Approve Named Executive Officer Compensation):*** An advisory (non-binding) vote to approve the compensation of our named executive officers, which is commonly referred to as "Say-On-Pay"; and

***Proposal 4 (Amendment of our Declaration of Trust):*** The amendment of our Declaration of Trust to allow shareholders to amend our bylaws by a majority vote of the outstanding shares entitled to be cast on the matter.

#### **What are the Board's voting recommendations?**

The Board recommends that you vote as follows:



Edgar Filing: RLJ Lodging Trust - Form DEF 14A

*Proposal 1 (Election of Trustees):* "FOR" each of the Board's nominees for election as trustees;

*Proposal 2 (Ratification of PricewaterhouseCoopers LLP):* "FOR" the ratification of PricewaterhouseCoopers LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2016;

## Edgar Filing: RLJ Lodging Trust - Form DEF 14A

### Table of Contents

**Proposal 3 (Non-Binding Advisory Vote to Approve Named Executive Officer Compensation):** "FOR" the advisory (non-binding) "Say-On-Pay" vote to approve the compensation of our named executive officers; and

**Proposal 4 (Amendment of our Declaration of Trust):** "FOR" the amendment of our Declaration of Trust to allow our shareholders to amend our bylaws by a majority vote of the outstanding shares entitled to be cast on the matter.

#### **Who is entitled to vote at the annual meeting?**

Only holders of record of our common shares at the close of business on March 15, 2016, the record date for the annual meeting, are entitled to receive notice of the annual meeting and to vote at the meeting. Our common shares constitute the only class of securities entitled to vote at the meeting.

#### **What are the voting rights of shareholders?**

Each common share outstanding on the record date entitles its holder to cast one vote on each matter to be voted on.

#### **Who can attend the annual meeting?**

All holders of our common shares at the close of business on March 15, 2016, the record date for the annual meeting, or their duly appointed proxies, are authorized to attend the annual meeting. Admission to the meeting will be on a first-come, first-served basis. If you attend the meeting, you may be asked to present valid photo identification, such as a driver's license or passport, before being admitted. Cameras, recording devices and other electronic devices will not be permitted at the meeting. For directions to the annual meeting of shareholders, contact Investor Relations at 301-280-7774.

Please also note that if you are the beneficial owner of shares held in "street name" (that is, through a bank, broker or other nominee), you will need to bring a copy of the brokerage statement reflecting your share ownership as of March 15, 2016.

#### **What is the difference between holding shares as a shareholder of record and as a beneficial owner?**

Many shareholders hold their shares through a stockbroker, bank or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

**Shareholder of record.** If your shares are registered directly in your name with our transfer agent, Wells Fargo Shareowner Services, you are considered the shareholder of record of those shares and these proxy materials are being sent directly to you by us.

**Beneficial owner.** If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name, and these proxy materials are being forwarded to you by your broker or nominee which is considered, with respect to those shares, the shareholder of record. As the beneficial owner, you have the right to direct your broker how to vote and are also invited to attend the annual meeting. However, since you are not the shareholder of record, you may not vote these shares in person at the annual meeting unless you bring with you a legal proxy from the shareholder of record.

#### **What will constitute a quorum at the annual meeting?**

The presence at the meeting, in person or by proxy, of the holders of a majority of the common shares outstanding on March 15, 2016 will constitute a quorum, permitting the shareholders to conduct business at the meeting. We will include abstentions and broker non-votes in the calculation of the

Table of Contents

number of shares considered to be present at the meeting for purposes of determining the presence of a quorum at the meeting. As of the March 15, 2016 record date, there were 125,214,842 common shares outstanding.

**What are broker non-votes?**

Broker non-votes occur when nominees, such as banks and brokers holding shares on behalf of beneficial owners, do not receive voting instructions from the beneficial owners at least ten days before the annual meeting. If that happens, the nominees may vote those shares only on matters deemed "routine" by the New York Stock Exchange (the "NYSE"), the exchange on which our common shares are listed. On non-routine matters, nominees cannot vote without instructions from the beneficial owner, resulting in a so-called "broker non-vote."

Proposal 2 (ratification of PricewaterhouseCoopers LLP) is the only proposal that is considered "routine" under the NYSE rules. If you are a beneficial owner and your shares are held in the name of a broker, the broker is permitted to vote your shares on the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2016 even if the broker does not receive voting instructions from you.

Under NYSE rules, Proposals 1, 3 and 4 (election of trustees, Say-On-Pay and amendment of our Declaration of Trust) are considered non-routine. Consequently, if you do not give your broker instructions, your broker will not be able to vote on any of these proposals.

**How many votes are needed for the proposals to pass?**

The proposals to be voted on at the annual meeting have the following voting requirements:

***Proposal 1 (Election of Trustees):*** Under our bylaws, to be elected in an uncontested election, trustee nominees must receive the affirmative vote of a majority of the votes cast, which means that the number of shares voted for a nominee must exceed the number of shares voted against that nominee. For purposes of the election of trustees, abstentions and broker non-votes will not be counted as votes cast for or against a nominee's election and will have no effect on the result of the vote, although they will be considered present for the purpose of determining the presence of a quorum. There is no cumulative voting in the election of trustees.

If an incumbent trustee fails to be re-elected by a majority of votes cast, that trustee is required under our bylaws to tender his or her resignation to the Board. The Nominating and Corporate Governance Committee will make a recommendation to the Board on whether to accept or reject the resignation, or whether other action should be taken. The Board is required to act on the Nominating and Corporate Governance Committee's recommendation and publicly disclose its decision and its rationale within 90 days after the election results are certified. Notwithstanding the foregoing, our bylaws require the Board to accept any such resignation if the nominee has received more votes against than for his or her election at each of two consecutive annual meetings of shareholders.

***Proposal 2 (Ratification of PricewaterhouseCoopers LLP):*** The affirmative vote of a majority of the votes cast is required to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2016, which is considered a routine matter. For purposes of the vote on the ratification of PricewaterhouseCoopers LLP as our independent registered public accounting firm, abstentions will not be counted as votes cast and will have no effect on the result of the vote, although they will be considered present for the purpose of determining the presence of a quorum.

***Proposal 3 (Say-On-Pay):*** The affirmative vote of a majority of the votes cast is required for approval of the advisory (non-binding) vote to approve the compensation of our named

## Edgar Filing: RLJ Lodging Trust - Form DEF 14A

### Table of Contents

executive officers. For purposes of the vote on Say-On-Pay, abstentions and broker non-votes will not be counted as votes cast and will have no effect on the result of the vote, although they will be considered present for the purpose of determining the presence of a quorum.

**Proposal 4 (Amendment of our Declaration of Trust):** The affirmative vote of the holders of a majority of our outstanding shares entitled to be cast on the matter is required to amend our Declaration of Trust to allow our bylaws to be amended by a majority vote of the outstanding shares entitled to be cast on the matter. For purposes of the vote to amend our Declaration of Trust, abstentions and broker non-votes will not be considered present for the purpose of determining the presence of a quorum and they will have the effect of a vote against the amendment of our Declaration of Trust.

### **Will any other matters be voted on?**

As of the date of this Proxy Statement, we are not aware of any matters that will come before the annual meeting other than those disclosed in this Proxy Statement. If any other matters are properly brought before the annual meeting, the persons named in the accompanying proxy card will vote the shares represented by the proxies on the other matters in the manner recommended by our Board, or, if no such recommendation is given, in the discretion of the proxy holders.

### **How do I vote?**

If you are a shareholder of record, you may vote by marking your voting instructions and signing, dating and mailing your proxy card in the enclosed postage-paid envelope. If you are a beneficial owner and your shares are held by a bank or broker, you should follow the instructions provided to you by the bank or broker. Although most banks and brokers now offer voting by mail, telephone and on the Internet, availability and specific procedures will depend on their voting arrangements.

### **If I plan to attend the annual meeting, should I still vote by proxy?**

Yes. Voting in advance does not affect your right to attend the annual meeting. If you send in your proxy card and also attend the annual meeting, you do not need to vote again at the annual meeting unless you want to change your vote. Written ballots will be available at the meeting for shareholders of record. Beneficial owners who wish to vote in person at the annual meeting must request a legal proxy from their brokerage firm, bank, trustee or other agent and bring that legal proxy to the annual meeting.

### **How are proxy card votes counted?**

If the accompanying proxy card is properly signed and returned to us, and not subsequently revoked, it will be voted as directed by you. Unless contrary instructions are given, the persons designated as proxy holders on the proxy card will vote: "**FOR**" the election of all nominees for our Board of Trustees named in this Proxy Statement; "**FOR**" the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2016; "**FOR**" the advisory (non-binding) "Say-On-Pay" vote to approve the compensation of our named executive officers; and "**FOR**" the amendment of our Declaration of Trust to allow our shareholders to amend our bylaws by a majority vote of the outstanding shares entitled to be cast on the matter; and as recommended by our Board of Trustees with regard to any other matters that may properly come before the meeting, or, if no such recommendation is given, in their own discretion.

Table of Contents

**May I revoke my vote after I return my proxy card?**

Yes. You may revoke a previously granted proxy at any time before it is exercised by (i) filing with our Secretary a notice of revocation or a duly executed proxy bearing a later date or (ii) attending the meeting and voting in person.

**Who pays the costs of soliciting proxies?**

We will pay the costs of soliciting proxies. In addition to soliciting proxies by mail, our officers, trustees and other employees, without additional compensation, may solicit proxies personally or by other appropriate means. It is anticipated that banks, brokers, fiduciaries, custodians and nominees will forward proxy soliciting materials to their principals, and that we will reimburse such persons' out-of-pocket expenses.

**You should rely only on the information provided in this Proxy Statement. We have not authorized anyone to provide you with different or additional information. You should not assume that the information in this Proxy Statement is accurate as of any date other than the date of this Proxy Statement or, where information relates to another date set forth in this Proxy Statement, then as of that date.**

Table of Contents**PROPOSALS TO BE VOTED ON****Proposal 1: Election of Trustees**

Our Board of Trustees is currently comprised of seven trustees, all of whom have terms expiring at the 2016 annual meeting. The nominees, all of whom are currently serving as trustees of the Company, have been recommended by our Board of Trustees for re-election to serve as trustees for one-year terms until the 2017 annual meeting of shareholders and until their successors are duly elected and qualified. Based on its review of the relationships between the trustee nominees and the Company, the Board of Trustees has affirmatively determined that the following trustees are "independent" trustees under the rules of the NYSE and under applicable rules of the Securities and Exchange Commission (the "SEC"): Evan Bayh, Nathaniel A. Davis, Robert M. La Forgia, Glenda G. McNeal and Joseph Ryan.

The Board of Trustees knows of no reason why any nominee would be unable to serve as a trustee. If any nominee is unavailable for election or service, the Board of Trustees may designate a substitute nominee and the persons designated as proxy holders on the proxy card will vote for the substitute nominee recommended by the Board of Trustees. Under these circumstances, the Board of Trustees may also, as permitted by our bylaws, decrease the size of our Board of Trustees.

*Nominees for Election for a One-Year Term Expiring at the 2017 Annual Meeting*

The following table sets forth the name and age of each nominee for trustee, indicating all positions and offices with us currently held by the trustee.

<b>Name</b>	<b>Age(1)</b>	<b>Title</b>
Robert L. Johnson	69	Executive Chairman of the Board of Trustees
Thomas J. Baltimore, Jr.	52	President, Chief Executive Officer and Trustee
Evan Bayh	60	Trustee
Nathaniel A. Davis	62	Trustee
Robert M. La Forgia	57	Trustee
Glenda G. McNeal	55	Trustee
Joseph Ryan	74	Trustee

(1)

Age as of March 28, 2016.

Set forth below are descriptions of the backgrounds and principal occupations of each of our trustees, and the period during which he or she has served as a trustee.

**Robert L. Johnson** has served as the Executive Chairman of our Board of Trustees since the formation of the Company in 2011. Prior to the formation of the Company, Mr. Johnson co-founded and served as the chairman of RLJ Development, LLC ("RLJ Development") and founded and currently serves as the chairman of The RLJ Companies, LLC ("RLJ Companies"), which owns or holds interests in a diverse portfolio of companies in the banking, private equity, real estate, film production, gaming and automobile dealership industries. Prior to co-founding RLJ Development in 2000, he was the founder and chairman of Black Entertainment Television, or BET. Mr. Johnson continued to serve as chief executive officer of BET until 2006 after its 2001 acquisition by Viacom Inc. He currently serves as the executive chairperson of RLJ Entertainment Inc. (NASDAQ: RLJE) and also serves on the boards of directors of KB Home (NYSE: KBH), Lowe's Companies, Inc. (NYSE: LOW) and Strayer Education, Inc. (NASDAQ: STRA). Mr. Johnson received his Bachelor of Arts degree from the University of Illinois and his Master of Public Administration degree from Princeton University.

## Edgar Filing: RLJ Lodging Trust - Form DEF 14A

### Table of Contents

Our Board of Trustees determined that Mr. Johnson should serve on our Board of Trustees based on his experience as a successful business leader and entrepreneur, as well as his experience in a number of critical areas, including real estate, finance, brand development and multicultural marketing.

**Thomas J. Baltimore Jr.** has served as the President and Chief Executive Officer of the Company and a member of our Board of Trustees since the formation of the Company in 2011. Prior to forming the Company in 2011, Mr. Baltimore co-founded RLJ Development and served as its president from 2000 to 2011. During this time period, RLJ Development raised and invested more than \$2.2 billion in equity. Previously, Mr. Baltimore served as vice president of gaming acquisitions of Hilton Hotels Corporation from 1997 to 1998 and later as vice president of development and finance from 1999 to 2000. He also served in various management positions with Marriott Corporation and Host Marriott Services Corporation, including vice president of business development. Mr. Baltimore currently serves on the boards of directors of Prudential Financial, Inc. (NYSE: PRU) and Duke Realty Corporation (NYSE: DRE), and served on the board of directors of Integra Life Sciences Company (NASDAQ: IART) until August 2012. Mr. Baltimore received his Bachelor of Science degree from the McIntire School of Commerce, University of Virginia and his Master of Business Administration degree from the Colgate Darden School of Business, University of Virginia.

Our Board of Trustees determined that Mr. Baltimore should serve on our Board of Trustees based on his extensive knowledge of the Company and his experience and relationships in the lodging industry.

**Evan Bayh** has served as one of our trustees and as chairman of our Nominating and Corporate Governance Committee since our initial public offering in May 2011. Since 2011, Senator Bayh has been a partner at McGuireWoods LLC, a global diversified law firm, and a senior advisor at Apollo Global Management, a leading global alternative asset management firm. From 1999 through 2010, Senator Bayh was a member of the United States Senate, representing the state of Indiana. He served on six Committees: Banking; Housing and Urban Affairs; Armed Services; Energy and Natural Resources; the Select Committee on Intelligence; Small Business and Entrepreneurship; and the Special Committee on Aging. He also chaired two subcommittees. From 1989 until 1997, Senator Bayh served as the Governor of Indiana. Senator Bayh currently serves on the boards of directors of Berry Plastics (NYSE: BERY), Marathon Petroleum (NYSE: MPC) and Fifth Third Bank (NASDAQ: FITB). Senator Bayh received a Bachelor's degree in Business Economics with honors from Indiana University and a Juris Doctor degree from the University of Virginia.

Our Board of Trustees determined that Senator Bayh's experience as a former United States Senator and former Governor of Indiana, in addition to his breadth of management experience, adds valuable expertise to our Board of Trustees, especially with respect to regulatory and governance issues.

**Nathaniel A. Davis** has served as one of our trustees and as chairman of our Compensation Committee since our initial public offering in May 2011. Mr. Davis has served as the executive chairman of the board of directors of K12 Inc. (NYSE: LRN) since January 2013 and, from January 2014 to February 2016, he served as the chief executive officer of K12 Inc. Mr. Davis has served as managing director of RANDD Advisory Group, a business consulting group that advises venture capital, media, and technology firms and provides due diligence, business process improvement, sales process improvement, management development and business plan development services, since 2003. From 2006 through 2008, Mr. Davis was the chief executive officer and president of XM Satellite Radio, a leading broadcaster of satellite radio. He also was a member of the XM Satellite Radio board of directors from 1999 until 2008. Mr. Davis served as executive-in-residence of Columbia Capital, a venture capital firm, from 2003 until 2006. From 2000 to 2003, Mr. Davis was president, chief operating officer and a member of the board of directors of XO Communications, a telecommunications service provider. Prior to this, Mr. Davis served as executive vice president, network and technical service of Nextel Communications; as chief financial officer of MCI Telecommunications U.S.; and as president

## Edgar Filing: RLJ Lodging Trust - Form DEF 14A

### Table of Contents

and chief operating officer of MCI Metro. Mr. Davis is a member of the board of directors of UNISYS (NYSE: UIS), a systems integration company and previously was a board member of Charter Communications, a cable television operator. He received a Bachelor of Science degree in Engineering from the Stevens Institute of Technology, a Master of Science degree in Computer Science from the University of Pennsylvania and a Master of Business Administration degree from the Wharton School of Business, University of Pennsylvania.

Our Board of Trustees determined that Mr. Davis should serve on our Board of Trustees based on his extensive financial, operational and entrepreneurial experience. Our Board of Trustees also determined that Mr. Davis qualifies as an "audit committee financial expert."

**Robert M. La Forgia** has served as one of our trustees and as the chairman of our Audit Committee since our initial public offering in May 2011. Currently, Mr. La Forgia is principal of Apertor Hospitality, LLC, a national advisory and asset management services firm specializing in the hospitality and gaming industries, which he founded in August 2009. In March 2008, Mr. La Forgia joined The Atalon Group, a boutique turnaround management and advisory firm specializing in troubled real estate situations and served as executive vice president finance of certain Atalon Group subsidiaries until July 2010. Prior to this, Mr. La Forgia held a number of leadership positions during his 26-year tenure at Hilton Hotels Corporation (currently Hilton Worldwide), a global hospitality firm. Mr. La Forgia served as the chief financial officer (and chief accounting officer) of Hilton Hotels Corporation from 2004 through 2008, first as a senior vice president and subsequently as executive vice president. From 1996 through 2004, he was senior vice president and controller of Hilton, and prior to this, he held a number of management positions within Hilton's corporate finance function. Mr. La Forgia received a Bachelor of Science degree in Accounting from Providence College and a Master of Business Administration degree from the Anderson School of Management at the University of California, Los Angeles.

Our Board of Trustees determined that Mr. La Forgia should serve on our Board of Trustees based on his significant experience in the critical areas of accounting, finance, real estate, capital markets and hospitality, primarily at a publicly-held company. Our Board of Trustees also determined that Mr. La Forgia qualifies as an "audit committee financial expert."

**Glenda G. McNeal** has served as one of our trustees since our initial public offering in May 2011. Since 1989, Ms. McNeal has worked for the American Express Company (NYSE: AXP), a global payments, network, credit card and travel services company, where she serves as executive vice president and general manager of the Global Client Group in Global Merchant Services and head of the Strategic Partnerships Group. In these roles, she is responsible for managing the largest global relationships and negotiating strategic partnerships for the American Express Company. Ms. McNeal was employed by Salomon Brothers, Inc. from 1987 until 1989 and began her career with Arthur Andersen, LLP in 1982. She serves on the boards of directors of United States Steel Corporation (NYSE: X), an integrated steel producer with major production operations in the United States, Canada and Central Europe, and the American Hotel and Lodging Association. Ms. McNeal received a Bachelor of Arts degree in Accounting from Dillard University and a Master of Business Administration degree in Finance from the Wharton School of Business, University of Pennsylvania.

Our Board of Trustees determined that Ms. McNeal should serve on our Board of Trustees based on her background in financial management, finance, accounting, credit card services and travel-related businesses.

**Joseph Ryan** has served as our lead trustee since our initial public offering in May 2011. Since 2007, Mr. Ryan has served as chairman and chief executive officer of Ryan Investments, LLC, a private firm with investments in hospitality, private banking, and technology start-ups, and Joseph Ryan & Associates, a company offering mediation, arbitration and consulting services for companies and professional services organizations. Prior to this, he was a partner in the business transactions group at



## Edgar Filing: RLJ Lodging Trust - Form DEF 14A

### Table of Contents

Venable, LLP, a law firm based in Washington, DC. From 1994 through 2006, Mr. Ryan served as executive vice president and general counsel for Marriott International, Inc., a hotel management and hospitality firm. Before joining Marriott International, Mr. Ryan practiced law for 27 years with the Los Angeles-based law firm of O'Melveny & Myers, where he also served as managing partner. Mr. Ryan received a Bachelor of Arts degree from the University of Washington and his Juris Doctor degree from the Columbia School of Law.

Our Board of Trustees determined that Mr. Ryan should serve on our Board of Trustees due to his knowledge of and experience in the hospitality industry, expertise in corporate governance and risk assessment and oversight, legal background and general business knowledge.

#### ***Vote Required and Recommendation***

Under our bylaws, to be elected in an uncontested election, trustee nominees must receive the affirmative vote of a majority of the votes cast, which means that the number of shares voted for a nominee must exceed the number of shares voted against that nominee. For purposes of the election of trustees, abstentions and other shares not voted (whether by broker non-vote or otherwise) will not be counted as votes cast for or against a nominee's election and will have no effect on the result of the vote. There is no cumulative voting with respect to the election of trustees.

If an incumbent trustee fails to be re-elected by a majority of votes cast, that trustee is required under our bylaws to tender his or her resignation to the Board. The Nominating and Corporate Governance Committee will make a recommendation to the Board on whether to accept or reject the resignation, or whether other action should be taken. The Board is required to act on the Nominating and Corporate Governance Committee's recommendation and publicly disclose its decision and its rationale within 90 days after the election results are certified. Notwithstanding the foregoing, our bylaws require the Board to accept any such resignation if the nominee has received more votes against than for his or her election at each of two consecutive annual meetings of shareholders.

**OUR BOARD OF TRUSTEES RECOMMENDS A VOTE "FOR" EACH OF THE NOMINEES SET FORTH ABOVE.**

#### **Proposal 2: Ratification of Appointment of Independent Registered Public Accounting Firm**

The Audit Committee of our Board of Trustees, which is composed entirely of independent trustees, has appointed PricewaterhouseCoopers LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2016. After careful consideration of the matter and in recognition of the importance of this matter to our shareholders, the Board of Trustees has determined that it is in the best interests of the Company and our shareholders to seek the ratification by our shareholders of our Audit Committee's selection of our independent registered public accounting firm. A representative of PricewaterhouseCoopers LLP will be present at the annual meeting, will have the opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

#### ***Vote Required and Recommendation***

The affirmative vote of the holders of a majority of all the votes cast at the annual meeting with respect to the matter is necessary for the approval of the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm. For purposes of approving Proposal 2, abstentions and other shares not voted will not be counted as votes cast and will have no effect on the result of the vote. Even if the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm is ratified, the Audit Committee may, in its discretion, change that appointment at any time during the year should it determine such a change would be in our and our shareholders' best interests. In the event that the appointment of

Table of Contents

PricewaterhouseCoopers LLP is not ratified, the Audit Committee will consider the appointment of another independent registered public accounting firm, but will not be required to appoint a different firm.

**OUR BOARD OF TRUSTEES RECOMMENDS A VOTE "FOR" THE RATIFICATION OF THE SELECTION OF PRICEWATERHOUSECOOPERS LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR OUR FISCAL YEAR ENDING DECEMBER 31, 2016.**

*Relationship with Independent Registered Public Accounting Firm*

Our consolidated financial statements for the year ended December 31, 2015 have been audited by PricewaterhouseCoopers LLP, which served as our independent registered public accounting firm for that year.

The following summarizes the fees billed by PricewaterhouseCoopers LLP for services performed for the years ended December 31, 2015 and 2014:

	Year Ended December 31, 2015	Year Ended December 31, 2014
Audit Fees	\$ 1,470,813(1)	\$ 1,327,537(1)
Audit-Related Fees		
Tax Fees	\$ 280,000(2)	\$ 295,900(2)
All Other Fees		
<b>Total</b>	<b>\$ 1,750,813</b>	<b>\$ 1,623,437</b>

- 
- (1) Audit fees for 2015 and 2014 include fees for services rendered for the audit of our consolidated financial statements and the report on the effectiveness of internal control over financial reporting as required by the Sarbanes-Oxley Act, the review of the consolidated financial statements included in our quarterly reports on Form 10-Q, and other services related to SEC matters.
- (2) Tax fees for 2015 and 2014 include fees for preparation of tax returns, general tax consulting and compliance with U.S. federal income tax laws applicable to REITs.

*Pre-Approval Policies and Procedures*

The Audit Committee's policy is to review and pre-approve, either pursuant to the Audit Committee's Audit and Non-Audit Services Pre-Approval Policy or through a separate pre-approval by the Audit Committee, any engagement of the Company's independent auditor to provide any permitted non-audit service to the Company. The Audit Committee has delegated authority to its chairperson to pre-approve engagements for the performance of audit and non-audit services, for which the estimated cost for such services shall not exceed \$100,000 in the aggregate in any calendar year. The chairperson must report all pre-approval decisions to the Audit Committee at its next scheduled meeting and provide a description of the terms of the engagement. If the Audit Committee reviews and ratifies any engagement that was pre-approved by the chairperson of the Audit Committee, then the fees payable in connection with the engagement will not count against the \$100,000 aggregate annual fee limit.

Table of Contents

**Proposal 3: Advisory (Non-Binding) Vote to Approve Named Executive Officer Compensation**

We are providing our shareholders an annual opportunity to indicate whether they support our compensation program for our named executive officers as described in this Proxy Statement by voting for or against the resolution set forth below. This vote, pursuant to Section 14A of the Exchange Act and commonly referred to as "Say-On-Pay," is not intended to address any specific item of compensation, but instead relates to the Compensation Discussion and Analysis, the tabular disclosures regarding named executive officer compensation, and the narrative disclosure accompanying the tabular presentation. We believe that it is appropriate to seek the views of shareholders on the design and effectiveness of our executive compensation program. Although the vote on this resolution is advisory in nature and, therefore, will not bind us to take any particular action, our Compensation Committee, which is responsible for designing and administering our executive compensation program, values the opinions expressed by shareholders in their vote and will carefully consider the outcome of the vote when making future compensation decisions for our named executive officers. Our current policy is to provide our shareholders with an opportunity to approve the compensation of our named executive officers each year at the annual meeting of shareholders. It is expected that the next advisory (non-binding) vote to approve executive compensation will be held at the 2017 annual meeting of shareholders.

We believe our executive compensation policies and procedures are centered on pay-for-performance principles and are closely aligned with the long-term interests of our shareholders. As described under the heading "Compensation Discussion and Analysis," our executive compensation program is designed to attract and retain outstanding executives, to reward them for superior performance and to ensure that compensation provided to them remains competitive. We seek to align the interests of our executives and shareholders by tying a substantial portion of our executives' total compensation to performance measures that align long-term shareholder value and leadership actions that are expected to position our Company for long-term success.

For the reasons discussed above, we believe our compensation program for our named executive officers is instrumental in helping us achieve our operational and financial goals. Accordingly, we believe that our compensation program should be endorsed by our shareholders, and we are asking our shareholders to vote "FOR" the following resolution:

**"RESOLVED**, that the shareholders hereby approve the compensation of the Company's named executive officers, as disclosed in the Compensation Discussion and Analysis, the compensation tables and the related narrative executive compensation disclosure contained in this Proxy Statement."

***Vote Required and Recommendation***

The affirmative vote of a majority of the votes cast at the annual meeting with respect to the matter is required to endorse (on a non-binding advisory basis) the compensation of the Company's named executive officers. For purposes of the vote on this proposal, abstentions and other shares not voted (whether by broker non-vote or otherwise) will not be counted as votes cast and will have no effect on the result of the vote.

**OUR BOARD OF TRUSTEES RECOMMENDS A VOTE "FOR" THE RESOLUTION APPROVING ON A NON-BINDING ADVISORY BASIS THE COMPENSATION OF THE COMPANY'S NAMED EXECUTIVE OFFICERS.**

Table of Contents

**Proposal 4: Amendment of Declaration of Trust to Allow Shareholders to Amend Our Bylaws**

We are asking our shareholders to amend our Declaration of Trust to allow our shareholders to amend our bylaws by a majority vote of the outstanding shares entitled to be cast on the matter.

A shareholder proposal recommending that our Board of Trustees take all steps necessary to allow shareholders to amend our bylaws by a vote of the majority of shares outstanding was included in the proxy statement for our 2015 annual meeting of shareholders and received the support of a majority of the outstanding shares. In light of shareholder support for this proposal, our Board of Trustees and our Nominating and Corporate Governance Committee have considered the merits of allowing our shareholders to amend our bylaws. In its review, our Board of Trustees considered corporate governance trends, the support received for the proposal at the 2015 annual meeting of shareholders and the view held by many institutional shareholders that allowing shareholders to amend the bylaws has the effect of increasing the accountability of trustees.

After careful consideration, we believe that allowing our shareholders to amend our bylaws by a majority vote of the outstanding shares entitled to be cast on the matter is in our best interests and in the best interests of our shareholders and are proposing an amendment to Article X, Section 10.4 of our Declaration of Trust to provide that our bylaws may be amended by the vote of a majority of our Board of Trustees or by a majority vote of the outstanding shares entitled to be cast on the matter. A copy of the proposed amendment to our Declaration of Trust is attached as Appendix A to this Proxy Statement and incorporated by reference into this proposal.

***Vote Required and Recommendation***

The affirmative vote of the holders of a majority of our outstanding shares entitled to be cast on the matter is required to amend our Declaration of Trust to allow shareholders to amend our bylaws by a majority vote of the outstanding shares entitled to be cast on the matter. For purposes of the vote to amend our Declaration of Trust, abstentions and broker non-votes will not be considered present for the purpose of determining the presence of a quorum and they will have the effect of a vote against the amendment of our Declaration of Trust.

**OUR BOARD OF TRUSTEES RECOMMENDS A VOTE "FOR" THE AMENDMENT OF OUR DECLARATION OF TRUST TO ALLOW SHAREHOLDERS TO AMEND OUR BYLAWS BY A MAJORITY VOTE OF THE OUTSTANDING SHARES ENTITLED TO BE CAST ON THE MATTER.**

Table of Contents

**CORPORATE GOVERNANCE AND BOARD MATTERS**

**Corporate Governance Profile**

Our corporate governance is structured in a manner that our Board of Trustees believes aligns our interests with those of our shareholders. Notable features of our corporate governance structure include the following:

our Board of Trustees is not staggered, with each of our trustees subject to re-election annually;

our Board of Trustees currently has seven trustees, a majority (five) of whom our Board of Trustees affirmatively has determined, after broadly considering all relevant facts and circumstances, to be "independent" under the listing standards of the NYSE and under applicable rules of the SEC;

two of our trustees qualify as an "audit committee financial expert" as defined by the SEC;

we have adopted a majority voting standard for the election of trustees in uncontested elections;

we have opted out of all of the provisions of Title 3, Subtitle 6 (the "Business Combination Act") of the Maryland General Corporation Law (the "MGCL"), Title 3, Subtitle 7 of the MGCL (the "Control Shares Acquisition Act") and Title 3, Subtitle 8 of the MGCL (the "Unsolicited Takeover Act"), and we may not opt back in to any of these provisions without shareholder approval by a majority of votes cast on the matter; and

we do not have a shareholders rights plan.

Although we have opted out of the Unsolicited Takeover Act, we note that, pursuant to provisions in our Declaration of Trust and bylaws unrelated to the Unsolicited Takeover Act, we currently (1) require, unless called by the Executive Chairman or Chairman of the Board of Trustees, Chief Executive Officer, President or a majority of our trustees, the written request of shareholders entitled to cast not less than a majority of the votes entitled to be cast at a meeting to call a special meeting, and (2) provide that trustees may only be removed for cause and then only by the affirmative vote of holders of at least two-thirds of the votes entitled to be cast in the election of trustees. In addition, provisions in our Declaration of Trust and bylaws provide that the number of trustees may be determined by our Board of Trustees and that our trustees may fill vacancies on our Board of Trustees and, therefore, pursuant to provisions in the MGCL, shareholders do not have the authority to determine the number of trustees on our Board of Trustees or to fill vacancies on the Board of Trustees other than vacancies resulting from the removal of a trustee. By opting out of the Unsolicited Takeover Act and requiring shareholder approval to opt back in, we are prohibited from utilizing the anti-takeover provisions of the Unsolicited Takeover Act, without first receiving the approval of a majority of shareholders casting votes on the matter.

**Corporate Governance Guidelines**

Our Board of Trustees has adopted Corporate Governance Guidelines, which set forth a flexible framework within which the Board, assisted by its committees, directs the affairs of the Company. The Corporate Governance Guidelines reflect the Board's commitment to monitoring the effectiveness of decision-making at the Board and management level and ensuring adherence to good corporate governance principles, all with a goal of enhancing shareholder value over the long term. The Corporate Governance Guidelines address, among other things:

the responsibilities and qualifications of trustees, including trustee independence;

Edgar Filing: RLJ Lodging Trust - Form DEF 14A

the responsibilities, composition and functioning of Board committees;

the appointment and role of the lead trustee;

## Edgar Filing: RLJ Lodging Trust - Form DEF 14A

### Table of Contents

principles of trustee compensation; and

review of management succession.

Our Corporate Governance guidelines are subject to periodic review by the Nominating and Corporate Governance Committee.

### **Code of Business Conduct and Ethics**

Our Board of Trustees has adopted and maintains a Code of Business Conduct and Ethics that applies to our officers (including our President and Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer), trustees and employees. Among other matters, our Code of Business Conduct and Ethics is designed to deter wrongdoing and to promote:

honest and ethical conduct, including the honest and ethical handling of actual or potential conflicts of interest between personal and professional relationships;

compliance with applicable governmental laws, rules and regulations;

full, fair, accurate, timely and understandable disclosure in the reports we file with or submit to the SEC and in other public communications;

fair dealing with our customers, suppliers, consultants, competitors, employees and other persons with whom we interact;

prompt internal reporting of violations of the Code of Business Conduct and Ethics to appropriate persons; and

accountability for adherence to the Code of Business Conduct and Ethics.

Any waiver of, or amendments to, the Code of Business Conduct and Ethics that apply to our executive officers or trustees may be made only by the Nominating and Corporate Governance Committee or another committee of the Board of Trustees comprised solely of independent trustees or a majority of our independent trustees. Any waivers will be disclosed promptly. We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K relating to amendments to or waivers from any provision of the Code of Business Conduct and Ethics applicable to our President and Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer by posting such information on our website at [www.rljlodgingtrust.com](http://www.rljlodgingtrust.com), under the section, "Investor Relations Corporate Governance."

### **Availability of Corporate Governance Materials**

Shareholders may view our corporate governance materials, including the charters of our Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee, our Corporate Governance Guidelines and our Code of Business Conduct and Ethics, on our website at [www.rljlodgingtrust.com](http://www.rljlodgingtrust.com), and these documents are available in print to any shareholder who sends a written request to such effect to Investor Relations, RLJ Lodging Trust, 3 Bethesda Metro Center, Suite 1000, Bethesda, MD 20814. Information at or connected to our website is not and should not be considered a part of this Proxy Statement.

### **Independence of Trustees**

NYSE listing standards require NYSE-listed companies to have a majority of independent board members and a nominating/corporate governance committee, compensation committee and audit committee, each comprised solely of independent trustees. Under the NYSE listing standards, no trustee of a company qualifies as "independent" unless the Board of Trustees of the company affirmatively determines that the trustee has no material relationship with the company (either directly or as a partner, shareholder or officer of an organization that has a

relationship with such company).



## Edgar Filing: RLJ Lodging Trust - Form DEF 14A

### Table of Contents

The Board currently has seven trustees, a majority (five) of whom our Board of Trustees affirmatively has determined, after broadly considering all relevant facts and circumstances, to be "independent" under the listing standards of the NYSE and under applicable rules of the SEC. The Board affirmatively has determined that each of the following trustees is independent under these standards: Evan Bayh, Nathaniel A. Davis, Robert M. La Forgia, Glenda G. McNeal and Joseph Ryan. Robert L. Johnson and Thomas J. Baltimore, Jr. are not independent as they are executive officers of the Company.

### **Board Leadership Structure**

#### *Separate Chairman and Chief Executive Officer Positions*

Since the formation of our Company, the roles of Executive Chairman and Chief Executive Officer have been held by two different individuals, Robert L. Johnson and Thomas J. Baltimore, Jr., respectively, both of whom are considered executive officers of the Company. The separation of the roles of Chairman and Chief Executive Officer allows Messrs. Johnson and Baltimore to have leadership roles on the executive management team, which our Board of Trustees believes is important in light of their respective roles with our predecessor entities, their knowledge of the Company and their extensive experience in the lodging industry. Our Board of Trustees continues to believe that our current leadership structure, including separate positions of Executive Chairman and Chief Executive Officer, provides an effective leadership model for the Company and the benefit of the distinct abilities and experience of both individuals. The Board of Trustees also believes having an Executive Chairman is useful as it ensures that Board leadership retains a close working relationship with management.

#### *Lead Trustee*

Our Board of Trustees believes that its governance structure ensures a strong, independent Board even though the Board does not have an independent Chairman. To strengthen the role of our independent trustees and encourage independent Board leadership, the Board of Trustees also has established the position of lead trustee, which currently is held by Joseph Ryan. In accordance with our Corporate Governance Guidelines, the responsibilities of the lead trustee include, among others:

serving as liaison between (i) management, including the President and Chief Executive Officer, (ii) our other independent trustees and (iii) interested third parties and the Board of Trustees;

presiding at executive sessions of the independent trustees;

serving as the focal point of communication to the Board of Trustees regarding management plans and initiatives;

ensuring that the line between Board oversight and management operations is respected;

providing the medium for informal dialogue with and between independent trustees, allowing for free and open communication within that group; and

serving as the communication conduit for third parties who wish to communicate with the Board of Trustees.

Our lead trustee will be selected on an annual basis by a majority of independent trustees then serving on the Board.

### **Board Oversight of Risk Management**

One of our Board's most important roles is to oversee various risks that we may face from time to time. While the full Board of Trustees has primary responsibility for risk oversight, it utilizes its committees, as appropriate, to monitor and address the risks that may be within the scope of a

## Edgar Filing: RLJ Lodging Trust - Form DEF 14A

### Table of Contents

particular committee's expertise or charter. Our Board of Trustees uses its committees to assist in its risk oversight function as follows:

***Audit Committee*** the Audit Committee's responsibilities include, among others, oversight relating to the integrity of our financial statements and financial reporting process; compliance with financial, legal and regulatory requirements; the performance of our internal audit function; and our overall risk profile;

***Compensation Committee*** the Compensation Committee's responsibilities include, among others, oversight of risks related to our compensation practices and plans to ensure that such practices and plans (i) are designed with an appropriate balance of risk and reward in relation to our overall business strategy and (ii) do not encourage excessive or unnecessary risk-taking behavior; and

***Nominating and Corporate Governance Committee*** the Nominating and Corporate Governance Committee's responsibilities include, among others, oversight of the general operations of the Board; the Company's compliance with our Corporate Governance Guidelines and applicable laws and regulations, including applicable rules of the NYSE; and corporate governance-related risk.

The Board believes that the composition of its committees, and the distribution of the particular expertise of each committee's members, makes this an appropriate structure to effectively monitor the risks discussed above.

An important feature of the Board's risk oversight function is to receive periodic updates from its committees, as appropriate. In addition to getting direct information from its committees, the Board receives updates directly from members of management. In particular, due to their executive management positions, Messrs. Johnson and Baltimore frequently communicate with other members of our management and periodically update the Board on the important aspects of the Company's day-to-day operations. The Board also receives periodic updates from members of senior management regarding financial risks, legal and regulatory developments, and policies and mitigation plans intended to address the related financial and legal risks.

### **Board and Committee Meetings**

During the year ended December 31, 2015, the Board of Trustees met eight times, including telephonic meetings. Each trustee attended at least 75% of Board and applicable committee meetings on which he or she served during his or her period of service. Trustees are expected to attend, in person or by telephone, all Board meetings and meetings of committees on which they serve. In addition, pursuant to our Corporate Governance Guidelines, trustees are expected to attend the Company's annual meetings of shareholders. All trustees attended the 2015 annual meeting of shareholders. Meeting attendance by all trustees serving during 2015 was 100%.

### **Board Committees**

The Board of Trustees has a standing Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee. All members of the committees described below are "independent" of the Company as that term is defined in the NYSE's listing standards.

## Edgar Filing: RLJ Lodging Trust - Form DEF 14A

### Table of Contents

The table below provides membership information for each of the Board committees as of the date of this Proxy Statement:

Trustee	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee
Evan Bayh		X	X (Chair)
Nathaniel A. Davis*	X	X (Chair)	X
Robert M. La Forgia*	X (Chair)		X
Glenda G. McNeal	X		X
Joseph Ryan		X	X

\*

Audit committee financial expert

#### *Audit Committee*

Our Audit Committee is comprised of Messrs. Davis and La Forgia and Ms. McNeal, with Mr. La Forgia serving as its chairperson. The principal functions of our Audit Committee include oversight related to:

our accounting and financial reporting processes;

the integrity of our consolidated financial statements and financial reporting process;

our systems of disclosure controls and procedures and internal control over financial reporting;

our compliance with financial, legal and regulatory requirements;

the review of all related party transactions in accordance with our related party transactions policy;

the evaluation of the qualifications, independence and performance of our independent registered public accounting firm;

the performance of our internal audit function; and

our overall risk profile.

Our Audit Committee is also responsible for engaging an independent registered public accounting firm, reviewing with the independent registered public accounting firm the plans and results of the audit engagement, approving professional services provided by the independent registered public accounting firm, including all audit and non-audit services, reviewing the independence of the independent registered public accounting firm, considering the range of audit and non-audit fees and reviewing the adequacy of our internal accounting controls. Our Audit Committee also prepares the audit committee report required by SEC regulations to be included in our annual Proxy Statement.

Our Audit Committee's written charter requires that all members of the committee meet the independence, experience, financial literacy and expertise requirements of the NYSE, the Sarbanes-Oxley Act of 2002, the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and applicable rules and regulations of the SEC, all as in effect from time to time. Our Board of Trustees has determined that all of the members of the Audit Committee meet the foregoing requirements. Our Board of Trustees also has determined that Mr. La Forgia and Mr. Davis are "audit committee financial experts," as defined by the applicable SEC regulations and NYSE corporate governance listing standards, and each has accounting or related financial management expertise.

Edgar Filing: RLJ Lodging Trust - Form DEF 14A

During the year ended December 31, 2015, the Audit Committee met five times, including telephonic meetings.

Table of Contents

***Compensation Committee***

Our Compensation Committee is comprised of Messrs. Bayh, Davis and Ryan, with Mr. Davis serving as its chairperson. The principal functions of our Compensation Committee include:

reviewing and approving on an annual basis the corporate goals and objectives relevant to our Chief Executive Officer's compensation, evaluating our Chief Executive Officer's performance in light of such goals and objectives, and determining and approving the remuneration of our Chief Executive Officer based on such evaluation;

reviewing and approving the compensation of our other executive officers;

reviewing our executive compensation policies and plans;

implementing and administering our incentive and equity-based compensation plans;

determining the number of restricted share awards to be granted to our trustees, executive officers and other employees pursuant to these plans;

assisting management in complying with our Proxy Statement and annual report disclosure requirements;

producing a report on executive compensation to be included in our annual Proxy Statement; and

reviewing, evaluating and recommending changes, if appropriate, to the remuneration for trustees.

During the year ended December 31, 2015, the Compensation Committee met five times, including telephonic meetings.

***Nominating and Corporate Governance Committee***

Our Nominating and Corporate Governance Committee is comprised of Messrs. Bayh, Davis, La Forgia and Ryan and Ms. McNeal, with Senator Bayh serving as its chairperson. The principal functions of our Nominating and Corporate Governance Committee include:

identifying and recommending to the Board of Trustees qualified candidates for election as trustees and recommending nominees for election as trustees at the annual meeting of shareholders;

implementing and monitoring our Corporate Governance Guidelines;

reviewing and making recommendations on matters involving the general operation of our Board of Trustees, including board size and composition, and committee composition and structure;

recommending to our Board of Trustees nominees for each committee of our Board of Trustees;

facilitating the annual assessment of our Board of Trustees' performance as a whole and of the individual trustees, as required by applicable law, regulations and the NYSE corporate governance listing standards; and

## Edgar Filing: RLJ Lodging Trust - Form DEF 14A

overseeing our Board of Trustees' evaluation of management.

During the year ended December 31, 2015, the Nominating and Corporate Governance Committee met four times.

Table of Contents

**Executive Sessions of Non-Management Trustees**

Pursuant to our Corporate Governance Guidelines and the NYSE listing standards, in order to promote open discussion among non-management trustees, our Board of Trustees devotes a portion of each regularly scheduled Board and committee meeting to executive sessions without management participation. In addition, our Corporate Governance Guidelines provide that if the group of non-management trustees includes trustees who are not independent, as defined in the NYSE's listing standards, at least one such executive session convened per year shall include only independent trustees. The lead trustee presides at these sessions.

**Communications with the Board**

Shareholders and other interested parties may communicate with the Board by sending written correspondence to the "Lead Trustee" c/o the Corporate Secretary of RLJ Lodging Trust, 3 Bethesda Metro Center, Suite 1000, Bethesda, MD 20814, who will then directly forward such correspondence to the lead trustee. The lead trustee will decide what action should be taken with respect to the communication, including whether such communication should be reported to the full Board of Trustees.

**Trustee Selection Process**

Our Corporate Governance Guidelines set forth minimum standards to be used in considering potential trustee candidates to further the Company's goal of ensuring that our Board of Trustees consists of a diversified group of qualified individuals that function effectively as a group. Pursuant to our Corporate Governance Guidelines, candidates for trustee must possess, at a minimum:

high integrity;

an ability to exercise sound judgment;

an ability to make independent analytical inquiries;

a willingness and ability to devote adequate time and resources to diligently perform Board duties;

appropriate and relevant business experience and acumen; and

a reputation, both personal and professional, consistent with the image and reputation of the Company.

In addition to the aforementioned minimum qualifications, the Nominating and Corporate Governance Committee also has approved a written policy regarding qualification and nomination of trustee candidates. Among other things, the policy sets forth certain additional qualities and skills that, while not a prerequisite for nomination, should be considered by the Committee when evaluating a particular trustee candidate. These additional qualities and skills include, among others, the following:

whether the person possesses specific industry knowledge, expertise or contacts, including in the commercial real estate industry, and familiarity with general issues affecting the Company's business;

whether the person's nomination and election would enable the Board of Trustees to have a member that qualifies as an "audit committee financial expert" as such term is defined by the SEC;

whether the person would qualify as an "independent" trustee under the NYSE's listing standards and our Corporate Governance Guidelines;

the importance of continuity of the existing composition of the Board of Trustees; and



## Edgar Filing: RLJ Lodging Trust - Form DEF 14A

### Table of Contents

the importance of a diversified Board membership, in terms of both the individuals involved and their various experiences and areas of expertise.

The Nominating and Corporate Governance Committee will seek to identify trustee candidates based on input provided by a number of sources, including (a) other members of the Nominating and Corporate Governance Committee, (b) other members of the Board of Trustees and (c) shareholders of the Company. The Nominating and Corporate Governance Committee also has the authority to consult with or retain advisors or search firms to assist in the identification of qualified trustee candidates; however, we do not currently employ a search firm, or pay a fee to any other third party, to locate qualified trustee candidates.

As part of the candidate identification process, the Nominating and Corporate Governance Committee will evaluate the skills, expertise and diversity possessed by the current Board of Trustees, and whether there are additional skills, expertise or diversity that should be added to complement the composition of the existing Board of Trustees. The Nominating and Corporate Governance Committee also will take into account whether existing trustees have indicated a willingness to continue to serve as trustees if re-nominated. Once trustee candidates have been identified, the Nominating and Corporate Governance Committee will then evaluate each candidate in light of his or her qualifications and credentials, and any additional factors that the Nominating and Corporate Governance Committee deems necessary or appropriate. Existing trustees who are being considered for re-nomination will be re-evaluated as part of the Nominating and Corporate Governance Committee's process of recommending trustee candidates. All candidates submitted by shareholders will be evaluated in the same manner as all other trustee candidates, provided that the advance notice and other requirements set forth in our bylaws have been followed.

After completing the identification and evaluation process described above, the Nominating and Corporate Governance Committee will recommend to the Board of Trustees the nomination of a number of candidates equal to the number of trustee vacancies that will exist at the annual meeting of shareholders. The Board of Trustees will then select the Board's trustee nominees for shareholders to consider and vote upon at the shareholders' meeting.

### **Trustee Compensation**

The members of our Board of Trustees who are also our employees do not receive any additional compensation for their services on the Board. During the fiscal year ended December 31, 2015, annual compensation for non-employee trustees was based on the following schedule:

Annual Board Retainer	Annual Share Award	Annual Audit Committee Chair Retainer	Annual Compensation Committee Chair Retainer	Annual Nominating and Corporate Governance Committee Chair Retainer	Annual Lead Trustee Retainer
\$ 75,000	\$ 90,000	\$ 15,000	\$ 15,000	\$ 10,000	\$ 20,000

Each non-employee trustee receives the annual base retainer for his or her services in cash (or, as discussed below, in common shares) in quarterly installments in conjunction with quarterly meetings of our Board of Trustees. In addition to the annual retainers, each non-employee trustee will receive an annual equity award of restricted shares with an aggregate value of \$90,000, which will vest ratably on the first four quarterly anniversaries of the date of grant, subject to the trustee's continued service on our Board of Trustees. We also reimburse each of our trustees for his or her travel expenses incurred in connection with his or her attendance at full Board of Trustees and committee meetings.

Our non-employee trustees may elect to receive all or a portion of any annual cash retainer (including cash retainers for service as a chairperson of any committee or for service as lead trustee) in

## Edgar Filing: RLJ Lodging Trust - Form DEF 14A

### Table of Contents

the form of common shares. During 2015, Ms. McNeal and Mr. Ryan elected to receive all or a portion of their respective cash retainers in Company common shares.

In addition, each of our non-employee trustees is entitled to receive an annual allowance of \$3,000 for use at the Company's hotels. If a non-employee trustee does not use the allowance, the allowance is forfeited.

The following table provides information on the compensation of our non-employee trustees for the fiscal year ended December 31, 2015. Messrs. Johnson and Baltimore received no separate compensation for their service as trustees of the Company. For information related to the compensation of Messrs. Johnson and Baltimore, please refer to "Compensation of Executive Officers Summary Compensation Table."

### *Trustee Compensation Table*

The table below sets forth the compensation paid to each individual who served as a non-employee member of our Board of Trustees in 2015:

Name	Fees Earned or Paid in Cash	Share Awards(1)	All Other Compensation	Total
Evan Bayh	\$ 85,000	\$ 89,997(2)	\$ 2,576(5)	\$ 177,573
Nathaniel A. Davis	\$ 90,000	\$ 89,997(2)	\$ 2,576(5)	\$ 182,573
Robert M. La Forgia	\$ 90,000	\$ 89,997(2)	\$ 3,857(6)	\$ 183,854
Glenda G. McNeal	\$ 37,500	\$ 127,425(3)	\$ 2,576(5)	\$ 167,501
Joseph Ryan		\$ 184,943(4)	\$ 2,576(5)	\$ 187,519

- (1) With respect to each award, the grant date fair value is equal to the market value of the Company's common shares on the date of the award multiplied by the number of shares awarded.
- (2) Represents the aggregate 2015 grant date fair value of (i) 3,098 restricted common shares issued to each of our non-employee trustees for service on the Board. The restricted common shares vest ratably on the first four quarterly anniversaries of the date of grant.
- (3) Represents the aggregate 2015 grant date fair value of (i) 3,098 restricted common shares issued to each of our non-employee trustees for service on the Board and (ii) 1,416 common shares that Ms. McNeal received in lieu of a portion of her annual Board retainer. The restricted common shares vest ratably on the first four quarterly anniversaries of the date of grant.
- (4) Represents the aggregate 2015 grant date fair value of (i) 3,098 restricted common shares issued to each of our non-employee trustees for service on the Board and (ii) 3,592 common shares that Mr. Ryan received in lieu of his annual Board retainer and lead trustee fees. The restricted common shares vest ratably on the first four quarterly anniversaries of the date of grant.
- (5) Represents \$2,576 in dividends paid on restricted common shares granted to our non-employee trustees.
- (6) Represents (i) \$2,576 in dividends paid on restricted common shares granted to our non-employee trustees and (ii) the \$1,281 allowance used by Mr. La Forgia to stay at the Company's hotels.

## Edgar Filing: RLJ Lodging Trust - Form DEF 14A

### Table of Contents

#### ***Outstanding Share Awards as of December 31, 2015***

The following table provides certain information regarding unvested share awards outstanding as of the fiscal year ended December 31, 2015 for each of the trustees included in the Trustee Compensation Table set forth above.

Name	Number of Shares That Have Not Vested (#)	Market Value of Shares That Have Not Vested(1) (\$)
Evan Bayh	1,549	\$ 33,505
Nathaniel A. Davis	1,549	\$ 33,505
Robert M. La Forgia	1,549	\$ 33,505
Glenda G. McNeal	1,549	\$ 33,505
Joseph Ryan	1,549	\$ 33,505

(1) Value based on \$21.63 per share, which was the closing price of our common shares on the NYSE on December 31, 2015, the last trading day of 2015.

#### ***Vested Share Awards During 2015***

The table below sets forth the number of restricted shares that vested and the value realized upon vesting of such shares for each of the trustees included in the Trustee Compensation Table set forth above.

Name	Number of Shares That Vested During 2015 (#)	Market Value of Shares Realized on Vesting(1) (\$)
Evan Bayh	3,240	\$ 95,352
Nathaniel A. Davis	3,240	\$ 95,352
Robert M. La Forgia	3,240	\$ 95,352
Glenda G. McNeal	3,240	\$ 95,352
Joseph Ryan	3,240	\$ 95,352

(1) Represents the value of vested shares calculated by multiplying the number of vested shares by the prior day's closing price of our common shares on the NYSE on the vesting date or, if the vesting date occurred on a day on which the NYSE was closed for trading, the next trading day.

#### **Company Policies**

##### ***Share Ownership Guidelines***

We believe that equity ownership by our trustees and officers can help align their interests with our shareholders' interests. To that end, we have adopted formal share ownership guidelines applicable to all of our trustees and officers. On an annual basis, we report ownership status to our Compensation Committee and failure to satisfy the ownership levels, or show sustained progress towards meeting them, may result in payment to both trustees and officers of future compensation in the form of equity rather than cash.

## Edgar Filing: RLJ Lodging Trust - Form DEF 14A

### Table of Contents

With respect to our officers, the guidelines require ownership of our shares, within five years of becoming an executive officer or from promotion to a new executive officer position, with a value equal to the following multiple of his or her base salary:

<b>Executive Officer Title</b>	<b>Multiple</b>
Chief Executive Officer	5x
Executive Chairman	5x
Chief Investment Officer and Chief Financial Officer	3x
Senior Vice Presidents	3x
Chief Accounting Officer and Vice Presidents	1x

Once these requirements have been met, each executive is required to hold shares at this level as long as they remain in the position. With respect to our trustees, our share ownership guidelines require share ownership by our trustees of three times the annual cash retainer. Trustees must comply with the ownership requirement within five years of becoming a member of the Board and are required to hold shares at this level while serving as a trustee.

### *Clawback Policy*

The Company has in place a clawback policy to ensure that executives are not unduly enriched in the event of a financial restatement. If the Company is required to restate its financial results due to material non-compliance with financial reporting requirements that arise from misconduct, any individual (i) who knowingly engaged in misconduct; (ii) was grossly negligent in engaging in misconduct; (iii) knowingly failed to prevent such misconduct; or (iv) was grossly negligent in failing to prevent such misconduct, is required to reimburse the Company for payments received for any award that was earned or accrued in the twelve (12) month period after the incorrect financial report was filed with the SEC. In addition, in the case of any restatement of financial results, the Compensation Committee has the authority to (i) review cash and equity awards paid or awarded to executive officers during the restatement period and, if the award would have been lower based on the restatement, then (ii) to determine if an incremental portion of the award should be reimbursed to the Company by the executive officer.

### *No Hedging in or Pledging of Company Shares*

Our insider trading policy prohibits our trustees and employees, including our named executive officers, from engaging in the following transactions: (i) trading in call or put options involving our securities and other derivative securities; (ii) engaging in short sales of our securities; (iii) holding our securities in a margin account; and (iv) pledging our securities to secure margins or other loans.

Table of Contents

**EXECUTIVE OFFICERS**

The following table sets forth information concerning our executive officers. Executive officers are elected annually by our Board of Trustees and serve at the Board's discretion.

<b>Name</b>	<b>Age(1)</b>	<b>Title</b>
Robert L. Johnson	69	Executive Chairman of the Board of Trustees
Thomas J. Baltimore, Jr.	52	President, Chief Executive Officer and Trustee
Leslie D. Hale	43	Executive Vice President, Chief Financial Officer and Treasurer
Ross H. Bierkan	56	Chief Investment Officer and Executive Vice President

(1) Age as of March 28, 2016.

Set forth below are descriptions of the backgrounds of each of our executive officers, other than Robert L. Johnson and Thomas J. Baltimore, Jr. whose backgrounds and positions are described above under "Proposals to be Voted On Proposal 1: Election Of Trustees."

**Leslie D. Hale** has served as the Executive Vice President, Chief Financial Officer and Treasurer of the Company since February 2013. Prior to this, Ms. Hale served as chief financial officer and senior vice president of real estate and finance of RLJ Development from 2007 until the formation of the Company, when she became the Company's chief financial officer, treasurer and senior vice president. She previously was the vice president of real estate and finance for RLJ Development from 2006 to September 2007 and director of real estate and finance from 2005 until her 2006 promotion. In these positions, Ms. Hale was responsible for the finance, tax, treasury and portfolio management functions as well as executing all real estate transactions. From 2002 to 2005, she held several positions within the global financial services division of General Electric Corp., including as a vice president in the business development group of GE Commercial Finance, and as an associate director in the GE Real Estate strategic capital group. Prior to that, she was an investment banker at Goldman, Sachs & Co. Ms. Hale received her Bachelor of Business Administration degree from Howard University and her Master of Business Administration degree from Harvard Business School. On January 12, 2015, Ms. Hale was elected to the board of directors of Macy's Inc. (NYSE: M). She also is a member of the Howard University Board of Trustees.

**Ross H. Bierkan** has served as the Chief Investment Officer and Executive Vice President of the Company since the Company's formation in 2011. Mr. Bierkan served as a principal and executive vice president of RLJ Development from 2000 until the formation of the Company. In this capacity he was responsible for overseeing approximately \$5.0 billion of real estate acquisitions. Previously, Mr. Bierkan was an original member of The Plasencia Group, a hospitality transaction and consulting group, and from 1993 to 2000 served as its vice president, with responsibility for providing market studies, property analyses and investment sales for institutional hotel owners. Prior to joining The Plasencia Group, Mr. Bierkan worked with Grubb and Ellis Real Estate, a commercial real estate brokerage firm. From 1982 to 1988, he held various operational and sales management positions for Guest Quarters Hotels (now the Doubletree Guest Suites). Mr. Bierkan also serves on the owner advisory council for Hyatt House Hotels and serves as president of the advisory council for Springhill Suites by Marriott. He is on the board of directors of the American Hotel & Lodging Association and is a member of the ULI Hotel Development Council. Mr. Bierkan received his Bachelor of Arts degree from Duke University.

Table of Contents

**COMPENSATION DISCUSSION AND ANALYSIS**

**Introduction**

The Compensation Committee of our Board of Trustees is responsible for establishing the underlying policies and principles of our compensation program. This Compensation Discussion and Analysis describes our executive compensation programs for our named executive officers (the "NEOs") and describes how and why the Compensation Committee made its 2015 compensation decisions. Our NEOs for 2015 are as follows:

Robert L. Johnson Executive Chairman;

Thomas J. Baltimore, Jr. President and Chief Executive Officer;

Leslie D. Hale Executive Vice President, Chief Financial Officer and Treasurer; and

Ross H. Bierkan Chief Investment Officer and Executive Vice President.

**Executive Summary**

We believe that a primary goal of executive compensation is to align the interests of our executive officers with those of our shareholders in a way that encourages prudent decision making and allows us to attract and retain the best executive talent. The Compensation Committee has adopted a compensation program designed to link financial and strategic results to executive rewards, reward favorable shareholder returns and enhance our competitive position within our segment of the hospitality industry. The majority of each executive's compensation is tied directly to the achievement of pre-established individual and corporate goals, which we believe helps to ensure that the financial interests of our senior executives are aligned with those of our shareholders.

***2015 Business Highlights***

For 2015, examples of key Company performance achievements that the Compensation Committee took into account when setting compensation include the following:

Purchased three hotels for an aggregate purchase price of \$175.9 million;

Sold 23 hotels for an aggregate sale price of \$252.5 million and a gain on sale of \$28.4 million;

Completed two major redevelopment projects one in San Francisco and one in Houston;

Repurchased 8.0 million common shares for \$225.2 million at an average price of \$27.99;

Declared cash dividends of \$1.32 per share for the year, an increase of 26.9% over the cash dividends declared in 2014; and

Continued enhancement of internal infrastructure, control systems and procedures to accommodate the requirements of operating as a publicly-traded company, including the satisfaction of public company reporting requirements under applicable SEC regulations and NYSE listing standards.

## Edgar Filing: RLJ Lodging Trust - Form DEF 14A

While our total shareholder return ("TSR") has outperformed peer companies since our initial public offering ("IPO") in May 2011, it has lagged over the shorter one-year period. Consistent with the Company's focus on creating long-term shareholder value, the Compensation Committee emphasizes our returns over the longer-term period while also being sensitive to short-term underperformance.

Table of Contents

**Total Shareholder Return from IPO date (5/10/11) through 12/31/15**

	<b>Total Shareholder Return</b>		
	<b>1 Year</b>	<b>3 Year</b>	<b>Since IPO</b>
RLJ Lodging Trust	32.23%	26.03%	44.43%
Morgan Stanley REIT Index	2.52%	36.97%	55.91%
Peer Group Average(1)	19.81%	22.81%	23.25%

(1) Represents our Executive Compensation Peer as further described under "Compensation Review Process Peer Group Analysis."

***2015 Executive Compensation Highlights***

In February 2016, after review of our financial performance during 2015 and our other business accomplishments, the Compensation Committee took the following compensation actions with respect to our NEOs:

Approved base salary increases for 2016 that were designed to continue alignment between our NEOs' compensation and that of their respective peer groups;

Approved 2015 annual cash incentives based on the strategic hurdles that were established for 2015, which resulted in a decrease in cash incentive payments of approximately 50% compared to the cash incentive payments made to each of our NEOs in 2014; and

Awarded annual performance equity grants with respect to 2015 performance in amounts that represented a 10-12% reduction in the grant date fair value of the grants made to our NEOs as compared to the grants made for 2014 performance.





## Edgar Filing: RLJ Lodging Trust - Form DEF 14A

### Table of Contents

Based on the approved 2015 annual cash incentives and annual equity grants, 2015 annual total compensation for our NEOs decreased by 22-24% compared to annual total compensation in 2014, as outlined below:

Name	2015 Total Annual Compensation(1)	2014 Total Annual Compensation(1)	% Decrease
Robert L. Johnson	\$ 1,414,929	\$ 1,862,835	(24)%
Thomas J. Baltimore, Jr.	\$ 4,494,048	\$ 5,734,974	(22)%
Leslie D. Hale	\$ 1,729,110	\$ 2,217,112	(22)%
Ross H. Bierkan	\$ 1,817,021	\$ 2,343,824	(22)%

- (1) Total annual compensation includes base salary, annual cash incentives and annual equity grants. Amounts exclude annual value associated with the 2012 Multi-Year Performance Plan and other compensation.

### **Philosophy and Objectives of our Compensation Program**

We have designed our executive compensation program to achieve the following objectives:

create the proper incentives for our executive management team to achieve corporate and individual performance objectives and maximize shareholder value over the long-term;

achieve an appropriate balance between risk and reward that does not incentivize unnecessary or excessive risk taking;

be transparent and competitive with similarly situated publicly-traded real estate investment trusts ("REITs") based on the Company's performance; and

attract and retain talented executives from within and outside of the hospitality industry.

### ***Proper Incentives to Achieve Performance Objectives and Maximize Long-Term Shareholder Value***

Our compensation program is designed to tie a substantial portion of our executives' total compensation to performance measures that align long-term shareholder value and leadership actions that are expected to position the Company for long-term success. Accordingly, the vast majority of our executives' total compensation is delivered through our annual cash bonus program and our annual equity award program, and less than 30% of our named executive officers' total compensation is in the form of a guaranteed base salary.

We believe that our annual cash bonus program encourages our executives to take prudent steps to achieve, and if possible exceed, our annual business plan, which we believe will increase shareholder value over the long-term. We have not guaranteed our executives any minimum cash bonus payments. As a result, in the event of poor individual and/or corporate performance in any year, the executives could receive no cash bonus for that year.

The largest individual component of our executive officers' total compensation is equity compensation. We believe that approximately 40-50% of our executives' total annual compensation should be in the form of restricted shares or other long-term equity awards for the following reasons:

Equity awards help to ensure that a significant portion of each of our executives' net worth is tied to the value of our common shares, which we believe aligns the interests of our executives with those of our shareholders. We also believe that if we have superior long-term operating performance, our executives, through their equity compensation, will eventually receive above market compensation from dividends and capital appreciation in our common shares. Conversely, if we do not perform as well as our competitors, our executives' compensation will ultimately prove to be below market over the long-term;



## Edgar Filing: RLJ Lodging Trust - Form DEF 14A

### Table of Contents

We have designed our equity awards to be total shareholder return vehicles, rewarding our executive officers for both share price appreciation as well as the payment of dividends; and

In making equity awards and establishing the optimal vesting schedule, our Compensation Committee will use its best judgment to determine circumstances that warrant shorter or longer vesting periods for each grant.

To further align our NEOs' interests with our shareholders, in 2012 our Compensation Committee adopted the 2012 Multi-Year Performance Plan (the "2012 Multi-Year Performance Plan"), designed to provide value to our NEOs and other executives only to the extent that the Company achieved certain relative total shareholder return targets over the prospective three-year performance period. The performance of the 2012 Multi-Year Performance Plan is described further under "Components of Executive Officer Compensation Equity Awards".

#### ***Appropriate Balance between Risk and Reward***

Our Compensation Committee has developed a compensation program that we believe is designed to encourage our executives to manage the Company in a prudent manner for the long-term. The Compensation Committee believes the structure of our compensation program does not encourage unnecessary or excessive risk taking, as illustrated by the following features of the program:

We evaluate performance based on the achievement of a variety of business objectives and goals that we believe correlate to the long-term creation of shareholder value and that are affected by management decisions;

Our equity compensation structure includes restricted shares, which retain value even in a depressed market and thus provide executives with a baseline value that reduces the likelihood that executives will take excessive risks to keep their options or other market-based performance vehicles "in-the-money";

We structure our annual cash bonus program to provide for payouts once a minimum level of performance has been achieved, so that some compensation can be earned at levels below full target achievement rather than an "all-or-nothing" approach;

We consider non-financial and other qualitative performance factors in determining actual compensation payouts; and

We provide a significant portion of each executive's annual compensation in the form of share-based compensation that will allow our executives to build sizable holdings of equity in the Company and align an appropriate portion of their personal wealth with our long-term performance.

#### ***Transparent and Competitive Compensation Program***

In pursuit of our compensation objectives, we have worked to develop a transparent and straightforward performance-based compensation program, which currently consists of four elements:

***Base Salary.*** Base salary is set on the basis of assigned responsibilities and is reviewed periodically against market data;

***Annual Cash Bonus Opportunity.*** Executive officers are eligible to receive annual cash bonuses based upon the achievement of pre-established goals and objectives;

***Annual Performance Equity Grants.*** The Compensation Committee awards annual performance equity grants to ensure alignment with shareholders and as a retention tool, based on an assessment of the Company's overall corporate performance on both an absolute and relative basis to our peers; and



Table of Contents

***Multi-Year Performance Equity Grants.*** The Compensation Committee may award multi-year performance equity grants to ensure alignment with shareholders' interests over a multi-year period and as a retention tool, which will only be earned by the recipients if the Company achieves certain defined relative and/or absolute total shareholder return targets over a prospective performance period.

We review the competitive compensation practices for executives of other public hospitality REITs and other public companies of similar size to the Company to ensure that our compensation program is competitive with the market. In establishing compensation for our executive management team, however, we do not target a specific percentile of the competitive peer group, but rather encourage our Compensation Committee to use its judgment in aligning compensation with its assessment of performance on both an absolute and relative basis as compared to the competitive peer group. Accordingly, in years of superior performance compared to the competitive peer group, our executives may receive total compensation towards the higher end of the market range and in years of lagging performance compared to the competitive peer group, our executives may receive total compensation towards the lower end of the market range.

***Attract and Retain Talented Executives***

We believe that the quality of our executive management team has been and continues to be a critical element of the success of our business. We have successfully attracted talented executives with significant experience in the hospitality and real estate industries who are highly motivated to achieve value for our shareholders. In order to continue to draw highly-skilled executives to our Company, we seek to maintain a competitive compensation program that can attract key talent from these and related industries. Our compensation program is also designed to retain our executives and motivate them to sustain a high level of performance over the long-term.

**Compensation Review Process**

***Role of the Compensation Committee***

Pursuant to the Compensation Committee's charter, the Compensation Committee is responsible to our Board for overseeing the development and administration of our compensation policies and programs. The Compensation Committee, which consists of three independent trustees, is responsible for the review and approval of all aspects of our executive compensation program. Among other duties, the Compensation Committee is responsible for the following:

Reviewing and approving, on an annual basis, the corporate incentive goals and objectives relevant to the compensation of our Chief Executive Officer and our other executive officers;

Evaluating the performance of our executive officers in light of these goals and objectives;

Evaluating the competitiveness of each executive officer's total compensation package; and

Approving any changes to our executives' total compensation package, including, but not limited to, base salary, annual and long-term incentive award opportunities, and payouts and retention programs.

The Compensation Committee is supported in its work by the Company's Senior Vice President, Administration and Corporate Secretary, her staff, and an executive compensation consultant, as described below. The Compensation Committee's charter, which sets out its duties and responsibilities and addresses other matters, can be found on our website at [www.rljlodgingtrust.com](http://www.rljlodgingtrust.com), under the section, "Investor Relations Corporate Governance."

Table of Contents

***Role of the Chief Executive Officer***

Within the framework of the compensation programs approved by the Compensation Committee and based on management's review of market competitive positions, each year our Chief Executive Officer recommends the level of base salary increase (if any) and the annual cash bonuses and the annual equity incentive awards for our NEOs (other than the Chief Executive Officer) and other members of the senior management team. These recommendations are based upon our Chief Executive Officer's assessment of the Company's overall performance, each executive officer's individual performance and employee retention considerations. The Compensation Committee reviews our Chief Executive Officer's recommendations, and in its sole discretion, determines all executive officer compensation.

***Role of the Compensation Consultant***

The Compensation Committee has retained FTI Consulting, Inc. as its independent, third-party executive compensation consultant (the "Compensation Consultant"). The Compensation Consultant was engaged by and reports directly to the Compensation Committee. Upon the request of the Compensation Committee, a representative of the Compensation Consultant attends meetings of the Compensation Committee and communicates with the chairman of the Compensation Committee between meetings; however, the Compensation Committee makes all decisions regarding the compensation of our executive officers.

The Compensation Consultant provides various executive compensation services to the Compensation Committee pursuant to a written consulting agreement between the Compensation Committee and the Compensation Consultant. Generally, these services include, among others, (i) advising the Compensation Committee on the principal aspects of our executive compensation program and evolving industry practices, (ii) presenting information to assist the Compensation Committee in determining the appropriate peer group to be used to evaluate the competitiveness of our compensation program, and (iii) providing market information and analysis regarding the competitiveness of our program design and our award values in relationship to our performance.

***Peer Group Analysis***

The Compensation Committee relies on compensation information as prepared by the Compensation Consultant to determine the competitive market for our executive officers, including the NEOs. The Compensation Committee uses compensation data compiled from a group of 13 publicly-traded REITs or companies with a median equity market capitalization of approximately \$2.6 billion that includes companies that have a primary investment focus generally on the lodging/resorts sector of the real estate industry and select Maryland-based REITs with whom RLJ competes for talent (the "Peer Group"). We believe the Peer Group represents the companies with which we currently compete for executive talent, and includes our principal business competitors. For 2015, the Peer Group consisted of the following companies:

Ashford, Inc.	Hyatt Hotels Corporation
Chesapeake Lodging Trust	LaSalle Hotel Properties
Corporate Office Properties Trust	Pebblebrook Hotel Trust
Diamondrock Hospitality Company	Ryman Hospitality Properties, Inc.
Federal Realty Investment Trust	Sunstone Hotel Investors, Inc.
Gaming and Leisure Properties, Inc.	Xenia Hotels and Resorts, Inc.

Host Hotels and Resorts, Inc.

For 2015, the Peer Group remained generally consistent with 2014 based on the Company's business model, assets and executive team members, with the exception of the removal of Acadia





Table of Contents

Realty Trust, Forest City Enterprises, Inc. and Weingarten Realty Investors due to lack of comparability as a result of company size and business model. In addition, Strategic Hotels & Resorts, Inc. was removed due to its acquisition by Blackstone Group. Companies added to the peer group include Ashford, Inc., Gaming & Leisure Properties, Inc., Ryman Hospitality Properties, Inc. and Xenia Hotels & Resorts, Inc. In addition to the aforementioned peer group, due to the limited number of REITs who, like us, separate the positions of Chairman of the Board and Chief Executive Officer, we also have created a selective Executive Chairman Peer Group (the "Executive Chairman Peer Group") for purposes of evaluating the compensation of Mr. Johnson. The Executive Chairman Peer Group consists of 12 equity REITs that have executives that function exclusively as Chairman of the Board and not also as Chief Executive Officer.

To assess the competitiveness of our executive compensation program, we analyze Peer Group and Executive Chairman Peer Group proxy compensation data levels, as well as the mix of our compensation components with respect to fixed versus variable, short-term versus long-term, and cash versus equity-based pay. This information is then presented to the Compensation Committee for its review and use. The Compensation Committee generally compares the compensation of each NEO in relation to both the median and the 75th percentile of the applicable peer group for similar positions. In addition, the Compensation Committee also takes into account various factors such as our performance within the applicable peer group, the scope of responsibilities for each individual executive, internal equity considerations, and any succession and retention considerations.

**Components of Executive Officer Compensation**

The following is a summary of the elements and amounts of our compensation program for our NEOs in 2015. Our NEOs entered into employment agreements upon completion of our IPO and will continue to be parties to such employment agreements for their respective terms or until such time as our Compensation Committee determines in its discretion that revisions to such employment agreements are advisable and the Company and the executive officers agree to the proposed revisions.

*Annual Base Salary*

Base salary is designed to compensate our executive officers at a fixed level of compensation that serves as a retention tool throughout the executive's career. In determining base salaries, the Compensation Committee considered each executive officer's role and responsibility, unique skills, future potential with our Company, salary levels for similar positions in our core markets and internal pay equity. For 2016, the Compensation Committee determined that an increase of 3% was appropriate for each of our NEOs based upon information provided by the Compensation Consultant regarding anticipated industry-wide compensation adjustments.

The annual base salaries of our NEOs for 2015 and 2016 are as follows:

Name	2015 Base Salary (effective 3/1/2015)	2016 Base Salary (effective 3/1/2016)
Robert L. Johnson	\$ 393,928	\$ 405,746
Thomas J. Baltimore, Jr.	\$ 875,243	\$ 901,500
Leslie D. Hale	\$ 458,945	\$ 472,713
Ross H. Bierkan	\$ 504,840	\$ 519,985

*Annual Cash Bonus*

Our NEOs each have an opportunity to earn an annual incentive cash award designed to reward annual corporate performance, and, with respect to Ms. Hale and Mr. Bierkan, to also encourage and reward individual achievement during the year. The Compensation Committee establishes a target annual incentive cash award opportunity for each of our NEOs following a review of their individual

## Edgar Filing: RLJ Lodging Trust - Form DEF 14A

### Table of Contents

scope of responsibilities, experience, qualifications, individual performance and contributions to the Company, as well as an analysis of data from the Peer Group and Executive Chairman Peer Group discussed previously. The targeted annual incentive cash award opportunity and the performance goals set by the Compensation Committee (discussed below) are communicated to the NEOs at the beginning of each year. The Compensation Committee considers all relevant facts and circumstances when evaluating performance, including changing market conditions and broad corporate strategic initiatives, along with overall responsibilities and contributions, and retains the ability to exercise its judgment and discretion to adjust an award up or down.

#### *2015 Bonus Opportunity*

For 2015, Mr. Johnson's and Mr. Baltimore's annual incentive cash awards were based solely on corporate performance. With respect to Ms. Hale and Mr. Bierkan, 90% of their annual incentive cash awards were based on corporate performance, with the remaining 10% based on individual performance. The Compensation Committee established threshold, target, maximum and outperform annual incentive cash award levels (as a percentage of base salary) for our NEOs as follows:

Name	2015 Annual Incentive Cash Awards			
	Threshold	Target	Maximum	Outperform
Robert L. Johnson	75%	125%	175%	225%
Thomas J. Baltimore, Jr.	100%	150%	200%	250%
Leslie D. Hale	75%	125%	175%	225%
Ross H. Bierkan	75%	125%	175%	225%

#### *2015 Performance Goals*

The Compensation Committee adopted the performance goals for the 2015 annual incentive cash award following a review of our annual business plan and budget for the year. The Compensation Committee assigned each goal a weight of relative importance, as discussed below. The following were the annual incentive cash award performance goals for 2015:

**Total Hotel EBITDA.** In establishing performance goals for 2015, the Compensation Committee considered Total Hotel EBITDA. The Compensation Committee believes that Total Hotel EBITDA is an appropriate measure of the Company's corporate performance and established a goal for 2015 that ranged from \$404 million to \$429 million, weighted to account for 50% of the overall corporate performance goals. The Company's Total Hotel EBITDA was \$405.1 million for 2015.

**RevPAR Increase.** We believe one of our core competencies is to achieve revenues at the highest potential for each room available. In that regard, for 2015, the Compensation Committee established a goal for us to achieve an increase in revenue per available room ("RevPAR") of 4.5-6.75%, representing 20% of the overall corporate performance goals. For 2015, we achieved a RevPAR Increase of 3.9%.

**Hotel EBITDA Margin.** One of our key strategies for 2015 was to increase our property operating margins. Consistent with this strategy, the Compensation Committee established a 2015 goal of achieving Hotel EBITDA Margins between 35.6% and 37.3%, representing 15% of the overall corporate performance goals. For 2015, we achieved a Hotel EBITDA Margin of 36.4%.

**Net Debt to EBITDA.** Another key strategy for 2015 was to maintain an appropriate net debt to EBITDA ratio. In that regard, the Compensation Committee established a goal of achieving a net debt to EBITDA ratio of 4.5x or lower, representing 15% of the overall corporate performance goals. For 2015, we achieved a net debt to EBITDA ratio of 3.8x.

## Edgar Filing: RLJ Lodging Trust - Form DEF 14A

### Table of Contents

#### *2015 Bonus Amounts*

In determining the actual 2015 incentive cash award for our NEOs, the Compensation Committee considered Ms. Hale's and Mr. Bierkan's 2015 individual performance and contributions to the Company during the year in consultation with our Chief Executive Officer, at the weightings previously discussed and determined that each of our NEOs performed at the target level. The annual incentive cash awards for 2015 were as follows:

<b>Name</b>	<b>2015 Actual Award</b>
Robert L. Johnson	\$ 346,000
Thomas J. Baltimore, Jr.	\$ 943,804
Leslie D. Hale	\$ 420,164
Ross H. Bierkan	\$ 462,181

#### *Equity Awards*

We grant equity awards pursuant to our 2015 Equity Incentive Plan (previously, our 2011 Equity Incentive Plan). Equity incentive awards are designed to focus our executive officers and other employees on, and reward them for, achieving our long-term goals and enhancing shareholder value.

#### *Annual Equity Awards*

In determining annual equity awards, our Compensation Committee takes into account the Company's overall financial performance. The awards made under the 2011 Equity Incentive Plan in 2015 were granted to recognize such individuals' efforts on our behalf in connection with the Company's performance in 2015 and to provide a retention element to their compensation. More detail with respect to the equity awards granted in 2015 is provided in the table under "Compensation of Executive Officers - Grants of Plan-Based Awards."

As part of our review of 2015 performance, in February 2016, we made our annual performance equity grants. The annual performance equity grant represents a time-based restricted share award that is based on a subjective review of the Company's performance, as well as the competitive pay of the Peer Group and the Executive Chairman Peer Group. The annual performance equity grants made in 2016 were as follows:

<b>Name</b>	<b>Cash Value of 2016 Award</b>
Robert L. Johnson	\$ 675,000
Thomas J. Baltimore, Jr.	\$ 2,675,000
Leslie D. Hale	\$ 850,000
Ross H. Bierkan	\$ 850,000

These restricted share awards will vest ratably on each of the first 16 quarterly anniversaries of the date of grant, subject to the executive's continued employment. Because these awards for 2015 performance were made in 2016, pursuant to applicable SEC disclosure rules, such awards will be reflected in the Summary Compensation Table and the Grants of Plan-Based Awards Table in our proxy statement for the 2017 annual meeting of shareholders, which reflects 2016 compensation.

#### *Multi-Year Performance Equity Awards*

In order to further align the interests of our NEOs with those of our shareholders over a multi-year period, on July 26, 2012, the Compensation Committee awarded performance units to each of our NEOs under the 2012 Multi-Year Performance Plan. The performance units were convertible into restricted shares at a range of 50% to 150% of the number of target performance units granted

## Edgar Filing: RLJ Lodging Trust - Form DEF 14A

### Table of Contents

based on the Company's TSR over a three-year measurement period as compared to the relevant peer group, as described below.

#### Actual Three-Year Performance Compared to Peer

Group	Percentage of Target Performance Units Earned
Threshold: 60 <sup>th</sup> percentile	50% of Target Performance Units
Target: 75 <sup>th</sup> percentile	100% of Target Performance Units
Maximum: 90 <sup>th</sup> percentile	150% of Target Performance Units

Based on the Company's performance, our NEOs had the potential to earn the following number of restricted shares:

NEO	Threshold Peer Group Performance	Target Peer Group Performance	Maximum Peer Group Performance
Robert L. Johnson	50,000	100,000	150,000
Thomas J. Baltimore, Jr.	140,000	280,000	420,000
Leslie D. Hale	50,000	100,000	150,000
Ross H. Bierkan	50,000	100,000	150,000

The peer group against which our performance was compared over the measurement period, which is set forth below, consisted of our peer group companies as well as other hospitality companies that our shareholders may also consider investing in:

Acadia Realty Trust	Hyatt Hotels Corporation
Ashford Hospitality Trust, Inc.	Host Hotels & Resorts, Inc.
Chatham Lodging Trust	LaSalle Hotel Properties
Chesapeake Lodging Trust	Pebblebrook Hotel Trust
Corporate Office Properties Trust	Strategic Hotels & Resorts, Inc.
Diamondrock Hospitality Company	Summit Hotel Properties
Federal Realty Investment Trust	Sunstone Hotel Investors, Inc.
FelCor Lodging Trust Incorporated	Washington Real Estate Investment Trust
Forest City Enterprises, Inc.	Weingarten Realty Investors

#### Hersha Hospitality Trust

On July 28, 2015, our Compensation Committee reviewed the Company's performance and determined that the Company's performance over the measurement period was 95% of the target performance level and that each of our NEOs was entitled to receive a number of restricted shares equal to 95% of the applicable target number. Pursuant to the terms of the 2012 Multi-Year Performance Plan, 50% of the restricted shares granted at the end of the measurement period vested immediately, with the remaining 50% to vest one year later, on July 28, 2016. In addition, in accordance with the terms of the 2012 Multi-Year Performance Plan, upon issuance of restricted shares at the end of the measurement period, each of our NEOs received payment of an amount equal to all dividends that would have been paid if such restricted shares had been issued at the beginning of the measurement period.

## Edgar Filing: RLJ Lodging Trust - Form DEF 14A

Our Compensation Committee is in the process of determining if a new performance-based equity component based on the achievement of prospective TSR performance is appropriate, since the performance period for the 2012 Multi-Year Performance Plan has concluded. If such a plan is deemed appropriate, it is anticipated that the Company would grant performance-based awards in smaller amounts than under the 2012 Multi-Year Performance Plan on an annual basis, with these awards being earned over a three-year performance period based on the achievement of meaningful TSR benchmarks.

Table of Contents

***Retirement Savings Opportunities***

All full-time employees are able to participate in our 401(k) Retirement Savings Plan (the "401(k) Plan"). We provide the 401(k) Plan to help our employees save a portion of their cash compensation for retirement in a tax-efficient manner. Under the 401(k) Plan, employees are eligible to defer a portion of their salary, and we, at our discretion, may make a matching contribution and/or a profit-sharing contribution commencing six months after they begin their employment. For calendar year 2015, we made a matching contribution of up to 4% of each participant's annual salary, determined by the individual's contribution and as restricted by the statutory limit.

***Health and Welfare Benefits***

We provide to all full-time employees a competitive benefits package, which includes health and welfare benefits, such as medical, dental, short- and long-term disability insurance, and life insurance plans.

**Tax Limits on Executive Compensation**

Under Section 162(m) of the Internal Revenue Code, we may not receive a federal income tax deduction for compensation paid to our chief executive officer or any of the three other most highly compensated executive officers (excluding our chief financial officer) to the extent that any of the persons receive more than \$1 million in qualified non-performance-based compensation in any one year. To maintain flexibility in compensating officers in a manner designed to promote varying corporate goals, our Compensation Committee has not adopted a policy that all compensation must be deductible on our federal income tax returns. Instead, although our Compensation Committee will be mindful of the limits imposed by Section 162(m), even if it is determined that Section 162(m) applies or may apply to certain compensation packages, the Compensation Committee nevertheless reserves the right to structure compensation packages and awards in a manner that may exceed the limitation on the deduction imposed by Section 162(m).

Table of Contents

**COMPENSATION COMMITTEE REPORT**

The Compensation Committee of our Board of Trustees has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board (and the Board has approved) that the Compensation Discussion and Analysis be included in this Proxy Statement and incorporated by reference into the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

Respectfully submitted,  
The Compensation Committee of the Board of Trustees  
NATHANIEL A. DAVIS (*Chairman*)  
SEN. EVAN BAYH  
JOSEPH RYAN

**The Compensation Committee Report does not constitute "soliciting material" and will not be deemed "filed" or incorporated by reference into any of our filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, that might incorporate our SEC filings by reference, in whole or in part, notwithstanding anything to the contrary set forth in those filings.**

**COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

The members of the Compensation Committee of the Board of Trustees are Nathaniel A. Davis, Evan Bayh and Joseph Ryan, each of whom is an independent trustee. None of our executive officers served as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our Board of Trustees or the Compensation Committee. Accordingly, during 2015 there were no interlocks with other companies within the meaning of the SEC's proxy rules.

Table of Contents**COMPENSATION OF EXECUTIVE OFFICERS**

The following tables contain certain compensation information for each NEO. Our NEOs for 2015 consisted of the following people: Robert L. Johnson, our Executive Chairman; Thomas J. Baltimore, Jr., our President and Chief Executive Officer; Leslie D. Hale, our Executive Vice President, Chief Financial Officer and Treasurer; and Ross H. Bierkan, our Chief Investment Officer and Executive Vice President.

**Summary Compensation Table**

The following table sets forth a summary of all compensation earned, awarded or paid to our NEOs in the fiscal years ended December 31, 2015, 2014 and 2013.

Name and Principal Position	Year	Salary	Share Awards	Non-Share Incentive Plan Compensation(7)	All Other Compensation(8)	Total
<b>Robert L. Johnson</b>						
Executive Chairman	2015	\$ 392,016(1)	\$ 749,999(4)	\$ 346,000	\$	\$ 1,488,015
	2014	\$ 380,597(2)	\$ 749,987(5)	\$ 730,381	\$	\$ 1,860,965
	2013	\$ 369,512(3)	\$ 749,998(6)	\$ 469,172	\$	\$ 1,588,682
<b>Thomas J. Baltimore, Jr.</b>						
President and Chief Executive Officer	2015	\$ 870,994(1)	\$ 3,049,999(4)	\$ 943,804	\$ 33,232	\$ 4,898,029
	2014	\$ 845,625(2)	\$ 2,649,992(5)	\$ 1,835,224	\$ 31,212	\$ 5,362,053
	2013	\$ 816,250(3)	\$ 2,649,986(6)	\$ 1,248,672	\$ 29,989	\$ 4,744,897
<b>Leslie D. Hale</b>						
Executive Vice President, Chief Financial Officer and Treasurer	2015	\$ 456,717(1)	\$ 949,975(4)	\$ 420,164	\$ 43,992	\$ 1,870,848
	2014	\$ 443,415(2)	\$ 849,989(5)	\$ 821,534	\$ 41,747	\$ 2,156,685
	2013	\$ 420,583(3)	\$ 799,986(6)	\$ 546,022	\$ 40,549	\$ 1,807,140
<b>Ross H. Bierkan</b>						
Chief Investment Officer and Executive Vice President	2015	\$ 502,389(1)	\$ 949,975(4)	\$ 462,181	\$ 43,632	\$ 1,958,177
	2014	\$ 487,755(2)	\$ 849,989(5)	\$ 903,688	\$ 41,612	\$ 2,283,044
	2013	\$ 468,640(3)	\$ 799,986(6)	\$ 600,625	\$ 40,189	\$ 1,909,440

- (1) Increases in annual base salary for each NEO are effective on March 1 of each year, provided such increases are approved by the Compensation Committee. As a result, each NEO is compensated in January and February of each year at the annual base salary of the preceding year. As of March 1, 2015, the annual base salary for each NEO was as follows: Mr. Johnson \$393,928; Mr. Baltimore \$875,243; Ms. Hale \$458,945; and Mr. Bierkan \$504,840.
- (2) As noted above, increases in annual base salary for each NEO are effective on March 1 of each year, provided such increases are approved by the Compensation Committee. As a result, each NEO is compensated in January and February of each year at the annual base salary of the preceding year. As of March 1, 2014, the annual base salary for each NEO was as follows: Mr. Johnson \$382,454; Mr. Baltimore \$849,750; Ms. Hale \$445,578; and Mr. Bierkan \$490,136.
- (3) Amounts represent the portion of annual base salary effective through March 1, 2013 based on the following annual salaries: Mr. Johnson \$371,315; Mr. Baltimore \$825,000; Ms. Hale \$432,600; and Mr. Bierkan \$475,860.



## Edgar Filing: RLJ Lodging Trust - Form DEF 14A

### Table of Contents

- (4) Represents the aggregate grant date fair value of the restricted common shares granted to the executives on February 20, 2015, calculated in accordance with FASB ASC Topic 718. The restricted common shares vest ratably on each of the first 16 quarterly anniversaries of the date of grant.
- (5) Represents the aggregate grant date fair value of the restricted common shares granted to the executive on February 7, 2014, calculated in accordance with FASB ASC Topic 718. The restricted common shares vest ratably on each of the first 16 quarterly anniversaries of the date of grant.
- (6) Represents the aggregate grant date fair value of the restricted common shares granted to the executive on February 28, 2013, calculated in accordance with FASB ASC Topic 718. The restricted common shares vest ratably on each of the first 16 quarterly anniversaries of the date of grant.
- (7) Represents the annual cash performance bonus for each of the NEOs.
- (8) The amounts shown in the "All Other Compensation" column reflect, for each NEO, the following:

the value of premiums paid for health benefits provided by the Company. For the fiscal years ended December 31, 2015, 2014 and 2013, the value of the health and dental care premiums for each NEO (with the exception of Mr. Johnson, whose benefits are not paid by the Company) was \$28,293, \$26,316 and \$24,988, respectively;

the value of long-term, short-term and life insurance benefits provided by the Company. For the fiscal years ended December 31, 2015, 2014 and 2013, the value of the long-term, short-term and life insurance benefits for each NEO (with the exception of Mr. Johnson, whose benefits are not paid by the Company) was \$1,459, \$1,416 and \$1,641, respectively;

parking benefits of \$3,480, \$3,480 and \$3,360 for the fiscal years ended December 31, 2015, 2014 and 2013, respectively, for each NEO (with the exception of Mr. Johnson, whose benefits are not paid by the Company);

for Ms. Hale only, health club premiums of \$360, \$135 and \$360 for the fiscal years ended December 31, 2015, 2014 and 2013, respectively; and

for Ms. Hale and Mr. Bierkan only, the value of the Company match in the Company's 401(k) plan, in the amounts of \$10,400, \$10,400 and \$10,200 for the fiscal years ended December 31, 2015, 2014 and 2013 respectively.

The costs of the health, long-term disability, short-term disability and life insurance benefits, health club fees and 401(k) match are paid by the Company for all full-time employees.

## Edgar Filing: RLJ Lodging Trust - Form DEF 14A

### Table of Contents

#### Grants of Plan-Based Awards

The following table sets forth information concerning the grants of plan-based awards granted to each NEO during the fiscal year ended December 31, 2015.

Name and Position	Grant Date	Estimated Future Payouts Under Non-Share Incentive Plan Awards(1)				All Other Share Awards: Number of Shares or Share Units (#)	Grant Date Fair Value of Shares (\$)
		Threshold	Target	Maximum	Outperform		
<b>Robert L. Johnson</b> Executive Chairman	2/20/15	\$ 295,446	\$ 492,410	\$ 689,374	\$ 886,338	23,084(2)	\$ 749,999(3)
<b>Thomas J. Baltimore, Jr.</b> President and Chief Executive Officer	2/20/15	\$ 875,243	\$ 1,312,865	\$ 1,750,486	\$ 2,188,108	93,875(2)	\$ 3,049,999(3)
<b>Leslie D. Hale</b> Executive Vice President, Chief Financial Officer and Treasurer	2/20/15	\$ 344,209	\$ 573,681	\$ 803,154	\$ 1,032,626	29,239(2)	\$ 949,975(3)
<b>Ross H. Bierkan</b> Chief Investment Officer and Executive Vice President	2/20/15	\$ 378,630	\$ 631,050	\$ 883,470	\$ 1,135,890	29,239(2)	\$ 949,975(3)

- (1) These columns show the range of potential payouts for 2015 performance under our annual incentive cash bonus awards for our executive officers as described in the section titled "Annual Cash Bonus" in the Compensation Discussion and Analysis.
- (2) The awards vest ratably on each of the first 16 quarterly anniversaries of the date of grant.
- (3) Amounts represent the aggregate grant date fair value of shares granted to our NEOs during 2015, calculated in accordance with FASB ASC Topic 718.

#### Outstanding Equity Awards at Fiscal Year-End December 31, 2015

The following table sets forth the outstanding equity awards for each NEO as of December 31, 2015.

Name and Position	Number of Shares That Have Not Vested(1) (#)	Market Value of Shares That Have Not Vested(2) (\$)
<b>Robert L. Johnson</b> Executive Chairman	97,929	\$ 2,118,204
<b>Thomas J. Baltimore, Jr.</b> President and Chief Executive Officer	319,243	\$ 6,905,226
<b>Leslie D. Hale</b> Executive Vice President, Chief Financial Officer and Treasurer	105,102	\$ 2,273,356
<b>Ross H. Bierkan</b> Chief Investment Officer and Executive Vice President	105,633	\$ 2,284,842

- (1) Represents awards of restricted common shares that were granted on March 2, 2012, February 28, 2013, February 7, 2014 and February 20, 2015, all of which vest ratably on each of the first 16



## Edgar Filing: RLJ Lodging Trust - Form DEF 14A

### Table of Contents

quarterly anniversaries of the date of grant. Also includes performance units granted on July 26, 2012, which were convertible to restricted shares contingent upon the achievement of specific performance goals and were issued on July 28, 2015. 50% of the shares vested immediately; the remaining 50% will vest on July 28, 2016 and are reflected above.

- (2) Value based on \$21.63 per share, which was the closing price of our common shares on the NYSE on December 31, 2015, the last trading day of 2015.

### **Vested Share Awards in 2015**

The following table sets forth the number and value of restricted common shares that vested during 2015 for each of our NEOs.

Name and Position	Number of Common Shares Acquired On Vesting(1) (#)	Value Realized on Vesting(2) (\$)
<b>Robert L. Johnson</b> Executive Chairman	96,986	\$ 2,902,739
<b>Thomas J. Baltimore, Jr.</b> President and Chief Executive Officer	293,527	\$ 8,764,602
<b>Leslie D. Hale</b> Executive Vice President, Chief Financial Officer and Treasurer	90,858	\$ 2,708,352
<b>Ross H. Bierkan</b> Chief Investment Officer and Executive Vice President	95,826	\$ 2,860,364

- (1) Represents the vested portion of restricted common shares that were awarded to the NEO on May 16, 2011, March 2, 2012, February 28, 2013, February 7, 2014 and February 20, 2015. The restricted shares vest ratably on each of the first 16 quarterly anniversaries of the date of grant. Also includes performance units granted on July 26, 2012, which were convertible to restricted shares contingent upon the achievement of specific performance goals and were issued on July 28, 2015. 50% of the shares vested immediately and the remaining 50% will vest on July 28, 2016.

- (2) Represents the value of vested shares calculated by multiplying the number of vested shares by the closing price of our common shares on the NYSE on the vesting date or, if the vesting date occurred on a day on which the NYSE was closed for trading, the next trading day.

### **Employment Agreements with our Named Executive Officers**

#### ***Robert L. Johnson***

On May 14, 2015, we entered into an amended and restated employment agreement with Robert L. Johnson, our Executive Chairman. The amended and restated employment agreement has a three-year term, expiring on May 14, 2018, with an automatic one-year renewal term unless we or Mr. Johnson give 60 days prior notice that the term will not be extended. Our amended and restated employment agreement with Mr. Johnson provides for a base salary of \$393,928 (which may be increased by the Compensation Committee), a target bonus of 125% of base salary (with the actual bonus to be determined by the Compensation Committee), and eligibility for grants of equity. Mr. Johnson is also eligible to participate in all Company benefit plans on the same basis as is available to other senior executives of the Company.

Pursuant to the amended and restated employment agreement, Mr. Johnson is entitled to certain additional payments and benefits in the event his employment is terminated under certain

Table of Contents

circumstances. For a description of these payments and benefits, see " *Potential Payments upon Termination or Change in Control.*"

Mr. Johnson's amended and restated employment agreement contains customary non-competition and non-solicitation covenants that apply during the term and for 24 months after the term.

***Thomas J. Baltimore, Jr.***

On May 14, 2015, we entered into an amended and restated employment agreement with Thomas J. Baltimore, our President and Chief Executive Officer. The amended and restated employment agreement has a four-year term, expiring May 14, 2019, with an automatic one-year renewal term unless either we or Mr. Baltimore give 60 days' prior notice that the term will not be extended. The amended and restated employment agreement with Mr. Baltimore provides for a base salary of \$875,243 (which may be increased by the Compensation Committee), a target bonus of 150% of base salary (with the actual bonus to be determined by the Compensation Committee), and eligibility for grants of equity. Mr. Baltimore is also eligible to participate in all Company benefit plans on the same basis as is available to other senior executives of the Company.

Pursuant to the amended and restated employment agreement, Mr. Baltimore is entitled to certain additional payments and benefits in the event his employment is terminated under certain circumstances. For a description of these payments and benefits, see " *Potential Payments upon Termination or Change in Control.*"

Mr. Baltimore's amended and restated employment agreement contains customary non-competition and non-solicitation covenants that apply during the term and for 24 months after the term.

***Leslie D. Hale***

On August 2, 2013, following her promotion to Executive Vice President, we entered into an amended and restated employment agreement with Leslie D. Hale, our Executive Vice President, Chief Financial Officer and Treasurer. The amended and restated employment agreement has an initial four year term that expires on August 2, 2017, with an automatic one-year renewal term unless either we or Ms. Hale give 60 days' prior notice that the term will not be extended. Our amended and restated employment agreement with Ms. Hale provides for a base salary of \$432,600 (which may be increased by the Compensation Committee), a target bonus of 100% of base salary (with the actual bonus to be determined by the Compensation Committee), and eligibility for grants of equity. Ms. Hale is also eligible to participate in all Company benefit plans on the same basis as is available to other senior executives of the Company.

Pursuant to the amended and restated employment agreement, Ms. Hale is entitled to certain additional payments and benefits in the event her employment is terminated under certain circumstances. For a description of these payments and benefits, see " *Potential Payments upon Termination or Change in Control.*"

Ms. Hale's amended and restated employment agreement contains customary non-competition and non-solicitation covenants that apply during the term and for 24 months after the term.

***Ross H. Bierkan***

On May 14, 2015, we entered into an amended and restated employment agreement with Ross H. Bierkan, our Chief Investment Officer and Executive Vice President. The amended and restated employment agreement has a three-year term, expiring May 14, 2018, with an automatic one-year renewal term unless either we or Mr. Bierkan give 60 days' prior notice that the term will not be extended. Our amended and restated employment agreement with Mr. Bierkan provides for a base salary of \$504,840 (which may be increased by the Compensation Committee), a target bonus of 125% of base salary (with the actual bonus to be determined by the Compensation Committee), and eligibility for grants of equity. Mr. Bierkan is also eligible to participate in all Company benefit plans on the same basis as is available to other senior executives of the Company.

Table of Contents

Pursuant to the amended and restated employment agreement, Mr. Bierkan is entitled to certain additional payments and benefits in the event his employment is terminated under certain circumstances. For a description of these payments and benefits, see "*Potential Payments upon Termination or Change in Control.*"

Mr. Bierkan's amended and restated employment agreement contains customary non-competition and non-solicitation covenants that apply during the term and for 24 months after the term.

**Potential Payments upon Termination or Change-in-Control**

*Various Termination Events*

The following discussion summarizes the amounts that we may be required to pay our NEOs in connection with the following termination events: (i) death or disability of the NEO; (ii) termination by us without "cause" or by the executive for "good reason" (including a termination at or after a "change in control" of the Company, with such term as defined in our 2015 Equity Incentive Plan); and (iii) the non-renewal of the NEO's employment agreement. The potential payments to our NEOs will vary depending on which one of these termination events occurs.

Regardless of the reason for any termination of employment, each executive officer is entitled to receive the following benefits upon termination: (1) payment of any unpaid portion of such NEO's base salary through the effective date of termination; (2) reimbursement for any outstanding reasonable business expense; (3) continued insurance benefits to the extent required by law; and (4) payment of any vested but unpaid rights as may be required independent of the employment agreement.

*Termination by us for "Cause" or by the named executive officer without "Good Reason"*

If we terminate any NEO's employment agreement for "cause" or the NEO terminates his or her employment agreement without "good reason," the executive will only receive the benefits to be provided regardless of the reason for the termination of employment.

*Termination by us without "Cause" or by the named executive officer for "Good Reason"*

If we terminate any NEO without "cause" (including non-renewal by us of the initial term for an additional one-year period) or an executive terminates his employment for "good reason," the executive will have the right to receive, in addition to the benefits to be provided regardless of the reason for the termination of employment, a severance payment that will consist of: (i) a pro-rata bonus for the year of termination based on the portion of the year that has elapsed and the satisfaction of the performance criteria for such bonus (except in the case of a termination at or after a change of control (as defined in the 2015 Equity Incentive Plan) when satisfaction of the performance criteria is not required); (ii) continued payment by us of the NEO's base salary, as in effect as of the NEO's last day of employment, for a period of 36 months (in each case, except for a non-renewal of the initial term as described below); (iii) continued payment for life and health insurance coverage for 24 months to the same extent we paid for such coverage immediately prior to termination; (iv) three times (in each case, except for a non-renewal of the initial term as described below) the NEO's target annual bonus for the year of termination and three times the highest grant date fair value of annual equity award received by the executive in the prior three calendar years; and (v) vesting as of the last day of employment in any unvested portion of any equity awards previously issued to the executive. The foregoing benefits are conditioned upon the executive's execution of a general release of claims.

*Definitions of "Cause" and "Good Reason"*

For purposes of the employment agreements, the term "cause" means any of the following, subject to any applicable cure provisions: (a) the conviction of the executive of any felony; (b) gross negligence

Table of Contents

or willful misconduct in connection with the performance of the executive's duties; (c) conviction of any other criminal offense involving an act of dishonesty intended to result in substantial personal enrichment of the executive at our expense; or (d) the material breach by the executive of any term of any employment, consulting or other services, confidentiality, intellectual property or non-competition agreements with us. The term "good reason" under the employment agreements means any of the following, subject to any applicable cure provisions, without the executive's consent: (a) the assignment to the executive of substantial duties or responsibilities inconsistent with the executive's position with us, or any other action by us that results in a substantial diminution of the executive's duties or responsibilities; (b) a requirement that the executive work principally from a location that is 30 miles further from the executive's residence than our address on the effective date of the executive's employment agreement; (c) a material reduction in the executive's aggregate base salary and other compensation (including the target bonus amount and retirement plan, welfare plans and fringe benefits) taken as a whole, excluding any reductions caused by the failure to achieve performance targets; or (d) any material breach by us of the employment agreement.

*Death or Disability*

If the NEO's employment terminates due to death or disability, in addition to the benefits to be provided regardless of the reason for the termination of employment, the executive's estate is entitled to receive payment of the pro rata share of any performance bonus to which such executive would have been entitled for the year of death or disability regardless of whether the performance criteria has been satisfied and vesting of all unvested equity awards.

*Retirement*

If the NEO's employment terminates due to retirement, in addition to the benefits to be provided regardless of the reason for the termination of employment, the executive is entitled to receive payment of any pro rata share of any performance bonus to which such executive would have been entitled for the year of retirement to the extent the performance goals have been achieved and vesting of all unvested equity awards.

*Non-renewal of Employment Agreement*

If the termination is due to non-renewal of the initial term of the agreements by us, each NEO will be entitled to the amounts set forth above under " *Termination by us for 'Cause' or by the named executive officer without 'Good Reason'*," except the amounts received by Messrs. Baltimore, Johnson and Bierkan and Ms. Hale will be based on continuing base salary for a period of 24 months and they will receive two times their target annual bonus and grant date fair value of annual equity award. If the executive officer's employment terminates due to our failure to extend the term of the employment agreement after the one-year renewal term has ended, in addition to the benefits to be provided regardless of the reason for termination of employment, the executive is entitled to receive (1) payment of any pro rata share of any performance bonus to which such executive would have been entitled for the year of non-renewal to the extent performance goals have been achieved and (2) vesting of all unvested equity awards.

*Quantification of Benefits under the Termination Events*

The tables below set forth the amount that we would be required to pay each of the NEOs under the termination events described above.

Edgar Filing: RLJ Lodging Trust - Form DEF 14A

Table of Contents

**Robert L. Johnson:**

Executive Benefits and Payments Upon Separation	Without Cause or For Good Reason Termination on 12/31/2015	In Connection with a Change-in-Control on 12/31/2015	For Cause or Without Good Reason Termination on 12/31/2015(1)	Death, Disability or Retirement on 12/31/2015	Non-Renewal of Employment Agreement
Bonus earned in 2015	\$ 346,000(2)	\$ 346,000(2)	\$	\$ 346,000(2)	\$ 346,000(2)
Accelerated Vesting of Non-Vested Equity Awards	2,118,204(3)	2,118,204(3)		2,118,204(3)	2,118,204(3)
Medical and Insurance Benefits					
Cash Severance	4,909,011	4,909,011			3,272,674
<b>Total</b>	<b>\$ 7,373,215</b>	<b>\$ 7,373,215</b>	<b>\$</b>	<b>\$ 2,464,204</b>	<b>\$ 5,736,878</b>

- 
- (1) Upon termination for the indicated reasons, Mr. Johnson would receive (i) payment of any unpaid portion of his base salary through the effective date of termination; (ii) reimbursement for any outstanding reasonable business expense; (iii) continued insurance benefits to the extent required by law; and (iv) payment of any vested but unpaid rights as may be required independent of the employment agreement.
- (2) Upon termination for the indicated reasons, Mr. Johnson would receive earned but unpaid salary and bonus.
- (3) Amount calculated as the number of common shares that have not vested (from the Outstanding Equity Awards at Fiscal Year-End December 31, 2015 Table) multiplied by the closing price of our common shares of \$21.63 on December 31, 2015, the last trading day of 2015.

**Thomas J. Baltimore, Jr.:**

Executive Benefits and Payments Upon Separation	Without Cause or For Good Reason Termination on 12/31/2015	In Connection with a Change-in-Control on 12/31/2015	For Cause or Without Good Reason Termination on 12/31/2015(1)	Death, Disability or Retirement on 12/31/2015	Non-Renewal of Employment Agreement
Bonus earned in 2015	\$ 943,804(2)	\$ 943,804(2)	\$	\$ 943,804(2)	\$ 943,804(2)
Accelerated Vesting of Non-Vested Equity Awards	6,905,226(3)	6,905,226(3)		6,905,226(3)	6,905,226(3)
Medical and Insurance Benefits	59,504	59,504			59,504
Cash Severance	15,714,320	15,714,320			10,476,213
<b>Total</b>	<b>\$ 23,622,854</b>	<b>\$ 23,622,854</b>	<b>\$</b>	<b>\$ 7,849,030</b>	<b>\$ 18,384,747</b>

---



## Edgar Filing: RLJ Lodging Trust - Form DEF 14A

- (1) Upon termination for the indicated reasons, Mr. Baltimore would receive (i) payment of any unpaid portion of his base salary through the effective date of termination; (ii) reimbursement for any outstanding reasonable business expense; (iii) continued insurance benefits to the extent required by law; and (iv) payment of any vested but unpaid rights as may be required independent of the employment agreement.
- (2) Upon termination for the indicated reasons, Mr. Baltimore would receive earned but unpaid salary and bonus.
- (3) Amount calculated as the number of common shares that have not vested (from the Outstanding Equity Awards at Fiscal Year-End December 31, 2015 Table) multiplied by the closing price of our common shares of \$21.63 on December 31, 2015, the last trading day of 2015.

Edgar Filing: RLJ Lodging Trust - Form DEF 14A

Table of Contents

**Leslie D. Hale:**

Executive Benefits and Payments Upon Separation	Without Cause or For Good Reason Termination on 12/31/2015	In Connection with a Change-in-Control on 12/31/2015	For Cause or Without Good Reason Termination on 12/31/2015(1)	Death, Disability or Retirement on 12/31/2015	Non-Renewal of Employment Agreement
Bonus earned in 2015	\$ 420,164(2)	\$ 420,164(2)	\$	\$ 420,164(2)	\$ 420,164(2)
Accelerated Vesting of Non-Vested Equity Awards	2,273,356(3)	2,273,356(3)		2,273,356(3)	2,273,356(3)
Medical and Insurance Benefits	59,504	59,504			59,504
Cash Severance	5,947,804	5,947,804			3,965,203
<b>Total</b>	<b>\$ 8,700,828</b>	<b>\$ 8,700,828</b>	<b>\$</b>	<b>\$ 2,693,520</b>	<b>\$ 6,718,227</b>

- 
- (1) Upon termination for the indicated reasons, Ms. Hale would receive (i) payment of any unpaid portion of her base salary through the effective date of termination; (ii) reimbursement for any outstanding reasonable business expense; (iii) continued insurance benefits to the extent required by law; and (iv) payment of any vested but unpaid rights as may be required independent of the employment agreement.
- (2) Upon termination for the indicated reasons, Ms. Hale would receive earned but unpaid salary and bonus.
- (3) Amount calculated as the number of common shares that have not vested (from the Outstanding Equity Awards at Fiscal Year-End December 31, 2015 Table) multiplied by the closing price of our common shares of \$21.63 on December 31, 2015, the last trading day of 2015.

**Ross H. Bierkan:**

Executive Benefits and Payments Upon Separation	Without Cause or For Good Reason Termination on 12/31/2015	In Connection with a Change-in-Control on 12/31/2015	For Cause or Without Good Reason Termination on 12/31/2015(1)	Death, Disability or Retirement on 12/31/2015	Non-Renewal of Employment Agreement
Bonus earned in 2015	\$ 462,181(2)	\$ 462,181(2)	\$	\$ 462,181(2)	\$ 462,181(2)
Accelerated Vesting of Non-Vested Equity Awards	2,284,842(3)	2,284,842(3)		2,284,842(3)	2,284,842(3)
Medical and Insurance Benefits	59,504	59,504			59,504
Cash Severance	6,257,595	6,257,595			4,171,730
<b>Total</b>	<b>\$ 9,064,122</b>	<b>\$ 9,064,122</b>	<b>\$</b>	<b>\$ 2,747,023</b>	<b>\$ 6,978,257</b>

---

## Edgar Filing: RLJ Lodging Trust - Form DEF 14A

- (1) Upon termination for the indicated reasons, Mr. Bierkan would receive (i) payment of any unpaid portion of his base salary through the effective date of termination; (ii) reimbursement for any outstanding reasonable business expense; (iii) continued insurance benefits to the extent required by law; and (iv) payment of any vested but unpaid rights as may be required independent of the employment agreement.
- (2) Upon termination for the indicated reasons, Mr. Bierkan would receive earned but unpaid salary and bonus.
- (3) Amount calculated as the number of common shares that have not vested (from the Outstanding Equity Awards at Fiscal Year-End December 31, 2015 Table) multiplied by the closing price of our common shares of \$21.63 on December 31, 2015, the last trading day of 2015.

Table of Contents**EQUITY COMPENSATION PLAN INFORMATION**

The following table gives information about our common shares that may be issued under our 2015 Equity Incentive Plan as of December 31, 2015.

<b>Plan Category</b>	<b>Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights</b>	<b>Weighted Average Exercise Price of Outstanding Options, Warrants and Rights</b>	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in First Column)</b>
Equity compensation plans approved by shareholders			4,122,417
Equity compensation plans not approved by shareholders			
<b>Total</b>		46	4,122,417

---

Table of Contents

**REPORT OF THE AUDIT COMMITTEE**

The Audit Committee is currently composed of Messrs. Davis and La Forgia and Ms. McNeal, with Mr. La Forgia serving as its chairperson. The members of the Audit Committee are appointed by and serve at the discretion of the Board of Trustees.

One of the principal purposes of the Audit Committee is to assist the Board of Trustees in the oversight of the integrity of the Company's financial statements. The Company's management team has the primary responsibility for the financial statements and the reporting process, including the system of internal controls and disclosure controls and procedures. In fulfilling its oversight responsibilities, the Audit Committee reviewed the audited financial statements in the Annual Report on Form 10-K for the year ended December 31, 2015 with our management.

The Audit Committee also is responsible for assisting the Board of Trustees in the oversight of the qualification, independence and performance of the Company's independent auditors. The Audit Committee reviewed with the independent auditors, who are responsible for expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles, their judgments as to the quality, not just the acceptability, of the Company's accounting principles and such other matters as are required to be discussed with the Audit Committee under generally accepted auditing standards and those matters required to be discussed by the Statement on Auditing Standards No. 61.

The Audit Committee has received both the written disclosures and the letter from PricewaterhouseCoopers LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence, and has discussed with PricewaterhouseCoopers LLP its independence. In addition, the Audit Committee has considered whether the provision of non-audit services, and the fees charged for such non-audit services, by PricewaterhouseCoopers LLP are compatible with maintaining the independence of PricewaterhouseCoopers LLP from management and the Company.

Based on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Trustees that the Company's audited financial statements for 2015 be included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2015 for filing with the SEC.

Respectfully submitted,

The Audit Committee of the Board of Trustees

ROBERT M. LA FORGIA (*Chairman*)  
NATHANIEL A. DAVIS  
GLENDA G. MCNEAL

**The Audit Committee Report above does not constitute "soliciting material" and will not be deemed "filed" or incorporated by reference into any of our filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, that might incorporate SEC filings by reference, in whole or in part, notwithstanding anything to the contrary set forth in those filings.**

Table of Contents**PRINCIPAL SHAREHOLDERS**

The following table sets forth certain information regarding the beneficial ownership of our common shares and units of limited partnership interest of RLJ Lodging Trust, L.P., which we refer to as the operating partnership, as of March 15, 2016 by (a) each of our trustees, (b) each of our named executive officers, (c) all of our trustees and executive officers as a group, and (d) each person known to us to be the beneficial owner of more than five percent of our common shares. Operating partnership units (the "OP units") are redeemable for an equal number of our common shares or cash, at our election, beginning one year after the date of issuance. Unless otherwise indicated, all shares and OP units are owned directly and the indicated person has sole voting and dispositive power with respect to such shares or OP units. The SEC has defined "beneficial ownership" of a security to mean the possession, directly or indirectly, of voting power and/or dispositive power with respect to such security. A shareholder is also deemed to be, as of any date, the beneficial owner of all securities that such shareholder has the right to acquire within 60 days after that date through (a) the exercise of any option, warrant or right, (b) the conversion of a security, (c) the power to revoke a trust, discretionary account or similar arrangement, or (d) the automatic termination of a trust, discretionary account or similar arrangement.

Unless otherwise indicated, the address of each person listed below is c/o RLJ Lodging Trust, 3 Bethesda Metro Center, Suite 1000, Bethesda, MD 20814.

<b>Name and Position</b>	<b>Number of Shares and OP Units Beneficially Owned</b>	<b>% of All Shares(1)</b>	<b>% of All Shares and OP Units(2)</b>
Robert L. Johnson(3)	1,453,804	1.2%	1.2%
Thomas J. Baltimore, Jr.(4)	1,664,145	1.3%	1.3%
Leslie D. Hale(5)	325,624	*	*
Ross H. Bierkan(6)	649,880	*	*
Evan Bayh	27,538	*	*
Nathaniel A. Davis	74,824	*	*
Robert M. La Forgia	24,424	*	*
Glenda G. McNeal	21,822	*	*
Joseph Ryan.	46,644	*	*
All trustees and executive officers as a group (9 persons)	4,288,705	3.4%	3.4%
<b>More than Five Percent Beneficial Owners</b>			
The Vanguard Group 23-1945930(7)	18,688,901	14.9%	14.9%
Invesco, Ltd.(8)	5,649,889	4.5%	4.5%
Vanguard Specialized Funds Vanguard REIT Index Fund 23-2834924(9)	9,420,266	7.5%	7.5%
BlackRock, Inc.(10)	13,814,036	11.0%	11.0%
Goldman Sachs Asset Management, L.P.(11)	11,078,626	8.8%	8.8%

\*

Less than 1%

(1)

The total number of shares deemed outstanding and used in calculating this percentage for the named person(s) is the sum of (a) 125,214,842 common shares outstanding as of March 15, 2016 and (b) the number of common shares issuable to such person(s) upon redemption of limited partnership units owned by such person(s). Amounts shown for individuals assume that all OP units held by the person have been redeemed for our common shares, and amounts for all trustees and executive officers as a group assume all OP units held by such persons, if any, have been redeemed for our common shares.

## Edgar Filing: RLJ Lodging Trust - Form DEF 14A

### Table of Contents

- (2) The total number of shares and units deemed outstanding and used in calculating this percentage for the named person(s) is the sum of (a) 125,214,842 common shares outstanding as of March 15, 2016 and (b) 558,750 limited partnership units outstanding as of March 15, 2016 (other than such units held by us).
- (3) Includes 335,250 OP units received by Mr. Johnson in connection with the formation transactions effected in connection with our IPO and restricted common shares subject to time vesting.
- (4) Includes 156,450 OP units received by Mr. Baltimore in connection with the formation transactions effected in connection with our IPO and restricted common shares subject to time vesting.
- (5) Includes restricted common shares subject to time vesting.
- (6) Includes 67,050 OP units received by Mr. Bierkan in connection with the formation transactions effected in connection with our IPO and restricted common shares subject to time vesting.
- (7) Based on information provided by The Vanguard Group in a Schedule 13G/A filed with the SEC on February 10, 2016. The Vanguard Group is the beneficial owner of 18,688,901 shares, of which it has sole voting power with respect to 399,352 shares, sole dispositive power with respect to 18,376,798 shares, shared voting power with respect to 101,200 shares and shared dispositive power with respect to 312,103 shares. The address of The Vanguard Group as reported by it in the Schedule 13G/A, is 100 Vanguard Blvd., Malvern, PA 19355.
- (8) Based on information provided by Invesco, Ltd. in a Schedule 13G/A filed with the SEC on January 11, 2016. Invesco, Ltd. is the beneficial owner of 5,649,889 shares, of which it has sole voting power with respect to 1,573,924 shares and sole dispositive power with respect to all of the shares. The address of Invesco, Ltd., as reported by it in the Schedule 13G/A, is 1555 Peachtree Street NE, Suite 1800, Atlanta, GA 30309.
- (9) Based on information provided by Vanguard Specialized Funds Vanguard REIT Index Fund (the "Vanguard REIT Index Fund") in a Schedule 13G/A filed with the SEC on February 9, 2016. The Vanguard REIT Index Fund has sole voting power with respect to all of the shares. The address of the Vanguard REIT Index Fund, as reported by it in the Schedule 13G/A, is 100 Vanguard Blvd., Malvern, PA 19355.
- (10) Based on information provided by BlackRock, Inc. in a Schedule 13G/A filed with the SEC on January 8, 2016. BlackRock, Inc. is the beneficial owner of 13,814,036 shares, of which it has sole voting power with respect to 12,802,729 shares and sole dispositive power with respect to all of the shares. The address of BlackRock, Inc., as reported by it in the Schedule 13G/A, is 55 East 52nd Street, New York, NY 10055.
- (11) Based on information provided by Goldman Sachs Asset Management, L.P. in a Schedule 13G filed with the SEC on February 3, 2016. Goldman Sachs Asset Management, L.P. is the beneficial owner of 11,078,626 shares, of which it has shared voting power with respect to 11,022,636 shares and shared dispositive power with respect to all of the shares. The address of Goldman Sachs Asset Management, L.P., as reported by it in the Schedule 13G, is 200 West Street, New York, NY 10282.

Table of Contents

**CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS**

**Related Party Transaction Policy**

The Board of Trustees has adopted a written related person transaction approval policy to further the goal of ensuring that any related person transaction is properly reviewed, approved by the Audit Committee or all of the disinterested trustees of the Board of Trustees, and fully disclosed in accordance with the rules and regulations of the SEC and the NYSE. The policy applies to transactions or arrangements between the Company and any related person, including trustees, trustee nominees, executive officers, greater than 5% shareholders and the immediate family members of each of these groups. They do not, however, apply with respect to general conflicts between the interests of the Company and our employees, officers and trustees, including issues relating to engaging in a competing business and receiving certain benefits from the Company, such as loans or guarantees of obligations, which are reported and handled in accordance with the Company's Code of Business Conduct and Ethics and other procedures and guidelines implemented by the Company from time to time.

Under the policy, the trustees and executive officers of the Company are responsible for identifying and reporting to our chief compliance officer any proposed transaction with a related person. The Audit Committee will either approve, ratify or reject the transaction or refer the transaction to the full Board of Trustees or another appropriate committee, in its discretion. All related party transactions will be disclosed to the full Board of Trustees.

The Audit Committee also will review the Company's Related Party Transactions Policy periodically and will report the results of such reviews to the Board.

**Related Party Transactions**

The following information summarizes our transactions with related parties.

***Employment Agreements***

We entered into an employment agreement with each of our NEOs effective upon completion of our IPO and have recently entered into amended and restated agreements with three of our NEOs; we previously had executed an amended and restated agreement with our remaining NEO upon her 2013 promotion to executive vice president. These employment agreements provide for base salary, bonus and other benefits, including accelerated vesting of equity awards upon a termination of the executive's employment under certain circumstances. For a description of these employment agreements, see "*Compensation of Executive Officers Employment Agreements with our Named Executive Officers*" and "*Compensation of Executive Officers Potential Payments upon Termination or Change in Control*."

***Indemnification Agreements for Officers and Trustees***

We entered into indemnification agreements with each of our executive officers and trustees that obligate us to indemnify them to the maximum extent permitted by Maryland law. The indemnification agreements provide that, if a trustee or executive officer is a party or is threatened to be made a party to any proceeding by reason of such trustee's or executive officer's status as our trustee, officer or employee, we must indemnify such trustee or executive officer for all expenses and liabilities actually and reasonably incurred by him or her, or on his or her behalf, unless it has been established that:

the act or omission of the trustee or executive officer was material to the matter giving rise to the proceeding and was committed in bad faith or was the result of active and deliberate dishonesty;

the trustee or executive officer actually received an improper personal benefit in money, property or services; or

with respect to any criminal action or proceeding, the trustee or executive officer had reasonable cause to believe that his or her conduct was unlawful;



## Edgar Filing: RLJ Lodging Trust - Form DEF 14A

### Table of Contents

provided, however, that we will have no obligation (1) to indemnify such trustee or executive officer for a proceeding by or in the right of the Company, for expenses and liabilities actually and reasonably incurred by him or her, or on his or her behalf, if it has been adjudged that such trustee or executive officer is liable to us with respect to such proceeding or (2) to indemnify or advance expenses of such trustee or executive officer for a proceeding brought by such trustee or executive officer against the Company, except for a proceeding brought to enforce indemnification under Section 2-418 of the Maryland General Corporation Law ("MGCL") or as otherwise provided by our bylaws, our declaration of trust, a resolution of our Board or an agreement approved by our Board. Under the MGCL, a Maryland corporation may not indemnify a director or officer in a suit by or in the right of the corporation in which the trustee or officer was adjudged liable on the basis that a personal benefit was improperly received.

Upon application by one of our trustees or executive officers to a court of appropriate jurisdiction, the court may order indemnification of such trustee or executive officer if:

the court determines that such trustee or executive officer is entitled to indemnification under Section 2-418(d)(1) of the MGCL, in which case the trustee or executive officer shall be entitled to recover from us the expenses of securing such indemnification; or

the court determines that such trustee or executive officer is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not the trustee or executive officer has met the standards of conduct set forth in Section 2-418(b) of the MGCL or has been adjudged liable for receipt of an "improper personal benefit" under Section 2-418(c) of the MGCL; provided, however, that our indemnification obligations to such trustee or executive officer will be limited to the expenses actually and reasonably incurred by him or her, or on his or her behalf, in connection with any proceeding by us or in our right or in which such trustee or executive officer shall have been adjudged liable for receipt of an improper personal benefit under Section 2-418(c) of the MGCL.

Notwithstanding, and without limiting, any other provisions of the indemnification agreements, if a trustee or executive officer is a party or is threatened to be made a party to any proceeding by reason of such trustee's or executive officer's status as our trustee, executive officer or employee, and such trustee or executive officer is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such proceeding, we must indemnify such trustee or executive officer for all expenses actually and reasonably incurred by him or her, or on his or her behalf, in connection with each successfully resolved claim, issue or matter, including any claim, issue or matter in such a proceeding that is terminated by dismissal, with or without prejudice.

We must pay all indemnifiable expenses in advance of the final disposition of any proceeding if the trustee or executive officer furnishes us with a written affirmation of the trustee's or executive officer's good faith belief that the standard of conduct necessary for indemnification by us has been met and a written undertaking to reimburse us if a court of competent jurisdiction determines that the trustee or executive officer is not entitled to indemnification.

Our declaration of trust and bylaws obligate us, to the maximum extent permitted by Maryland law in effect from time to time, to indemnify and to pay or reimburse reasonable expenses in advance of final disposition of a proceeding to (1) any present or former trustee or officer (including any individual who, at our request, serves or has served as a director, trustee, officer, partner, member, employee or agent of another real estate investment trust, corporation, partnership, joint venture, trust, employee benefit plan or any other enterprise) against any claim or liability to which he or she may become subject by reason of service in such capacity and (2) any present or former trustee or officer who has been successful in the defense of a proceeding to which he or she was made a party by reason of service in such capacity. Our declaration of trust and bylaws also permit us, with the approval of our Board, to indemnify and advance expenses to any person who served a predecessor of ours in any of the capacities described above and to any employee or agent of the Company or a predecessor of the Company.

Table of Contents

***Registration Rights Agreement***

In connection with our formation transactions, our operating partnership issued an aggregate of 894,000 OP units to RLJ Development (an entity in which each of Messrs. Johnson, Baltimore and Bierkan hold an equity interest) as consideration for substantially all of its assets and liabilities. Upon completion of our IPO and our formation transactions, we entered into a registration rights agreement with RLJ Development relating to the OP units. Under the registration rights agreement, subject to certain exceptions, we are required to use commercially reasonable efforts to cause to be filed a registration statement covering the resale of our common shares issuable, at our option, in exchange for OP units issued in our formation transactions. In addition, we are required, upon request from the parties subject to such registration rights agreement, to use our commercially reasonable efforts to register for resale the common shares issued in connection with the redemption of such OP units; provided, however, the holders of such common shares issued in connection with the redemption of OP units collectively may not exercise such registration rights more than once in any consecutive six month period. Under such registration rights agreement, such holders are entitled to receive notice of any underwritten public offering on behalf of investors in RLJ Lodging Fund II, L.P. (and its parallel fund) and RLJ Real Estate Fund III, L.P. (and its parallel fund) receiving our common shares in our formation transactions at least 10 business days prior to the anticipated filing date of such registration statement. Such holders may request in writing within five business days following receipt of such notice to participate in such underwritten public offering; provided that if the aggregate dollar amount or number of common shares as to which registration has been demanded exceeds the maximum dollar amount or maximum number of securities that can be sold in such offering without adversely affecting its success, the common shares issued in connection with the redemption of OP units may be excluded from such underwritten public offering. We have filed registration statements in satisfaction of the foregoing obligations that are currently effective.

***Sublease Agreement with RLJ Companies***

Under a sublease with RLJ Companies, LLC, the parent of certain other companies founded and controlled by our Executive Chairman, Robert L. Johnson ("RLJ Companies"), RLJ Companies paid us monthly rent at the same rate at which we paid rent to the owner of the building in Bethesda, Maryland, where our headquarters are located, based on the number of rentable square feet RLJ Companies occupied under the sublease relative to the total rentable square feet available to us under our lease agreement with the building owner. The sublease was terminated effective as of July 1, 2015. Under this sublease, RLJ Companies subleased approximately 13,000 rentable square feet of office space from us.

Following termination of the sublease described above, we entered into an Executive Suite Agreement with RLJ Companies, pursuant to which RLJ Company subleases from us 2,497 rentable square feet of office space in our corporate headquarters for RLJ Companies' use. Under the terms of the Executive Suite Agreement, RLJ Companies pays us monthly rent in an amount equal to rent payable by us under the lease agreement with respect to the number of rentable square feet RLJ Companies occupies under the Executive Suite Agreement. RLJ Companies' obligation to pay rent includes the base rent and all additional rent payable with respect to such space under the lease (e.g., increases in real estate taxes and operating expenses). For the year ended December 31, 2015, RLJ Companies paid a total of \$316,801 in rent under the Executive Suite Agreement and the prior sublease. In 2016, the total amount payable by RLJ Companies under the Executive Suite Agreement will be approximately \$36,293. This amount consists of payments for rent and related services for the period from the end of the rent abatement in August 2016 through December 31, 2016.

Table of Contents

**OTHER MATTERS**

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires that our executive officers and trustees, and persons who own more than 10% of a registered class of our equity securities, file reports of ownership and changes in ownership on Forms 3, 4 and 5 with the SEC and the NYSE. Executive officers, trustees and greater than 10% shareholders are required by the SEC to furnish us with copies of all Forms 3, 4 and 5 that they file.

Based on our review of the copies of such forms, and/or on written representations from the reporting persons that they were not required to file a Form 5 for the fiscal year, we believe that these filing requirements were satisfied by the reporting persons during 2015.

**Other Matters to Come Before the 2016 Annual Meeting**

No other matters are to be presented for action at the annual meeting other than as set forth in this Proxy Statement. If other matters properly come before the meeting, however, the persons named in the accompanying proxy card will vote all proxies solicited by this Proxy Statement as recommended by our Board of Trustees, or, if no such recommendation is given, in their own discretion.

**Shareholders Proposals and Nominations for the 2017 Annual Meeting**

Any shareholder proposal pursuant to Rule 14a-8 of the rules promulgated under the Exchange Act, to be considered for inclusion in our proxy materials for the next annual meeting of shareholders must be received at our principal executive offices no later than November 28, 2016.

In addition, any shareholder who wishes to propose a nominee to the Board of Trustees or propose any other business to be considered by the shareholders (other than a shareholder proposal included in our proxy materials pursuant to Rule 14a-8 of the rules promulgated under the Exchange Act) must comply with the advance notice provisions and other requirements of Article II, Section 12 of our bylaws, which are on file with the SEC and may be obtained from Investor Relations upon request. These notice provisions require that nominations of persons for election to the Board of Trustees and the proposal of business to be considered by the shareholders for the 2017 annual meeting must be received no earlier than October 29, 2016 and no later than November 28, 2016.

**Householding of Proxy Materials**

If you and other residents at your mailing address own common shares in street name, your broker or bank may have sent you a notice that your household will receive only one annual report and proxy statement for each company in which you hold shares through that broker or bank. This practice of sending only one copy of proxy materials is known as "householding." If you did not respond that you did not want to participate in householding, you were deemed to have consented to the process. If the foregoing procedures apply to you, your broker has sent one copy of our annual report and Proxy Statement to your address. You may revoke your consent to householding at any time by sending your name, the name of your brokerage firm and your account number to Broadridge, Householding Department, 51 Mercedes Way, Edgewood, NY 11717 (telephone number: 1-800-542-1061). The revocation of your consent to householding will be effective 30 days following its receipt. In any event, if you did not receive an individual copy of this Proxy Statement or our annual report, we will send a copy to you if you address your written request to or call RLJ Lodging Trust, 3 Bethesda Metro Center, Suite 1000, Bethesda, MD 20814, Attention: Investor Relations (telephone number: 301-280-7774). If you are receiving multiple copies of our annual report and proxy statement, you can request householding by contacting Investor Relations in the same manner.

Table of Contents

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS  
FOR THE SHAREHOLDER MEETING TO BE HELD ON APRIL 29, 2016**

This Proxy Statement, our Annual Report to Shareholders and our Annual Report on Form 10-K for the year ended December 31, 2015 are available on our website at [www.rljlodgingtrust.com](http://www.rljlodgingtrust.com) under the Investor Relations section of the website. In addition, our shareholders may access this information, as well as transmit their voting instructions, at [www.proxyvote.com](http://www.proxyvote.com) by having their proxy card and related instructions in hand.

Additional copies of this Proxy Statement, our Annual Report to Shareholders or our Annual Report on Form 10-K for the year ended December 31, 2015 will be furnished to our shareholders upon written request to the Corporate Secretary at the mailing address for our executive offices set forth on the first page of this Proxy Statement. If requested by eligible shareholders, we will provide copies of exhibits to our Annual Report on Form 10-K for the year ended December 31, 2015 for a reasonable fee.

\* \* \* \*

By Order of the Board of Trustees,

Anita Cooke Wells  
*Corporate Secretary*

Bethesda, Maryland  
March 28, 2016

Table of Contents

**Appendix A**

**RLJ LODGING TRUST**

**ARTICLES OF AMENDMENT**

RLJ Lodging Trust, a Maryland real estate investment trust (the "Trust") under Title 8 of the Corporations and Associations Article of the Annotated Code of Maryland, hereby certifies to the State Department of Assessments and Taxation of Maryland that:

**FIRST:** Section 10.4 of Article X of the Articles of Amendment and Restatement of Declaration of Trust of the Trust filed on May 5, 2011 (the "Declaration of Trust") is hereby amended by deleting such Section 10.4 and replacing it in its entirety with the following:

\*\*\*\*\*

"Section 10.4 *Bylaws.* The Bylaws of the Trust may be altered, amended or repealed, and new Bylaws adopted, by the vote of a majority of the entire Board of Trustees or by a vote of the holders of not less than a majority of all the Shares of the Trust then outstanding and entitled to be cast on the matter."

\*\*\*\*\*

**SECOND:** The amendment to the Declaration of Trust as set forth above has been duly approved and advised by the Board of Trustees of the Trust and approved by the shareholders of the Trust as required by law.

**THIRD:** There has been no increase in the authorized share of beneficial interest of the Trust effected by the amendment to the Declaration of Trust as set forth above.

**FOURTH:** The preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications and terms and conditions of redemption were not changed by the foregoing amendment.

**FIFTH:** The undersigned officer acknowledges these Articles of Amendment to be the corporate act of the Trust and as to all matters of facts required to be verified under oath, the undersigned officer acknowledges that to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties of perjury.

[Remainder of page intentionally left blank]

---

Edgar Filing: RLJ Lodging Trust - Form DEF 14A

Table of Contents

**IN WITNESS WHEREOF**, RLJ Lodging Trust has caused these Articles of Amendment to be executed under seal in its name and on its behalf by the undersigned officer, and attested to by its Secretary, on this      day of                      , 2016.

RLJ LODGING TRUST

By: \_\_\_\_\_

Thomas J. Baltimore, Jr.  
*President and Chief Executive Officer*

Attest: \_\_\_\_\_

Anita Cooke Wells  
*Senior Vice President, Administration and  
Corporate Secretary*

Return Address:

RLJ Lodging Trust  
3 Bethesda Metro Center  
Suite 1000  
Bethesda, MD 20814

---













