

RLJ Lodging Trust
Form PRE 14A
March 16, 2015

Use these links to rapidly review the document

[TABLE OF CONTENTS](#)
[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)

Edgar Filing: RLJ Lodging Trust - Form PRE 14A

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):

- (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 PRE 14A

Table of Contents

• , 2015

Dear Fellow Shareholders:

You are cordially invited to attend the 2015 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, May 1, 2015, 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, 2015; (iii) approve (on a non-binding basis) the compensation of our named executive officers; (iv) approve the RLJ Lodging Trust 2015 Equity Incentive Plan; (v) amend our Articles of Amendment and Restatement of Declaration of Trust to opt out of Section 3-804(c) of the Maryland General Corporation Law; (vi) consider and vote on a non-binding shareholder proposal; and (vii) transact such other business as may properly come before the 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 2015 Proxy Statement and our 2014 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 May 1.

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 May 1, 2015**

NOTICE IS HEREBY GIVEN that the 2015 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, May 1, 2015, 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, 2015;
- (3) to approve (on a non-binding basis) the compensation of our named executive officers;
- (4) to approve the RLJ Lodging Trust 2015 Equity Incentive Plan, which constitutes an amendment and restatement of the RLJ Lodging Trust 2011 Equity Incentive Plan;
- (5) to amend our Articles of Amendment and Restatement of Declaration of Trust (the "Declaration of Trust") to opt out of Section 3-804(c) of the Maryland General Corporation Law (the "MGCL");
- (6) to consider and vote on a non-binding shareholder proposal; and
- (7) 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 Friday, March 13, 2015 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 • , 2015.

By Order of the Board of Trustees,
Anita Cooke Wells
Corporate Secretary

Edgar Filing: RLJ Lodging Trust - Form PRE 14A

Bethesda, Maryland

- , 2015

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

<u>ABOUT THE MEETING</u>	<u>1</u>
<u>PROPOSALS TO BE VOTED ON</u>	<u>6</u>
Proposal 1: Election of Trustees	<u>6</u>
Proposal 2: Ratification of Appointment of Independent Registered Public Accounting Firm	<u>10</u>
Proposal 3: Advisory Vote to Approve Named Executive Officer Compensation	<u>12</u>
Proposal 4: Approval of the RLJ Lodging Trust 2015 Equity Incentive Plan	<u>13</u>
Proposal 5: Amendment of Declaration of Trust to Opt Out of Section 3-804(c) of the MGCL	<u>27</u>
Proposal 6: Non-Binding Shareholder Proposal	<u>28</u>
<u>CORPORATE GOVERNANCE AND BOARD MATTERS</u>	<u>31</u>
Corporate Governance Profile	<u>31</u>
Corporate Governance Guidelines	<u>31</u>
Code of Business Conduct and Ethics	<u>31</u>
Recent Changes to Corporate Governance Practices	<u>32</u>
Availability of Corporate Governance Materials	<u>33</u>
Independence of Trustees	<u>33</u>
Board Leadership Structure	<u>33</u>
Board Oversight of Risk Management	<u>34</u>
Board and Committee Meetings	<u>35</u>
Board Committees	<u>35</u>
Executive Sessions of Non-Management Trustees	<u>37</u>
Communications with the Board	<u>37</u>
Trustee Selection Process	<u>37</u>
Trustee Compensation	<u>39</u>
<u>EXECUTIVE OFFICERS</u>	<u>43</u>
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	<u>44</u>
<u>COMPENSATION COMMITTEE REPORT</u>	<u>54</u>
<u>COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION</u>	<u>54</u>
<u>COMPENSATION OF EXECUTIVE OFFICERS</u>	<u>55</u>
Summary Compensation Table	<u>55</u>
Grants of Plan-Based Awards	<u>57</u>
Outstanding Equity Awards at Fiscal Year-End December 31, 2014	<u>57</u>
Vested Share Awards in 2014	<u>58</u>
Employment Agreements with our Named Executive Officers	<u>58</u>
Potential Payments Upon Termination of Change-in-Control	<u>60</u>
<u>EQUITY COMPENSATION PLAN INFORMATION</u>	<u>65</u>
<u>REPORT OF THE AUDIT COMMITTEE</u>	<u>66</u>
<u>PRINCIPAL SHAREHOLDERS</u>	<u>67</u>
<u>CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS</u>	<u>69</u>
Related Party Transaction Policy	<u>69</u>
Related Party Transactions	<u>69</u>
<u>OTHER MATTERS</u>	<u>73</u>
Section 16(a) Beneficial Ownership Reporting Compliance	<u>73</u>

Edgar Filing: RLJ Lodging Trust - Form PRE 14A

<u>Other Matters to Come Before the 2014 Annual Meeting</u>	<u>73</u>
<u>Shareholder Proposals and Nominations for the 2016 Annual Meeting</u>	<u>73</u>
<u>Householding of Proxy Materials</u>	<u>73</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 May 1, 2015.

This Proxy Statement, our 2014 Annual Report to Shareholders and our Annual Report on Form 10-K for the year ended December 31, 2014 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 2015 annual meeting of shareholders, to be held at the Bethesda Residence Inn, 7335 Wisconsin Ave, Bethesda, MD 20814, on Friday, May 1, 2015, 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 2014 Annual Report to Shareholders are first being mailed to shareholders beginning on or about • , 2015.

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 2016 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, 2015;

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";

Proposal 4 (Approval of the RLJ Lodging Trust 2015 Equity Incentive Plan): The approval of the RLJ Lodging Trust 2015 Equity Incentive Plan (the "2015 Plan"), which constitutes an amendment and restatement of the RLJ Lodging Trust 2011 Equity Incentive Plan (the "2011 Plan"), including increasing the number of available shares under the 2015 Plan by 2,500,000 shares;

Proposal 5 (Amendment of Declaration of Trust to Opt Out of Section 3-804(c) of the MGCL): The amendment of our Articles of Amendment and Restatement of Declaration of Trust (the "Declaration of Trust") to opt out of the provisions of

Edgar Filing: RLJ Lodging Trust - Form PRE 14A

Section 3-804(c) of the Maryland General Corporation Law (the "MGCL"), which currently provides that a vacancy on the Board of Trustees may only be filled by existing trustees; and

Proposal 6 (Non-Binding Shareholder Proposal): A non-binding shareholder proposal regarding amendment of our bylaws by shareholders.

Table of Contents

What are the Board's voting recommendations?

The Board recommends that you vote as follows:

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, 2014;

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;

Proposal 4 (Approval of the RLJ Lodging Trust 2015 Equity Incentive Plan): "FOR" the approval of the RLJ Lodging Trust 2015 Equity Incentive Plan;

Proposal 5 (Amendment of Declaration of Trust to Opt Out of Section 3-804(c) of the MGCL): "FOR" the amendment of our Declaration of Trust to opt out of Section 3-804(c) of the MGCL; and

Proposal 6 (Non-Binding Shareholder Proposal): "AGAINST" the non-binding shareholder proposal.

Who is entitled to vote at the annual meeting?

Only holders of record of our common shares at the close of business on March 13, 2015, 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 13, 2015, 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 301-280-7754.

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 13, 2015.

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.

Table of Contents

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 13, 2015 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 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 13, 2015 record date, there were 132,164,697 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, 2015 even if the broker does not receive voting instructions from you.

Under NYSE rules, Proposals 1, 3, 4, 5 and (election of trustees, Say-On-Pay, approval of the Plan, amendment of our Declaration of Trust, and the non-binding shareholder proposal, respectively) 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

Edgar Filing: RLJ Lodging Trust - Form PRE 14A

Table of Contents

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, 2015, 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 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 (Approval of the RLJ Lodging Trust 2015 Equity Incentive Plan): The affirmative vote of a majority of the votes cast is required to approve the 2015 Plan. For purposes of the vote on the 2015 Plan, abstentions will be counted as votes cast and will have the same effect as votes against the proposal, while 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. However, both abstentions and broker non-votes will be considered present for the purpose of determining the presence of a quorum.

Proposal 5 (Amendment of Declaration of Trust to Opt Out of Section 3-804(c) of the MGCL): 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 opt out of Section 3-804(c) of the MGCL. 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.

Proposal 6 (Non-Binding Shareholder Proposal): The affirmative vote of a majority of the votes cast is required to approve the non-binding shareholder proposal regarding amendment of our bylaws by shareholders. For purposes of the vote on the non-binding shareholder proposal, 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.

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, signing, dating and mailing your proxy card in the enclosed postage-paid envelope. If you are a beneficial owner

Table of Contents

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, 2015; "**FOR**" the advisory (non-binding) "Say-On-Pay" vote to approve the compensation of our named executive officers; "**FOR**" the approval of the RLJ Lodging Trust 2015 Equity Incentive Plan; "**FOR**" the amendment of our Declaration of Trust to opt out of Section 3-804(c) of the MGCL; "**AGAINST**" the shareholder proposal regarding amendment of our bylaws by shareholders; 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.

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 2015 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 2016 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 2016 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.

Name	Age(1)	Title
Robert L. Johnson	68	Executive Chairman of the Board of Trustees
Thomas J. Baltimore, Jr.	51	President, Chief Executive Officer and Trustee
Evan Bayh	59	Trustee
Nathaniel A. Davis	61	Trustee
Robert M. La Forgia	56	Trustee
Glenda G. McNeal	54	Trustee
Joseph Ryan	73	Trustee

(1)

Age as of March 30, 2015.

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 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 currently 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 PRE 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 until 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. 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 currently serves as chairman and chief executive officer of K12 Inc. (NYSE: LRN). 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 served as 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 and chief operating officer of MCI Metro. Mr. Davis currently serves on the board of directors of Unisys

Edgar Filing: RLJ Lodging Trust - Form PRE 14A

Table of Contents

(NYSE: UIS). He previously was a board member of Charter Communications, a cable television operator. Mr. Davis 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 has served since 2010 as executive vice president and general manager of the Global Client Group in Global Merchant Services. In this role, she is responsible for managing the largest global relationships 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 board 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. She also is a trustee of Newark Academy. 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 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

Edgar Filing: RLJ Lodging Trust - Form PRE 14A

Table of Contents

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.

Table of Contents

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, 2015. 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 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, 2015.

Relationship with Independent Registered Public Accounting Firm

Our consolidated financial statements for the year ended December 31, 2014 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, 2014 and 2013:

	Year Ended December 31, 2014	Year Ended December 31, 2013
Audit Fees	\$ 1,327,537(1)	\$ 1,231,000(1)
Audit-Related Fees		
Tax Fees	\$ 295,900(2)	\$ 285,000(2)
All Other Fees		
Total	\$ 1,623,437	\$ 1,516,000

(1) Audit fees for 2014 and 2013 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

Edgar Filing: RLJ Lodging Trust - Form PRE 14A

Table of Contents

consolidated financial statements included in our quarterly reports on Form 10-Q, and other services related to SEC matters.

(2)

Tax fees for 2014 and 2013 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 2016 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: Approval of the RLJ Lodging Trust 2015 Equity Incentive Plan

We are asking shareholders to consider and vote upon a proposal to approve (1) the 2015 Plan, which constitutes an amendment and restatement of the 2011 Plan, including an increase in the total number of common shares issuable under the 2015 Plan of 2,500,000 shares, and (2) the material terms for payment of performance-based compensation under the 2015 Plan as required by Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code").

Our Company is seeking approval of the 2015 Plan to comply with NYSE shareholder approval requirements applicable to equity plans. Our Company is seeking approval of the Section 162(m) performance-based compensation terms to enable our Company to deduct such compensation for federal income tax purposes if the requirements of Section 162(m) of the Code, in addition to shareholder approval, are satisfied. Since its initial public offering in 2011, the Company is seeking shareholder approval of the Code Section 162(m) performance-based compensation terms for the first time, having previously relied on the initial public offering transition provisions of Code Section 162(m).

The Board approved the 2015 Plan, subject to shareholder approval at this annual meeting, on February 20, 2015 upon the recommendation of the Compensation Committee (the "Compensation Committee"). If approved by shareholders at this annual meeting, the 2015 Plan and the Section 162(m) performance-based compensation terms will be effective at the time of shareholder approval.

If shareholders do not approve the 2015 Plan, compensatory equity-based grants to employees, officers and trustees of the Company and its subsidiaries will continue to be made under the 2011 Plan to the extent of the common shares available for issuance under that plan, which for future grants totaled an estimated 988,467 shares as of March 13, 2015 (without giving effect to additional shares that may become available upon the future expiration, forfeiture or cancellation of outstanding awards).

The 2015 Plan provides that no participant in the plan will be permitted to acquire, or will have any right to acquire, common shares thereunder if such acquisition would be prohibited by the share ownership limits contained in our declaration of trust or would impair our status as a REIT.

The Board believes that approval of the 2015 Plan is in the best interests of our Company and its shareholders.

Summary of Material Terms of the 2015 Plan

The following is a summary of the material terms of the 2015 Plan. This summary, however, does not purport to be a complete description of all of the provisions of the 2015 Plan and is qualified in its entirety by reference to the complete text of the 2015 Plan, a copy of which is attached as Appendix A to this Proxy Statement and incorporated by reference into this proposal. You are urged to read this proposal and the text of the 2015 Plan in their entirety.

Purpose

The 2015 Plan is intended to attract and retain non-employee trustees, executive officers and other key employees and service providers, including officers, employees and service providers of our subsidiaries and affiliates, and to stimulate their efforts toward our continued success, long-term growth and profitability.

Eligibility

All of our employees and the employees of our subsidiaries and officers, trustees, or consultants or advisers (who are natural persons) currently providing services to our Company or its affiliates,

Edgar Filing: RLJ Lodging Trust - Form PRE 14A

Table of Contents

including our operating partnership, or any other individual whose participation in the 2015 plan is determined to be in the best interests of our Company are eligible to receive awards under the 2015 Plan. In addition, our non-employee trustees and consultants and advisors who perform services for us and our subsidiaries and affiliates may receive awards under the 2015 Plan, other than incentive share options. As of March 13, 2015, approximately 54 employees, including 10 corporate officers, and all non-employee trustees, consultants, and advisors of the Company or any of its subsidiaries or other affiliates are eligible to participate in the 2015 Plan.

Effective Date

The 2011 Plan was originally effective as of May 5, 2011. The Board approved the 2015 Plan, as amended and restated, on February 20, 2015. The 2015 Plan, as amended and restated, will become effective as of May 1, 2015, the date of the annual meeting (the "Amendment Date"), subject to shareholder approval of the 2015 Plan.

Term

The 2015 Plan can be terminated at any date, as determined by our Board.

Administration of the 2015 Plan

The 2015 Plan will be administered by our Compensation Committee of the Board of Trustees, consisting of two or more trustees of our Company. Each trustee will be required to qualify as an "independent director" under the NYSE Stock Market listing rules, a "non-employee director" within the meaning of Rule 16b-3 of the Exchange Act, and an "outside director" within the meaning of Section 162(m) of the Code and related regulations. The Board will also be authorized to appoint one or more committees of the Board consisting of one or more trustees of our Company who need not be "outside directors". Any such committees would be authorized to administer the 2015 Plan with respect to participants in the plan who are not Company "officers" within the meaning of Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") or Company trustees and, in this capacity, would be authorized to grant awards under the 2015 Plan to such participants and to determine all terms of such awards.

During any period of time in which we do not have a compensation committee, the 2015 Plan will be administered by our Board or another committee appointed by the Board. Except where the authority to act on such matters is specifically reserved to our Board under the 2015 Plan or applicable law, our Compensation Committee and each other committee acting in accordance with the foregoing plan provisions (which will be the "Committee" as defined in the 2015 Plan) will have full power and authority to interpret and construe all terms of the 2015 Plan, any award or any award agreement, and to make all related determinations, including the power and authority to:

designate grantees of awards;

determine the type or types of awards to be made to a grantee;

determine the number of shares to be subject to an award;

establish the terms and conditions of each award and any terms and conditions that may be necessary to qualify options as incentive share options;

prescribe the form of each award agreement; and

subject to the limitations in the 2015 Plan (including the prohibition on repricing of options and share appreciation rights without shareholder approval), amend, modify, or reprice the terms of any outstanding award.

Edgar Filing: RLJ Lodging Trust - Form PRE 14A

Table of Contents

Awards

The following types of awards may be made under the 2015 Plan, subject to the limitations set forth in the 2015 Plan:

options, which may be incentive share options or non-qualified share options;

share appreciation rights or "SARs";

restricted shares;

unrestricted shares;

share units;

dividend equivalent rights;

performance awards;

annual incentive awards;

long-term incentive unit or "LTIP units";

other equity-based awards; or

cash.

An incentive share option is an option that meets the requirements of Section 422 of the Code, and a nonqualified share option is an option that does not meet those requirements. Restricted shares are shares on which are imposed vesting restrictions that subject the shares to a substantial risk of forfeiture, as defined in Section 83 of the Code. A share unit or deferred share unit is an award that represents a conditional right to receive shares in the future and that may be made subject to the same types of restrictions and risk of forfeiture as restricted shares. Performance awards are awards of options, restricted shares, share units, deferred share units, SARs or cash made subject to the achievement of one or more pre-established performance goals over a performance period established by our Compensation Committee. Dividend equivalent rights are awards entitling the grantee to receive cash, shares, other awards under the 2015 Plan or other property equal in value to dividends or other periodic payments paid or made with respect to a specified number of shares. A SAR is a right to receive upon exercise, in the form of shares, cash or a combination of shares and cash, the excess of the fair market value of one share on the exercise date over the exercise price of the SAR. Unrestricted shares are shares free of restrictions other than those imposed under federal or state securities law. LTIP Units means an award of an interest in the operating partnership affiliated with our Company.

Awards under the 2015 Plan may be granted alone or in addition to, in tandem with, or in substitution or exchange for any other award under the 2015 Plan, other awards under another compensatory plan of our Company or any of its affiliates (or any business entity that has been a party to a transaction to our Company or any of our Company's affiliates), or other rights to payment from our Company or any of its affiliates. Awards granted in addition to or in tandem with other awards may be granted either at the same time or at a different time.

Our Company may permit or require the deferral of any payment pursuant to any award into a deferred compensation arrangement, which may include provisions for the payment or crediting of interest or dividend equivalent rights, in accordance with rules and procedures established by the Compensation Committee. Awards under the 2015 Plan generally will be granted for no consideration other than past services

Edgar Filing: RLJ Lodging Trust - Form PRE 14A

by the grantee of the award or, if provided for in the award agreement or in a separate agreement, the grantee's promise to perform future services to our Company or one of its subsidiaries or other affiliates.

Edgar Filing: RLJ Lodging Trust - Form PRE 14A

Table of Contents

Section 162(m) Performance-Based Compensation

Shareholder approval of this proposal is intended to permit the equity-based awards and cash incentive compensation paid to our Company's covered employees under the 2015 Plan to constitute qualified performance-based compensation for purposes of Section 162(m) of the Code and the rules and regulations issued under that section, and to enable our Company to deduct such compensation for federal income tax purposes if the requirements of Section 162(m) in addition to shareholder approval are satisfied. Shareholder approval of this proposal will constitute approval of the Section 162(m) performance-based compensation terms described below, which consist of provisions relating to (1) the persons eligible to receive performance-based compensation under the 2015 Plan, (2) the maximum amount of performance-based compensation that may be paid under the 2015 Plan during a specified period to any eligible person, and (3) the performance criteria that may be used under the 2015 Plan to establish performance goals as a condition to the payment of the performance awards.

Section 162(m)

Section 162(m) generally provides that no federal income tax business expense deduction is allowed for annual compensation in excess of \$1 million paid by a publicly traded corporation to its principal executive officer or any of the three other most highly compensated officers (excluding the principal financial officer), as determined in accordance with the applicable rules under the Exchange Act. Under the Code, however, there is no limitation on the deductibility of compensation paid to such officers, who are referred to as "covered employees," that represents qualified performance-based compensation as determined under the Code. To constitute qualified performance-based compensation, the compensation paid by our Company to its covered employees must be paid solely on account of the achievement of one or more objective performance goals established in writing by our Compensation Committee while the achievement of such goals is substantially uncertain. Performance goals may be based on one or more performance measures consisting of business criteria that apply to the covered employee, a business unit, or our Company, a subsidiary or other affiliate on an individual or a consolidated basis, but need not be based on an increase or positive result under the business criteria selected.

As described under "Compensation Discussion and Analysis Tax Limits on Executive Compensation," even if this proposal is approved, the Compensation Committee may exercise its discretion to award compensation under the 2015 Plan that would not qualify as qualified performance-based compensation under Section 162(m).

Performance Measures

The 2015 Plan is designed to permit our Compensation Committee to grant awards to covered employees that will constitute qualified performance-based compensation for purposes of Section 162(m) of the Code. The 2015 Plan authorizes the establishment of performance goals based on any one or more of the following performance measures:

revenue per available room ("RevPar");

hotel occupancy rates;

funds from operations;

adjusted funds from operations;

net earnings or net income;

operating earnings;

pretax earnings;

Edgar Filing: RLJ Lodging Trust - Form PRE 14A

Table of Contents

earnings per share;

share price, including growth measures and total shareholder return;

earnings before interest and taxes;

earnings before interest, taxes, depreciation and/or amortization;

return measures, including return on assets, capital, investment, equity, sales or revenue;

cash flow, including operating cash flow, free cash flow, cash flow return on equity and cash flow return on investment;

expense targets;

market share;

financial ratios as provided in credit agreements of our Company and its subsidiaries;

working capital targets;

completion of asset acquisitions or dispositions and/or achievement of acquisition or disposition goals;

revenues under management;

distributions to shareholders;

RevPar penetration ratios; and

any combination of any of the foregoing business criteria.

Performance under any of the foregoing performance measures may be used to measure the performance of (i) our Company and its subsidiaries and other affiliates as a whole; (ii) our Company, any subsidiary, and/or any other affiliate or any combination thereof; or (iii) any one or more business units of our Company, any subsidiary, and/or any other affiliate, as our Compensation Committee deems appropriate. In addition, performance under any of the performance measures may be compared to the performance of one or more other companies or one or more published or special indices designated or approved by the Compensation Committee. The Compensation Committee may select performance under the performance measure of share price for comparison to performance under one or more stock market indices designated or approved by our Committee. Our Compensation Committee will have the authority to provide for accelerated vesting of any performance award based on the achievement of performance goals pursuant to the performance measures.

Our Compensation Committee will establish the performance period, of up to ten (10) years, for performance awards. Our Committee will have the discretion to adjust awards that are intended to qualify as performance-based compensation, either on a formula or discretionary basis,

Edgar Filing: RLJ Lodging Trust - Form PRE 14A

or on any combination thereof, as our Committee determines in a manner consistent with the requirements of Section 162(m) for deductibility.

The 2015 Plan identifies some conditions that our Compensation Committee may include or exclude in any evaluation or performance during a performance period. Such conditions may include the following:

asset write-downs;

litigation or claims, judgments or settlements;

the effect of changes in tax laws, accounting principles or other laws or provisions affecting reported results;

Edgar Filing: RLJ Lodging Trust - Form PRE 14A

Table of Contents

any reorganization or restructuring events or programs;

extraordinary, non-core, non-operating or non-recurring items;

acquisitions or divestitures; and

foreign exchange gains and losses.

In addition, our Committee may reserve the right in an award agreement to cause a forfeiture of the gain realized by a grantee with respect to an award on account of actions taken by, or failed to be taken by, such grantee in violation or breach of, or in conflict with, any employment agreement, non-competition agreement, agreement prohibiting solicitation of employees or clients of our Company or any affiliate, confidentiality obligation with respect to our Company or any affiliate, Company or affiliate policy or procedure, other agreement or any other obligation of the grantee to our Company or any affiliate, to the extent specified in such award agreement. Our Committee may annul an outstanding vested award if the grantee is an employee and is terminated for "Cause" as defined in the 2015 Plan or the applicable award agreement or for "Cause" as defined in any other agreement between our Company any affiliate and the grantee, as applicable.

Shares Available for Issuance

Subject to adjustment as provided in the 2015 Plan, the maximum number of shares that will be available for issuance under the 2015 Plan will equal:

2,500,000 shares, plus

the number of shares available for future awards under the 2011 Plan as of the Amendment Date, plus

the number of shares related to awards outstanding under the 2011 Plan as of the Amendment Date that thereafter terminate by expiration or forfeiture, cancellation, or otherwise without the issuance of such shares.

The foregoing number of common shares that may be issued under the 2015 Plan may be increased in connection with share splits, distributions, recapitalizations and certain other events, based on proportionate adjustments that the Board deems appropriate in the aggregate number of common shares that may be issued under the 2015 Plan and the terms of outstanding awards.

Shares subject to an award granted under the 2015 Plan will be counted against the maximum number of shares available for issuance under the plan as one share for every one share subject to such an award.

Shares subject to an award granted under the 2015 Plan will again become available for issuance under the 2015 Plan if the award terminates by expiration, forfeiture, or cancellation, or otherwise without issuance of such shares (except as set forth below).

The number of shares available for issuance under the 2015 Plan will not be increased by the number of shares:

tendered or withheld or subject to an award surrendered in connection with the purchase of shares upon exercise of an option;

deducted or delivered from payment of an award in connection with our Company's tax withholding obligations; or

purchased by our Company with proceeds from option exercises.

Edgar Filing: RLJ Lodging Trust - Form PRE 14A

Table of Contents

The 2015 Plan contains limitations on the number of shares available for issuance with respect to specified types of awards:

The maximum number of common shares subject to options or SARS that can be granted under the 2015 Plan to any person eligible for an award is one million (1,000,000) common shares in a calendar year;

The maximum number of common shares that can be granted under the 2015 Plan other than pursuant to an option or SAR to any person eligible for an award is one million (1,000,000) common shares in a calendar year; and

The maximum amount that may be paid as an annual incentive award in a calendar year to any one person is five million dollars (\$5,000,000) and the maximum amount that may be paid as a cash-settled performance award in respect of a performance period greater than one year to any one person eligible for an award is five million dollars (\$5,000,000).

The maximum number of shares available for issuance pursuant to incentive share options granted under the 2015 Plan will be 2,500,000 shares.

Shares to be issued under the 2015 Plan will be authorized and unissued shares or, to the extent permitted under applicable laws, treasury shares, or any combination of the foregoing, as may be determined from time to time by the Board or by our Compensation Committee.

The number and kinds of shares for which awards may be made under the 2015 Plan, including the share limits described above, will be adjusted proportionately and accordingly by our Committee if the number of outstanding shares is increased or decreased or the shares are changed into or exchanged for a different number of shares or kind of shares or other securities of our Company on account of any recapitalization, reclassification, share split, reverse share split, spin-off, combination of share, exchange of shares, share dividend or other distribution payable in capital shares, or other increase or decrease in shares effected without receipt of consideration by our Company.

On March 13, 2015, the closing price of a share as reported on the NYSE Stock Market was \$30.61 per share.

Fair Market Value Determination

Generally, for so long as the shares remain listed on the NYSE Stock Market, the fair market value of a share on an award grant date, or on any other date for which fair market value is required to be established under the 2015 Plan, will be the closing price of the shares as reported on the NYSE Stock Market on such date. If there is no reported closing price on such date, the fair market value of the shares will be the closing price of the shares on the next preceding date on which any sale of shares will have been reported on the NYSE Stock Market.

If the shares cease to be listed on the NYSE Stock Market and are listed on another established national or regional stock exchange or traded on another established securities market, fair market value will generally similarly be determined by reference to the closing price of the shares on the applicable date as reported on such other stock exchange or established securities market.

If the shares cease to be listed on the NYSE Stock Market or another established national or regional stock exchange or traded on another established securities market, our Committee will determine the fair market value of the shares by the reasonable application of a reasonable valuation method, in a manner consistent with Section 409A of the Code.

Table of Contents

Options

The 2015 Plan authorizes our Compensation Committee to grant incentive share options (under Section 422 of the Code) and options that do not qualify as incentive share options. An option granted under the 2015 Plan will be exercisable only to the extent that it is vested. Each option will become vested and exercisable at such times and under such conditions as our Committee may approve consistent with the terms of the 2015 Plan. No option may be exercisable more than ten years after the option grant date, or five years after the option grant date in the case of an incentive share option granted to a Ten Percent Shareholder (as defined in the 2015 Plan). Options may be made exercisable in installments. The Compensation Committee may include in the option agreement provisions specifying the period during which an option may be exercised following termination of the grantee's service. The exercisability of options may be accelerated by our Committee.

The exercise price per share of each option granted under the 2015 Plan may not be less than 100%, or 110% in the case of an incentive share option granted to a Ten Percent Shareholder, of the fair market value of a share on the option grant date, except in the case of an option granted upon assumption of, or in substitution for, outstanding awards previously granted under a compensatory plan by a business entity acquired or to be acquired by our Company or an affiliate or with which our Company or an affiliate has combined or will combine.

The aggregate fair market value of shares determined on the option grant date with respect to which incentive share options are exercisable for the first time during any calendar year may not exceed \$100,000.

Except in connection with a corporate transaction involving our Company (including, without limitation, any share dividend, distribution (whether in the form of cash, shares, other securities or other property), share split, extraordinary cash dividend, recapitalization, change in control, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of shares or other securities or similar transaction), our Company may not, without obtaining shareholder approval: (a) amend the terms of outstanding options to reduce the exercise price of such outstanding options; (b) cancel outstanding options in exchange for or substitution of options with an exercise price that is less than the exercise price of the original options; or (c) cancel outstanding options with an exercise price above the current share price in exchange for cash or other securities.

The exercise price for any option is generally payable (1) in cash or cash equivalents, (2) to the extent the award agreement provides, by the surrender of common shares (or attestation of ownership of common shares) with an aggregate fair market value on the date on which the option is exercised, or common shares are purchased, of the exercise or purchase price, or (3) to the extent the award agreement provides, by payment through a broker in accordance with procedures established by the Federal Reserve Board.

Options will be nontransferable, except for transfers by will or the laws of descent and distribution. Our Committee may determine that all or part of a nonqualified share option may be transferred to certain family members of the grantee by gift or other transfers deemed "not for value."

Restricted Shares, Restricted Share Units, and Deferred Share Units

Subject to the provisions of the 2015 Plan, our Committee will determine the terms and conditions of each award of restricted shares, share units and deferred share units, including the restricted period for all or a portion of the award, the restrictions applicable to the award and the purchase price, if any, for the shares subject to the award. The restrictions, if any, may lapse over a specified period of time or through the satisfaction of conditions, in installments or otherwise, as our Committee may determine. A grantee of restricted shares will have all of the rights of a shareholder as to those shares, including, without limitation, the right to vote the shares and receive dividends or distributions on the

Edgar Filing: RLJ Lodging Trust - Form PRE 14A

Table of Contents

shares, except to the extent limited by our Committee. Grantees of share units and deferred share units will have no voting or dividend rights or other rights associated with share ownership, although our Committee may award dividend equivalent rights on such units.

During the restricted period, if any, when share awards are non-transferable or forfeitable, a participant is prohibited from selling, transferring, assigning, pledging, exchanging, hypothecating or otherwise encumbering or disposing of his or her award shares.

Share Appreciation Rights

The 2015 Plan authorizes our Committee to grant SARs that provide the recipient with the right to receive, upon exercise of the SAR, cash, common shares or a combination of the two. The amount that the recipient will receive upon exercise of the SAR generally will equal the excess of the fair market value of our common shares on the date of exercise over the fair market value of our common shares on the date of grant. SARs will become exercisable in accordance with terms determined by our Committee. SARs may be granted in tandem with an option grant or independently from an option grant. The term of a SAR cannot exceed ten (10) years from the date of grant.

Except in connection with a corporate transaction involving our Company (including, without limitation, any share dividend, distribution (whether in the form of cash, shares, other securities or other property), share split, extraordinary cash dividend, recapitalization, change in control, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of shares or other securities or similar transaction), our Company may not, without obtaining shareholder approval: (a) amend the terms of outstanding SARs to reduce the exercise price of such outstanding SARs; (b) cancel outstanding SARs in exchange for or substitution of SARs with an exercise price that is less than the exercise price of the original SARs; or (c) cancel outstanding SARs with an exercise price above the current share price in exchange for cash or other securities.

SARs will be nontransferable, except for transfers by will or the laws of descent and distribution. Our Committee may determine that all or part of a SAR may be transferred to certain family members of the grantee by gift or other transfers deemed "not for value."

Performance Awards

The 2015 Plan also authorizes the Compensation Committee to grant performance awards. Performance awards entitle the participant's right to receive a compensation amount, based on the value of the shares, if performance goals established by our Committee are met. Our Compensation Committee will determine the applicable performance period, the performance goals and such other conditions that apply to the performance award. Performance goals may relate to our financial performance or the financial performance of our operating units, the participant's performance or such other criteria determined by our Committee. If the performance goals are met, performance units will be paid in cash, common shares or a combination thereof.

Bonuses

Cash performance bonuses payable under the 2015 Plan may be based on the attainment of performance goals that are established by our Compensation Committee and relate to one or more performance criteria described in the 2015 Plan. Cash performance bonuses must be based upon objectively determinable bonus formulas established in accordance with the 2015 Plan.

Dividend Equivalents

Our Compensation Committee may grant dividend equivalents in connection with the grant of any equity-based award, except that no dividend equivalent right may be granted in connection with, or

Edgar Filing: RLJ Lodging Trust - Form PRE 14A

Table of Contents

related to an option or SAR. Dividend equivalents may be paid currently or accrued as contingent cash obligations and may be payable in cash, common shares or a combination of the two. Our Committee will determine the terms of any dividend equivalents

Other Equity-Based Awards

Our Compensation Committee may grant other types of share-based awards under the 2015 Plan, including LTIP units (which are described below). Other equity-based awards are payable in cash, common shares or other equity, or a combination thereof, and may be restricted or unrestricted, as determined by our Committee. The terms and conditions that apply to other equity-based awards are determined by our Committee.

LTIP Units

LTIP units are a special class of OP units in our operating partnership that are intended to constitute a "profits interest" within the meaning of the Code and the guidance thereunder. LTIP units may be issued only to participants for the performance of services to or for the benefit of the operating partnership in the participant's capacity as a partner of the operating partnership, in anticipation of the participant becoming a partner of the operating partnership, or as otherwise determined by our Compensation Committee. A LTIP unit will become vested at such times and subject to the limited partnership agreement of the operating partnership and such additional conditions as our Committee may determine. If fully realized, each LTIP unit awarded under the 2015 Plan will be equivalent to an award of one share under the 2015 Plan, reducing the number of common shares available for other equity awards on a one-for-one basis.

Change in Capitalization

Our Compensation Committee may adjust the terms of outstanding awards under the 2015 Plan to preserve the proportionate interests of the holders in such awards on account of any recapitalization, reclassification, share split, reverse share split, spin-off, combination of share, exchange of shares, share dividend or other distribution payable in capital shares, or other increase or decrease in such shares effected without receipt of consideration by our Company. The adjustments will include proportionate adjustments to (i) the number and kind of shares subject to outstanding awards and (ii) the per share exercise price of outstanding options or SARs.

Reorganization not Constituting a Change in Control

If our Company is the surviving entity in any reorganization, merger, or consolidation of our Company with one or more other entities which does not constitute a change in control, an award pertaining to the securities to which a holder of the number of common stock subject to such award would have been entitled immediately after such transaction, with a corresponding proportionate adjustment to the per share price of options and SARs so that the aggregate price per share of each option or SAR thereafter is the same as the aggregate price per share of each option or SAR subject to the option or SAR immediately prior to such transaction. Further, in the event of any such transaction, performance awards (and the related performance measures if deemed appropriate by our Committee) will be adjusted to apply to the securities that a holder of the number of shares subject to such performance awards would have been entitled to receive following such transaction.

Change in Control in which Awards are not Assumed

If we experience a change in control in which outstanding options, SARs, share units, dividend equivalent rights, restricted shares, LTIP units, or other equity-based awards that are not exercised prior to the change in control will not be assumed or continued by the surviving entity: (1) all restricted

Edgar Filing: RLJ Lodging Trust - Form PRE 14A

Table of Contents

common shares, LTIP units, share units, and dividend equivalent rights will vest and the underlying common shares, if any, will be delivered immediately before the change in control; or (2) at our Board's discretion, either all options and SARs will become exercisable 15 days before the change in control and terminate upon the completion of the change in control, or all options, SARs, restricted shares and share units will be cashed out before the change in control. In the case of performance awards denominated in shares, shares units, or LTIP units, if more than half of the performance period has lapsed, the performance shares will be converted into restricted common shares or share units based on actual performance to date. If less than half of the performance period has lapsed, or if actual performance is not determinable, the performance shares will be converted into restricted common shares or share units assuming target performance has been achieved. Other equity-based awards will be governed by the terms of the applicable award agreement.

Change in Control in Which Awards are Assumed

If we experience a change in control in which outstanding options, SARs, share units, restricted shares, or other equity-based awards that are not exercised prior to the change in control will be assumed or continued by the surviving entity, the awards continue in the same manner and under the terms provided in the event of a change in control. Such options, SARs, share units, restricted shares, or other equity-based awards may be substituted for new common stock options, stock appreciation rights, common stock units, restricted stock and other equity-based awards relating to the stock of a successor entity, or a parent or subsidiary thereof, with appropriate adjustments as to the number of shares and option and stock appreciation rights exercise prices.

Definition of Change in Control

The 2015 Plan defines a "Change in Control" to mean:

Any person, entity, or affiliated group (with certain exceptions) is or becomes the beneficial owner, directly or indirectly, of securities of our Company representing more than 50% of the combined voting power of our Company's then outstanding voting securities;

During any twelve month period, individuals who at the beginning of such period constitute our Board cease for any reason to constitute a majority of our Board, treating any individual whose election or nomination was approved by a majority of the incumbent trustees as an incumbent trustee for this purpose;

Shareholders approve a reorganization, merger, consolidation or sale or other disposition of all or substantially all of our assets, unless (1) the holders of our voting shares immediately prior to the merger have at least 50.1% of the combined voting power of the securities in the surviving entity or its parent in substantially the same proportions as before the transaction, or (2) no person owns 50% or more of the shares of the surviving entity unless such ownership existed before the transaction; or

The consummation or sale of the disposition by our Company of all or substantially all of our Company's assets (or any transaction or series of transactions within a period of twelve months ending on the date of the last sale or disposition having a similar effect).

Amendment; Termination

Our Board may amend, suspend or terminate the 2015 Plan at any time; provided that no amendment, suspension or termination may adversely impair the benefits of participants with outstanding awards without the participants' consent. Our shareholders must approve any amendment if such approval is required under applicable law or stock exchange requirements. Our shareholders also must approve any amendment that changes the "no repricing" provisions of the 2015 Plan. The 2015 Plan can be terminated at any date, as determined by our Board.

Table of Contents

Federal Tax Consequences

The U.S. federal income tax consequences of awards under the 2015 Equity Plan for participants and our Company will depend on the type of award granted. The following summary description of tax consequences is intended only for the general information of shareholders. A participant in the 2015 Equity Plan should not rely on this description and instead should consult his or her own tax advisor.

Incentive Share Options

An option holder will not realize taxable income upon the grant of an incentive share option under the 2015 Plan. In addition, an option holder generally will not realize taxable income upon the exercise of an incentive share option. An option holder's alternative minimum taxable income, however, will be increased by the amount by which the aggregate fair market value of the shares underlying the option, which is generally determined as of the date of exercise, exceeds the aggregate exercise price of the option. Further, except in the case of an option holder's death or disability, if an option is exercised more than three months after the option holder's termination of employment, the option will cease to be treated as an incentive share option and will be subject to taxation under the rules applicable to nonqualified share options, as summarized below.

If an option holder sells the shares acquired upon exercise of an incentive share option, the tax consequences of the disposition will depend upon whether the disposition is "qualifying" or "disqualifying." The disposition of the option shares will be a qualifying disposition if it is made at least two years after the date on which the incentive share option was granted and at least one year after the date on which the incentive share option was exercised. If the disposition of the option shares is qualifying, any excess of the sale price of the option shares over the exercise price of the option will be treated as long-term capital gain taxable to the option holder at the time of the sale. If the disposition is a disqualifying disposition, the excess of the fair market value of the option shares on the date of disposition over the exercise price will be taxable income to the option holder at the time of the disposition. Of that income, the amount up to the excess of the fair market value of the shares at the time the option was exercised over the exercise price will be ordinary income for income tax purposes and the balance, if any, will be long-term or short-term capital gain, depending upon whether or not the shares were sold more than one year after the option was exercised.

Unless an option holder engages in a disqualifying disposition, the Company will not be entitled to a deduction with respect to an incentive share option. If an option holder engages in a disqualifying disposition, the Company will be entitled to a deduction equal to the amount of compensation income taxable to the option holder.

If an option holder pays the exercise price of an incentive share option by tendering shares with a fair market value equal to part or all of the exercise price, the exchange of shares will be treated as a nontaxable exchange, except that this treatment will not apply if the option holder acquired the shares being tendered pursuant to the exercise of an incentive share option and has not satisfied the special holding period requirements summarized above. The tax basis of the shares tendered to pay the exercise price will be treated as the substituted tax basis for an equivalent number of shares received, and the new shares will be treated as having been held for the same holding period as the holding period that expired with respect to the tendered shares.

Nonqualified Share Options

An option holder will not realize taxable income upon the grant of a nonqualified share option. When an option holder exercises the option, however, the difference between the exercise price of the option and the fair market value of the shares subject to the option on the date of exercise will constitute compensation income taxable to the option holder. The Company will be entitled to a

Edgar Filing: RLJ Lodging Trust - Form PRE 14A

Table of Contents

deduction equal to the amount of compensation income taxable to the option holder if the Company complies with applicable reporting requirements and Section 162(m) of the Code.

If an option holder tenders shares in payment of part or all of the exercise price of a nonqualified share option, no gain or loss will be recognized with respect to the shares tendered, even if the shares were acquired pursuant to the exercise of an incentive share option. In such an event, the option holder will be treated as receiving an equivalent number of shares pursuant to the exercise of the option in a nontaxable exchange. The tax basis of the shares tendered will be treated as the substituted tax basis for an equivalent number of shares received, and the shares received will be treated as having been held for the same holding period as the holding period that expired with respect to the tendered shares. The difference between the aggregate exercise price and the aggregate fair market value of the shares received upon the exercise of the option will be taxed as ordinary income, just as if the option holder had paid the exercise price in cash.

Share Appreciation Rights

The grant of a share appreciation right will have no tax consequences for the participant. Upon the exercise of a share appreciation right, the participant will recognize ordinary income equal to the amount of cash paid and the fair market value of any shares delivered to the participant. Our Company will be entitled to a deduction in the same amount, subject to Section 162(m) of the Code and, as to share appreciation rights that are settled in shares, if our Company complies with applicable reporting requirements.

Restricted Shares and Restricted Share Units

Upon the grant of a restricted share or restricted share unit, there will be no tax consequences to the participant. Generally, the participant will recognize ordinary income on the date the award vests, in an amount equal to, in the case of restricted shares, the value of the shares on the vesting date, or, in the case of restricted share units, the amount of cash paid and the fair market value of any shares delivered on the vesting date. With respect to restricted shares, under Section 83 of the Code, a participant may elect to recognize income at the date of grant rather than the date of vesting. If our Company complies with applicable reporting requirements and with the restrictions of Section 162(m) of the Code, our Company will be entitled to a deduction in the same amount and generally at the same time as the participant recognizes ordinary income.

Unrestricted Shares

A grantee of unrestricted shares will be required to recognize ordinary income in an amount equal to the fair market value of the shares on the date of the award, reduced by the amount, if any, paid for such shares. Our Company will be entitled to deduct the amount of any compensation income taxable to the grantee if it complies with applicable reporting requirements and with the restrictions of Section 162(m) of the Code.

Upon the grantee's disposition of unrestricted shares, any gain realized in excess of the amount reported as ordinary income will be reportable by the grantee as a capital gain, and any loss will be reportable as a capital loss. Capital gain or loss will be long-term if the grantee has held the shares for more than one year. Otherwise, the capital gain or loss will be short-term.

Dividend Equivalent

Grantees under the 2015 Plan who receive awards of dividend equivalent rights will be required to recognize ordinary income in the amount distributed to the grantee pursuant to the award. If the Company complies with applicable reporting requirements and with the restrictions of Section 162(m)

Edgar Filing: RLJ Lodging Trust - Form PRE 14A

Table of Contents

of the Code, it will be entitled to a business expense deduction in the same amount and generally at the same time as the grantee recognizes ordinary income.

Performance Awards

A distribution of common shares or a payment of cash in satisfaction of a performance award will be taxable as ordinary income when the distribution or payment is actually or constructively received by the grantee. The amount taxable as ordinary income is the aggregate fair market value of the common shares determined as of the date they are received or, in the case of a cash award, the amount of the cash payment. Our Company will be entitled to deduct the amount of such payments when such payments are taxable as compensation to the grantee if our Company complies with applicable reporting requirements and with the restrictions of Section 162(m) of the Code.

Share Appreciation Rights

The grant of SARs will not result in taxable income to the grantee or a deduction to our Company. Upon exercise of a SAR, the grantee will recognize ordinary income in an amount equal to the cash or the fair market value of the common shares received by the grantee. Our Company will be entitled to a deduction equal to the amount of any compensation income taxable to the grantee, subject to Section 162(m) of the Code and, as to SARs that are settled in common shares, if our Company complies with applicable reporting requirements.

LTIP Units

LTIP units that constitute "profits interests" within the meaning of the Code and published Internal Revenue Service guidance will generally have no tax consequences for the participant on the date of grant or, if not vested on the date of grant, on vesting. The participant, however, will be required to report on his or her income tax return the participant's allocable share of the Operating Partnership's income, gains, losses, deductions, and credits, regardless of whether the Operating Partnership makes a distribution of cash. Instead, the LTIP units are generally taxed upon a disposition of the units or distributions of money to the extent that such amounts received exceed the basis in the LTIP units. Generally, no deduction is available to our Company upon the grant, vesting, or disposition of the LTIP units. If LTIP units are granted to a participant who is an employee of our Company, the issuance of those units may cause wages paid to the participant to be characterized and subject to taxation as self-employment income. If treated as a self-employed partner, the participant will be required to make quarterly income tax payments rather than having amounts withheld by our Company, the Operating Partnership, or the participant's employer, as applicable. Additionally, if self-employed, the participant must pay the full amount of all FICA employment taxes on the employee's compensation, whereas regular employees are responsible only for a portion of these taxes. To date, the Internal Revenue Service has not issued definitive guidance regarding the treatment of wages paid to partner-employees.

Tax Withholding

Payment of the taxes imposed on awards made under the 2015 Plan may be made by withholding from payments otherwise due and owing to the grantee.

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 2015 Plan, which constitutes an amendment and restatement of the 2011 Plan. For purposes of approving the 2015 Plan, abstentions will be counted as votes cast and will have the same effect as votes against the proposal, while 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. However, both abstentions and broker non-votes will count toward the presence of a quorum.

OUR BOARD OF TRUSTEES RECOMMENDS A VOTE "FOR" THE APPROVAL OF THE 2015 EQUITY INCENTIVE PLAN.

Table of Contents

Proposal 5: Amendment of Declaration of Trust to Opt Out of Section 3-804(c) of the MGCL

We are asking our shareholders to amend our Declaration of Trust to opt out of Section 3-804(c) of the MGCL.

Subtitle 8 of Title 3 of the MGCL (the "Unsolicited Takeover Act") permits a Maryland real estate investment trust with a class of equity securities registered under the Exchange Act and at least three independent trustees to elect to be subject, by provision in its declaration of trust or bylaws or a resolution of its board of trustees and notwithstanding any contrary provision in the declaration of trust or bylaws, to any or all of the following five provisions:

a classified board;

a two-thirds shareholder vote requirement for removing a trustee;

a requirement that the number of trustees be fixed only by vote of the trustees;

a requirement that a special meeting of shareholders may only be called upon the request of the holders of at least a majority of all votes entitled to be cast at the meeting; and

a requirement that a vacancy on the board be filled only by the remaining trustees and for the remainder of the full term of the class of trustees in which the vacancy occurred.

In response to a shareholder request, we have elected to opt out of all of the provisions of the Unsolicited Takeover Act. As described below in "Corporate Governance and Board Matters Recent Changes to Corporate Governance Practices," we have opted out of all of the provisions of the Unsolicited Takeover Act other than Section 3-804(c) of the MGCL, which provides that a vacancy on the board may be filled only by the remaining trustees. Since our Declaration of Trust currently provides that we have elected to be governed by Section 3-804(c) of the MGCL, an amendment to our Declaration of Trust is required in order for us to completely opt out of the Unsolicited Takeover Act.

We believe that opting out of Section 3-804(c) of the MGCL is in our best interests and in the best interests of our shareholders and are proposing an amendment to Article V, Section 5.2 of our Declaration of Trust to provide that Section 3-804(c) of the MGCL shall not apply to us. A copy of the proposed amendment to our Declaration of Trust is attached as Appendix B 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 opt out of Section 3-804(c) of the MGCL. 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 OPT OUT OF SECTION 3-804(C) OF THE MGCL.

Table of Contents

Proposal 6: Shareholder Proposal Regarding Amendment of our Bylaws by Shareholders

UNITE HERE (the "Hotel Workers Union"), 275 Seventh Avenue, New York, NY 10001, represents workers throughout the U.S. and Canada who work in, among other industries, the hotel industry. The Hotel Workers Union is the beneficial owner of 140 common shares of beneficial interest of the Company. The Hotel Workers Union submitted the following proposal (the "Union Proposal") and supporting statement:

Proposal from UNITE HERE

"BE IT RESOLVED, that the shareholders of RLJ Lodging Trust ("Company") recommend the board of trustees take all steps necessary to allow shareholders to amend the Company's bylaws by a vote of the majority of shares outstanding."

Supporting Statement from UNITE HERE

The ability to amend the Bylaws by a vote of the majority of shares outstanding is a fundamental shareholder right, and one of the most effective tools shareholders have to hold boards accountable. Unfortunately, it is not a right currently enjoyed at RLJ, where the Board retains the exclusive right to amend the Company's Bylaws.

Without the independent right to amend bylaws, introducing shareholder-friendly governance changes can be a lengthy process fraught with uncertainty. At Hospitality Properties Trust, for example, a majority of shareholders called for annual director elections for five consecutive years before the board began to declassify.

Shareholders at a number of publicly-traded hotel companies both REIT and C-Corp currently hold the right to initiate bylaw amendments. With the power to amend bylaws by majority vote, shareholders can not only achieve corporate governance reform more efficiently; they can make these reforms permanent by requiring shareholder approval to remove key shareholder rights. Otherwise, these rights can be stripped at the board's convenience.

The ability to establish and retain shareholder rights becomes increasingly important as lodging REITs enter a period of increased merger and acquisition activity. The US hotel industry has witnessed improved operating fundamentals for three consecutive years. Near the top of the previous cycle, nearly half of the publicly-traded equity lodging REITs then in existence were bought out, often at substantial premiums for shareholders. For example:

In February 2006, Blackstone acquired Meristar REIT for a \$10.45 per share consideration, 20% above the average trading price the day before the announcement.

Eagle Hospitality REIT was acquired by an Apollo affiliate for \$13.36 per share, a 42% premium over share prices the eve of the announcement.

JER Realty acquired Highland Hospitality Corporation, a REIT, for \$19.50 a share, a premium of approximately 15% over Highland's three-month average closing share price.

UNITE HERE recommends shareholders vote FOR a recommendation that the Board give shareholders the right to amend the Company's bylaws by a vote of the majority of shares outstanding.

Table of Contents

Statement in Opposition from the Company

Our Board believes that the Company's current corporate governance structure serves the best interests of our shareholders. To that end, we are recommending that our shareholders vote "AGAINST" the Union Proposal. We continually assess our corporate governance structure and policies to ensure ongoing strong alignment of such structure and policies with the interests of our shareholders. As described below in "Corporate Governance and Board Matters Recent Changes to Corporate Governance Practices," we have substantially enhanced our corporate governance practices by adopting a majority voting standard for the election of trustees in uncontested elections, opting out of Title 3, Subtitle 6 of the MGCL (the "Business Combination Act"), Title 3, Subtitle 7 of the MGCL (the "Control Shares Acquisition Act") and all but one of the provisions of the Unsolicited Takeover Act and requiring approval of a majority of shareholders casting votes on the matter before opting back in to any provision of the Business Combination Act, Control Shares Acquisition Act or the Unsolicited Takeover Act. In addition, as described above under Proposal 5, we are proposing an amendment to our Declaration of Trust to opt out of the remaining provision of the Unsolicited Takeover Act.

For the reasons set forth below, our Board opposes the Union Proposal:

We believe that our Board is the appropriate entity to make amendments to our bylaws, due to its fiduciary obligations to the Company and all of our shareholders, including large and small institutions and individual investors. Our bylaws establish a number of fundamental corporate governance operating principles, including rules for meetings of trustees and shareholders, election and duties of trustees and officers, authority to approve transactions and procedures for issuances of shares. Like many other Maryland real estate investment trusts and corporations, we have adopted the provision under Maryland law vesting the power to amend the bylaws solely in our Board. While this right may be retained by the Board under Maryland law, shareholders currently have the right to formally propose amendments to our bylaws for an advisory vote of our shareholders pursuant to Rule 14a-8 under the Exchange Act. This process allows our Board to ensure that any proposed bylaw amendments are prudent and are designed to protect and maximize long-term value for all shareholders.

The Hotel Workers Union suggests the Union Proposal is necessary to foster good governance principles at the Company and make the trustees more accountable to our shareholders. On the contrary, since our IPO our Board has been, and intends to remain, a leader in corporate governance. We have adopted comprehensive corporate governance principles consistent with best practices to ensure we remain fully transparent and accountable to shareholders. Further, as discussed above, our Board has recently taken major steps to demonstrate its continuing leadership in corporate governance and accountability and responsiveness to our shareholders.

The Hotel Workers Union owns only 140 of our common shares, with a total investment of less than \$2,000. While the Hotel Workers Union minimally qualifies as a shareholder for the purpose of submitting this proposal, the Hotel Workers Union clearly does not have the same interest in the success of the Company as a more substantial, long-term investor would.

While we are not exactly sure of the ultimate agenda of the Hotel Workers Union or the underlying motivation for advancing the Union Proposal, we think it is clear that the Hotel Workers Union does not have the long-term best interests of shareholders in mind and has submitted the Union Proposal to further its own initiatives. We believe that we have consistently demonstrated sound governance and management practices, and that our total return to shareholders, which at approximately 43% in fiscal year 2014 was near the top of our industry, is evidence of the strength and effectiveness of our operations. We urge shareholders to consider the source of the Union Proposal, as well as the nominal economic interest in the Company held by the Hotel Workers Union, when casting your vote on the Union Proposal. We further encourage shareholders to carefully assess the

Table of Contents

recommendation of the real and proven stewards of shareholder value our Board and our management team.

Vote Required and Recommendation

The affirmative vote of a majority of all the votes cast at the annual meeting with respect to the matter is necessary for the approval of the Union Proposal. For purposes of approving the Union 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.

The shareholder vote on the Union Proposal is an advisory vote only, and it is not binding on us or our Board. Although the vote is non-binding, our Board values the opinions of our shareholders and will consider the outcome of the vote when making future corporate governance decisions.

OUR BOARD OF TRUSTEES RECOMMENDS A VOTE "AGAINST" THE UNION PROPOSAL.

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;

at least 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 the business combination and control share acquisition statutes and all but one of the provisions of the unsolicited takeover statute in the Maryland General Corporation Law, and we may not opt back in to any of these provisions without the approval of our shareholders; and

we do not have a shareholders rights plan.

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;

the responsibilities, composition and functioning of Board committees;

the appointment and role of the lead trustee;

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;

Edgar Filing: RLJ Lodging Trust - Form PRE 14A

Table of Contents

full, fair, accurate, timely and understandable disclosure in the reports we file 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, under the section, "Investor Relations Corporate Governance."

Recent Changes to Corporate Governance Practices

The Board values the input and insights of the Company's shareholders and believes that effective shareholder engagement strengthens the Board's role as an informed and engaged fiduciary. The Board meaningfully integrates the feedback it receives from shareholders into the Board's review and assessment of the Company's corporate governance policies. In light of developments in corporate governance best practices since our IPO in 2011, and in response to shareholder proposals, in February 2015, the Board approved and implemented several corporate governance initiatives that the Board believes are in our best interests and the best interests of our shareholders, including:

Adopting a majority voting standard for the election of trustees in uncontested elections, combined with a policy that any incumbent trustee who fails to receive that level of shareholder support will be required to tender his or her resignation to the remaining members of the Board for their consideration, subject to the requirement that the Board must accept any such resignation if the nominee received more votes against than for his or her election in uncontested elections at each of two consecutive annual meetings of shareholders; and

Requiring shareholder approval, by a majority of votes cast on the matter, before we may elect to become subject to the Business Combination Act, the Control Shares Acquisition Act and certain provisions of the Unsolicited Takeover Act, as these statutes could be viewed as providing publicly traded entities organized in Maryland, like us, with certain defenses against unsolicited or hostile takeover attempts.

Although we have opted out of all but one of the provisions of the Unsolicited Takeover Act and are asking our shareholders to approve an amendment to our Declaration of Trust to opt out of the remaining provision (as described above under Proposal 5), 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, 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, even if Proposal 5 is approved, provisions in our Declaration of Trust and bylaws will still provide that the number of trustees may be determined by our Board and that our trustees may fill vacancies on our Board and, therefore, pursuant to provisions in the MGCL, shareholders will not have the authority to determine

Table of Contents

the number of trustees on our Board or to fill vacancies on the Board other than vacancies resulting from the removal of a trustee. To the extent that we amend any of the foregoing provisions in our Declaration of Trust or bylaws in the future to provide a different threshold or standard by which the applicable decision is made, 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, to go back to the voting threshold that exists today.

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, 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).

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.

Table of Contents

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 role 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 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.

Edgar Filing: RLJ Lodging Trust - Form PRE 14A

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

Edgar Filing: RLJ Lodging Trust - Form PRE 14A

Table of Contents

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, 2014, the Board of Trustees met six 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 2014 annual meeting of shareholders. Average meeting attendance by all trustees serving during 2014 was approximately 97%.

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.

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;

Edgar Filing: RLJ Lodging Trust - Form PRE 14A

Table of Contents

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.

During the year ended December 31, 2014, the Audit Committee met five times, including telephonic meetings.

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 shares underlying, and the terms of, share option and 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, 2014, the Compensation Committee met seven times, including telephonic meetings.

Edgar Filing: RLJ Lodging Trust - Form PRE 14A

Table of Contents

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

overseeing our Board of Trustees' evaluation of management.

During the year ended December 31, 2014, the Nominating and Corporate Governance Committee met four times.

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 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;

Edgar Filing: RLJ Lodging Trust - Form PRE 14A

Table of Contents

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

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

Table of Contents

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, 2014, 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. Each non-employee trustee was also paid a meeting fee of \$1,000 for each special meeting of the Board of Trustees or any committee that the trustee attended during the first quarter of 2014. Effective April 1, 2014, non-employee trustees are no longer paid meeting fees for attending special meetings of the Board of Trustees or any committee. 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 the form of common shares. During 2014, Ms. McNeal, Senator Bayh and Mr. Ryan elected to receive a portion of their respective cash retainers in Company common shares.

In addition, each of our non-employee trustees is entitled to receive an 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, 2014. 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."

Edgar Filing: RLJ Lodging Trust - Form PRE 14A

Table of Contents

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 2014:

Name	Fees Earned or Paid in Cash	Share Awards(1)	All Other Compensation	Total
Evan Bayh	\$ 88,000	\$ 89,995(2)	\$ 1,366(5)	\$ 179,361
Nathaniel A. Davis	\$ 94,000	\$ 89,995(2)	\$ 750(6)	\$ 184,745
Robert M. La Forgia	\$ 92,000	\$ 89,995(2)	\$ 742(7)	\$ 182,737
Glenda G. McNeal	\$ 39,500	\$ 127,436(3)		\$ 166,936
Joseph Ryan	\$ 8,000	\$ 179,971(4)		\$ 187,971

- (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 2014 grant date fair value of (i) 3,382 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 2014 grant date fair value of (i) 3,382 restricted common shares issued to each of our non-employee trustees for service on the Board and (ii) 1,282 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 2014 grant date fair value of (i) 3,382 restricted common shares issued to each of our non-employee trustees for service on the Board and (ii) 3,065 common shares that Mr. Ryan received in lieu of his annual Board retainer. The restricted common shares vest ratably on the first four quarterly anniversaries of the date of grant.
- (5) Represents the \$1,366 allowance used by Senator Bayh at the Company's hotels.
- (6) Represents the \$750 allowance used by Mr. Davis to stay at the Company's hotels.
- (7) Represents the \$742 allowance used by Mr. La Forgia to stay at the Company's hotels.

Outstanding Share Awards as of December 31, 2014

The following table provides certain information regarding unvested share awards outstanding as of the fiscal year ended December 31, 2014 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	1,691	\$ 56,699
Nathaniel A. Davis	1,691	\$ 56,699
Robert M. La Forgia	1,691	\$ 56,699
Glenda G. McNeal	1,691	\$ 56,699
Joseph Ryan	1,691	\$ 56,699

- (1)

Edgar Filing: RLJ Lodging Trust - Form PRE 14A

Value based on \$33.53 per share, which was the closing price of our common shares on the NYSE on December 31, 2014, the last trading day of 2014.

Table of Contents*Vested Share Awards During 2014*

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 2014 (#)	Market Value of Shares Realized on Vesting(1) (\$)
Evan Bayh	3,346	\$ 94,020
Nathaniel A. Davis	3,346	\$ 94,020
Robert M. La Forgia	3,346	\$ 94,020
Glenda G. McNeal	3,346	\$ 94,020
Joseph Ryan	3,346	\$ 94,020

- (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.

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:

Executive Officer Title	Multiple
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

Table of Contents

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.

Name	Age(1)	Title
Robert L. Johnson	68	Executive Chairman of the Board of Trustees
Thomas J. Baltimore, Jr.	51	President, Chief Executive Officer and Trustee
Leslie D. Hale	41	Chief Financial Officer, Treasurer and Executive Vice President
Ross H. Bierkan	55	Chief Investment Officer and Executive Vice President

(1)

Age as of March 30, 2015.

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 Chief Financial Officer, Treasurer and Executive Vice President 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. Prior to this, 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 \$4.0 billion of real estate acquisitions. Previously, Mr. Bierkan was an original principal 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. Before 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 advisory boards for Springhill Suites by Marriott and Hyatt Summerfield Suites. 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 2014 compensation decisions. Our NEOs for 2014 are as follows:

Robert L. Johnson Executive Chairman;

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

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

2014 Business Highlights

For 2014, examples of key Company performance achievements that the Compensation Committee took into account when setting compensation include the following:

The Company's total shareholder return for the fiscal year ending December 31, 2014 was 43%, outperforming the RMZ Index (30%), the S&P 500 (14%) and the Dow Jones Industrial Average Index (10%). Total shareholder return for the year was at the 85th percentile of the executive compensation peer group (as defined below);

Successful completion of our second follow-on equity offering of 9,200,000 common shares at a public offering price of \$26.45 per share, for net proceeds of approximately \$232.7 million, after deducting the underwriting discount and other offering costs;

The further expansion of our asset base through the successful acquisition of 15 hotels for approximately \$632.0 million, including properties in Miami Beach, Key West, the San Francisco Bay Area, Southern California and Portland, Oregon;

The disposition of 18 non-core assets for proceeds of \$137.8 million;

Repaid \$170.7 million of mortgage indebtedness; and

Edgar Filing: RLJ Lodging Trust - Form PRE 14A

Continued development and implementation 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.

Table of Contents

2014 Executive Compensation Highlights

In February 2015, after review of our financial performance during 2014 and our other business accomplishments, the Compensation Committee took the following compensation actions with respect to our NEOs:

Approved base salary increases for 2015 that were designed to better align our NEOs' compensation with that of their respective peer groups;

Based on our performance for the year, approved annual cash incentives for our NEOs at approximately 5-9% above their respective maximum levels; and

Awarded annual performance equity grants with respect to 2014 performance.

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;

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

Edgar Filing: RLJ Lodging Trust - Form PRE 14A

Table of Contents

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, our Compensation Committee adopted the 2012 Multi-Year Performance Unit Program that will only provide value to our NEOs and other executives to the extent that the Company achieves certain relative total shareholder return targets over the prospective three-year performance period. The 2012 Multi-Year Performance Unit Program 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, determined based on an assessment of the Company's overall corporate performance on both an absolute and relative basis to our peers; and

Multi-Year Performance Equity Grants. The Compensation Committee awards 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

Table of Contents

achieves certain defined relative 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 REITs 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, under the section, "Investor Relations Corporate Governance."

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

Edgar Filing: RLJ Lodging Trust - Form PRE 14A

Table of Contents

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 with a median equity market capitalization of \$3.4 billion and a primary investment focus generally on the lodging/resorts sector of the real estate industry (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 2014, the Peer Group consisted of the following companies:

Acadia Realty Trust	Hyatt Hotels Corporation
Chesapeake Lodging Trust	LaSalle Hotel Properties
Corporate Office Properties Trust	Pebblebrook Hotel Trust
Diamondrock Hospitality Company	Strategic Hotels & Resorts, Inc.
Federal Realty Investment Trust	Sunstone Hotel Investors, Inc.
Forest City Enterprises, Inc.	Weingarten Realty Investors

Host Hotels & Resorts, Inc.

For 2014, the Peer Group remained generally consistent with 2013 based on the Company's business model, assets and executive team members, with the exception of the removal of Hersha Hospitality Trust and Washington Real Estate Investment Trust due to lack of comparability as a result of company size and business model. 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

Edgar Filing: RLJ Lodging Trust - Form PRE 14A

Table of Contents

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 2014. 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 2015, 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 2014 and 2015 are as follows:

Name	2014	2015
	Base Salary (effective 3/1/2014)	Base Salary (effective 3/1/2015)
Robert L. Johnson	\$ 382,454	\$ 393,928
Thomas J. Baltimore, Jr.	\$ 849,750	\$ 875,243
Leslie D. Hale	\$	