

CommonWealth REIT
Form DEF 14C
April 11, 2014

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

SCHEDULE 14C

(Rule 14c-101)

SCHEDULE 14C INFORMATION
Information Statement Pursuant to Section 14(c) of
the Securities Exchange Act of 1934

Check the appropriate box:

- Preliminary Information Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14c-5(d)(2))
- Definitive Information Statement

CommonWealth REIT

(Name of Registrant As Specified In Its Charter)

Payment of Filing Fee (Check the appropriate box):

- No fee required
- Fee computed on table below per Exchange Act Rules 14c-5(g) and 0-11
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
 - (4) Proposed maximum aggregate value of transaction:
 - (5) Total fee paid:
- Fee paid previously with preliminary materials.
- 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)

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Date Filed:

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COMMONWEALTH REIT
Two Newton Place
255 Washington Street, Suite 300
Newton, Massachusetts 02458

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 23, 2014

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY

To the Shareholders of Commonwealth REIT:

Notice is hereby given that a special meeting of shareholders of Commonwealth REIT, a Maryland real estate investment trust (the "Company"), will be held at 10:00 a.m., local time, on Friday, May 23, 2014, at the offices of Sullivan & Worcester LLP, One Post Office Square, Boston, Massachusetts 02109 for the purpose of electing up to seven new Trustees following the removal of all of the then members of the Company's Board of Trustees on March 25, 2014.

Nominations of individuals as candidates for election as Trustee at the special meeting may be made by Company shareholders who have owned at least \$2,000 worth of the Company's common shares for at least one year by delivering advance notice of such nomination in accordance with the Company's Bylaws to the Secretary of the Company at Two Newton Place, 255 Washington Street, Suite 300, Newton, Massachusetts 02458 at any time before 5:00 p.m. (Eastern time) on Monday, April 21, 2014.

Because the Company has no Trustees and no Nominating and Governance Committee, the Company is not nominating, or soliciting proxies for, any nominees for election as Trustee at the special meeting. Nominations may only be made by shareholders. The accompanying Information Statement is provided solely for your information.

The record date for the special meeting will be April 23, 2014. Only shareholders of record at the close of business on the record date for the special meeting are entitled to vote at the special meeting and at any adjournment or postponement thereof. Following the record date, the Company will publicly announce the number of common shares outstanding and entitled to vote at the special meeting as of the record date.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF INFORMATION STATEMENT
MATERIALS IN CONNECTION WITH THIS NOTICE OF THE SPECIAL MEETING

In accordance with the rules of the Securities and Exchange Commission, the Company is advising shareholders of the availability on the Internet of this Notice and the Company's Information Statement. Because the Company has elected to utilize the "full set delivery" option, the Company is delivering to all shareholders paper copies of the Information Statement materials, as well as providing access to those materials on a publicly accessible website. This Information Statement is available at <http://www.cwhreit.com>.

Sincerely,

Jennifer B. Clark
Secretary
Commonwealth REIT

Newton, Massachusetts
April 11, 2014

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COMMONWEALTH REIT
Two Newton Place
255 Washington Street, Suite 300
Newton, Massachusetts 02458

INFORMATION STATEMENT
FOR A
SPECIAL MEETING OF SHAREHOLDERS

To be held at 10:00 a.m. on Friday, May 23, 2014
at
Sullivan & Worcester LLP
One Post Office Square
Boston, MA 02109

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY

INTRODUCTION

A notice of a special meeting of shareholders of CommonWealth REIT, a Maryland real estate investment trust (the "Company," "we," "us" or "our") is included on the preceding page. We are sending you this Information Statement solely for the purpose of informing our shareholders, in accordance with Rule 14(c) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), of a special meeting of shareholders of the Company scheduled to be held at 10:00 a.m., local time, on Friday, May 23, 2014 at the offices of Sullivan & Worcester LLP, One Post Office Square, Boston, Massachusetts 02109. The accompanying notice and this Information Statement are first being mailed to shareholders on or about April 16, 2014.

The record date for the special meeting (the "Record Date") is April 23, 2014. Only shareholders of record at the close of business on the Record Date are entitled to vote at the special meeting and at any postponement or adjournment thereof. Following the Record Date, the Company will publicly announce the number of our common shares of beneficial interest, par value \$0.01 ("Common Shares"), outstanding and entitled to vote at the special meeting as of the Record Date. The Record Date will apply to any adjournment or postponement of the special meeting. If we adjourn the special meeting, we will announce the time and place of the adjourned meeting at the original meeting, but we do not intend to deliver another notice of the meeting unless a new record date is required for the adjourned meeting.

A quorum of shareholders is required for shareholders to take action at the special meeting. Our President, as chairperson of the special meeting, may adjourn the special meeting if less than a quorum is present at the meeting. The presence, in person or by proxy, of holders of Common Shares entitled to cast a majority of all the votes entitled to be cast at the special meeting shall constitute a quorum. Common Shares represented by valid proxies will count for the purpose of determining the presence of a quorum at the special meeting. As the election of Trustees is the only matter to be considered at the special meeting and such election is not a "routine" matter under applicable New York Stock Exchange ("NYSE") rules, brokers may not vote without voting instructions from their clients and therefore broker non-votes will not be counted as present at the meeting for the purpose of determining the presence of a quorum at the special meeting. Failure of a quorum to be present at the meeting will necessitate adjournment of the meeting or the calling of

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a new meeting and will subject us to additional expense and result in the Company not having any Trustees for a longer period of time.

Background of the Special Meeting

On March 18, 2014, Related Fund Management, LLC and Corvex Management LP (together, "Related/Corvex") delivered to the Company written consents they said were from a sufficient number of holders of the Company's outstanding Common Shares, to remove, without cause, all of the Company's then Trustees and any other person or persons elected or appointed to the Board of Trustees of the Company prior to the effective time of the Related/Corvex removal proposal. After inspection, the then Board of Trustees of the Company certified the results of the written consent solicitation on March 25, 2014, whereupon all of the Trustees were removed. The Company is calling the special meeting pursuant to the Interim Arbitration Award dated November 18, 2013 and the Company's Declaration of Trust for the purpose of electing new Trustees.

Voting Securities and Vote Required

Each Common Share is entitled to one vote. Cumulative voting is not permitted.

The size of the Company's Board of Trustees (the "Board") is currently set at seven Trustees. If the election of Trustees at the special meeting is an uncontested election, meaning the number of nominees standing for election equals (or is less than) the number to be elected at the special meeting, the vote required to elect a nominee as Trustee shall be the affirmative vote of Common Shares representing a majority of the total number of votes cast at the meeting. If the election of Trustees at the special meeting is a contested election, meaning the number of nominees standing for election exceeds the number to be elected at the special meeting, the vote required to elect a nominee as Trustee shall be the affirmative vote of Common Shares representing a majority of the total number of Common Shares then outstanding and entitled to vote thereon.

Broker non-votes occur in respect of shares held in street name when the broker indicates that voting instructions for a particular matter have not been received from the beneficial owners or other persons entitled to vote those shares and the broker does not have discretionary voting authority to vote those shares on that particular matter. Under NYSE rules, brokers may not vote shares for the election of Trustees at the special meeting without voting instructions from their clients. Broker non-votes and abstentions will have no effect on the outcome of the election of Trustees if the election is an uncontested election. If, however, the election is a contested election, broker non-votes and abstentions with respect to the election of a particular nominee will have the effect of a vote "AGAINST" that nominee. A proxy marked "WITHHOLD" will have the same effect as an abstention.

Appraisal Rights

Our shareholders are not entitled to appraisal rights under Maryland law in connection with the election of Trustees at the special meeting.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF INFORMATION STATEMENT
MATERIALS IN CONNECTION WITH THIS NOTICE OF THE SPECIAL MEETING**

In accordance with the rules of the Securities and Exchange Commission (the "SEC"), the Company is advising shareholders of the availability on the Internet of the Company's Information Statement and the accompanying notice. Because the Company has elected to utilize the "full set delivery" option, the Company is delivering to all shareholders paper copies of the Information Statement materials, as well as providing access to those materials on a publicly accessible website. This Information Statement and the accompanying notice is available at <http://www.cwhreit.com>.

Table of Contents**NOMINEES FOR ELECTION AS TRUSTEE**

Because the Company has no Trustees and no Nominating and Governance Committee, the Company is not nominating, or soliciting proxies for, any nominees for election as Trustee at the special meeting. Nominations of individuals as candidates for election as Trustee may only be made by shareholders. Shareholders should refer to the proxy solicitation statements of the soliciting parties filed with the SEC for information regarding individuals nominated for election as Trustees at the special meeting and for which such persons are soliciting proxies. For a list of nominees received as of the date of this Information Statement, please see "Selection of Candidates for Trustees Trustee Nominations." The Company is not responsible, and takes no responsibility, for the accuracy or completeness of information contained in the proxy solicitation statements of any parties soliciting proxies for the election of Trustees at the special meeting.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Unless otherwise indicated, the information set forth below is as of April 7, 2014. The following table sets forth information regarding the beneficial ownership of our Common Shares (excluding any fractional shares that may be beneficially owned by such persons) by: (1) each person or entity known to us to be the beneficial owner of more than 5% of our outstanding Common Shares; and (2) each of the executive officers, individually and as a group. Unless otherwise indicated, the address of each identified person or entity is: c/o CommonWealth REIT, Two Newton Place, 255 Washington Street, Suite 300, Newton, Massachusetts 02458. Also, unless otherwise indicated, we believe that each owner named below has sole voting and investment power for all our Common Shares shown to be beneficially owned by that person or entity. Except as set forth below, as of March 28, 2014, we do not know of any outstanding rights to acquire our shares of the type specified in Rule 13d-3(d)(1) under the Exchange Act with respect to any of the beneficial owners set forth below. For information regarding the beneficial ownership of our Common Shares, and acquisitions and dispositions thereof, by the nominees at the special meeting, refer to the proxy solicitation statements of the soliciting parties.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership ⁽¹⁾	Percent of Share Class ⁽¹⁾
<i>Beneficial Owners of More Than 5% of Our Common Shares</i>		
The Vanguard Group, Inc. ⁽²⁾	14,632,398	12.36%
Related Fund Management, LLC and Corvex Management LP ⁽³⁾	11,360,154	9.60%
Macquarie Group Limited ⁽⁴⁾	9,640,931	8.14%
BlackRock, Inc. ⁽⁵⁾	8,385,568	7.10%
Fir Tree Inc. ⁽⁶⁾	7,153,113	6.04%
<i>Executive Officers</i>		
Adam D. Portnoy ⁽⁷⁾	63,500	*
John C. Popeo	41,000	*
David M. Lepore	33,750	*
All executive officers as a group (three persons)	138,250	*

*

Less than 1% of our Common Shares.

(1)

The Declaration of Trust and Bylaws place restrictions on the ability of any person or group to acquire beneficial ownership of more than 9.8% of any class of our shares. The percentages indicated are based upon the number of shares shown divided by the approximately 118,425,140 of our Common Shares outstanding as of April 7, 2014.

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- (2) This information is as of December 31, 2013, and is based on a Schedule 13G/A filed with the SEC on February 12, 2014, by The Vanguard Group, Inc. ("Vanguard"). According to the Schedule 13G/A filed by Vanguard, the address of Vanguard is 100 Vanguard Boulevard, Malvern, Pennsylvania 19355. In the Schedule 13G/A filed by Vanguard, Vanguard reports beneficial ownership of 14,632,398 Common Shares and reports having sole voting power over 216,114 Common Shares, shared voting power over 73,350 Common Shares, sole dispositive power over 14,469,006 Common Shares and shared dispositive power over 163,392 Common Shares. Additionally, the Schedule 13G/A filed by Vanguard reports that Vanguard Fiduciary Trust Company, a wholly owned subsidiary of Vanguard, is the beneficial owner of 61,392 Common Shares as a result of its serving as investment manager of collective trust accounts. In addition, Vanguard Investments Australia, Ltd., a wholly owned subsidiary of Vanguard, is the beneficial owner of 256,722 Common Shares as a result of its serving as investment manager of Australian investment offerings.
- (3) This information is as of March 27, 2014, and is based solely on a Schedule 13D filed with the SEC on February 26, 2013, as amended by Amendment No. 1 thereto, filed with the SEC on February 27, 2013, by Amendment No. 2 thereto, filed with the SEC on March 4, 2013, by Amendment No. 3 thereto, filed with the SEC on March 5, 2013, by Amendment No. 4 thereto, filed with the SEC on March 11, 2013, by Amendment No. 5 thereto, filed with the SEC on March 13, 2013, by Amendment No. 6 thereto, filed with the SEC on March 15, 2013, by Amendment No. 7 thereto, filed with the SEC on March 28, 2013, by Amendment No. 8 thereto, filed with the SEC on April 12, 2013, by Amendment No. 9 thereto, filed with the SEC on April 18, 2013, by Amendment No. 10 thereto, filed with the SEC on June 20, 2013, by Amendment No. 11 thereto, filed with the SEC on June 24, 2013, by Amendment No. 12 thereto, filed with the SEC on August 8, 2013, by Amendment No. 13 thereto, filed with the SEC on November 19, 2013 by Related/Corvex, by Amendment No. 14 thereto, filed with the SEC on November 25, 2013 by Related/Corvex, by Amendment No. 15 thereto, filed with the SEC on February 12, 2014 by Related/Corvex and by Amendment No. 16 thereto, filed with the SEC on March 27, 2014 by Related/Corvex. Based on the information provided in the Schedule 13D, as amended, the managing member of Related is Related Companies; the general partner of Related Companies is The Related Realty Group, Inc. ("Realty Group"); the owner of Realty Group is Stephen M. Ross. According to the Schedule 13D as amended, the address of each of Corvex and Mr. Meister is 712 Fifth Avenue, 23rd Floor, New York, New York 10019, and the address of each of Related, Related Real Estate Recovery Fund GP-A, LLC ("Related Recovery GP-A"), Related Real Estate Recovery Fund GP, L.P. ("Related Recovery GP"), Related Real Estate Recovery Fund, L.P. ("Related Recovery Fund," and together with Related, Related Recovery GP-A and Related Recovery GP, the "Related Persons"), Related Companies, Realty Group and Mr. Ross is 60 Columbus Circle, New York, New York 10023. The Schedule 13D, as amended, filed by the Related/Corvex Group reports that Corvex may be deemed to beneficially own 11,360,154 Common Shares, including, as investment manager of certain funds ("Corvex Funds"), 5,675,250 Common Shares held on behalf of the Corvex Funds, by virtue of an agreement with the Related Persons, 5,675,250 Common Shares held on behalf of RRERF Acquisition, LLC ("RRERF") and, by virtue of an agreement with an individual shareholder, David R. Johnson, 9,654 Common Shares held by Mr. Johnson, which amount includes approximately 684 Common Shares issuable upon the conversion of Mr. Johnson's approximately 1,423 shares Series D Preferred Shares (calculated based upon a conversion rate of 0.480775 Common Shares per Series D Preferred Share). Additionally, the Schedule 13D, as amended, filed by Related/Corvex reports that Mr. Meister may be deemed to beneficially own 11,360,154 Common Shares, including, as general partner of Corvex, 5,675,250 Common Shares held on behalf of the Corvex Funds, by virtue of an agreement with the Related Persons, 5,675,250 Common Shares held on behalf of RRERF and, by virtue of an agreement with Mr. Johnson, 9,654 Common Shares held by Mr. Johnson. In addition, according to the Schedule 13D, as amended, filed by Related/Corvex, each of the Related Persons may be deemed to beneficially own 11,360,154 Common Shares,

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including 5,675,250 Common Shares held on behalf of RRERF, by virtue of an agreement with the Corvex, 5,675,250 Common Shares held on behalf of the Corvex Funds and, by virtue of an agreement with Mr. Johnson, 9,654 Common Shares held by Mr. Johnson. Amendment No. 15 to the Schedule 13D also discloses that, pursuant to an agreement between Related/Corvex and EGI-CW Holdings, L.L.C., a wholly-owned subsidiary of an investment firm founded by Sam Zell ("EGI-CW", and such agreement, the "EGI Agreement"), (A) Corvex has granted to EGI-CW an option (the "Corvex Option") to purchase from Corvex (i) up to 1,190,476 Common Shares at a price per Share of \$21 and (ii) up to 833,333 Common Shares at a price per Share of \$24; and (B) Related Recovery Fund has granted to EGI-CW an option (the "Related Option" and, together with the Corvex Option, the "Options") to purchase from Related Recovery Fund (i) up to 1,190,476 Common Shares at a price per Share of \$21 and (ii) up to 833,333 Common Shares at a price per Share of \$24. Each of the Options may be exercised by EGI-CW in whole or in part, at any time and from time to time, (i) commencing on the date that is the earliest of (w) the date immediately following the date of the approval of the Related/Corvex removal proposal by the Company's shareholders in the related consent solicitation, (x) the date that is eight business days prior to the announced or anticipated expiration of any Qualified Tender Offer or the announced or anticipated closing of any Qualified Sale Transaction, each as defined in the EGI Agreement, (y) the date that is five business days prior to the date on which Corvex or Related Recovery Fund propose to sell, dispose of or otherwise transfer more than 5% of the Common Shares it beneficially owns as of the date of the EGI Agreement to a person or entity that is not an affiliate thereof (provided that Corvex and Related Recovery Fund shall give EGI-CW written notice on such fifth business day prior to such sale, disposition or transfer), and (z) the date on which Corvex and Related Recovery Fund first publicly announce that they do not intend to continue to pursue the replacement of the Board, or if earlier, the date on which they cease all meaningful efforts to replace the Board, and (ii) continuing until the 60th calendar day following the date on which the Slate, as defined in the EGI Agreement, including Mr. Zell and Mr. Helfand, is duly elected by the shareholders of the Company, Mr. Zell is duly elected as Chairman of the Board of the Company and Mr. Helfand is duly appointed Chief Executive Officer of the Company and all court, arbitral and other challenges to such elections and appointment have been finally and favorably resolved in favor of the Slate, Mr. Zell and Mr. Helfand, respectively (the "Option Period"). The Options will terminate at the earliest of (i) the expiration of the Option Period and (ii) at such time as (x) either of the Z/H Nominee Agreements, as defined in the EGI Agreement, is terminated pursuant to its terms or (y) a Qualified Tender Offer or Qualified Sale Transaction is consummated. According to the Schedule 13D filed on March 27, 2014 by EGI-CW, EGI Fund (11-13) Investors, L.L.C. ("EGI Fund") and Chai Trust Company, LLC ("Chai Trust"), EGI-CW, EGI Fund and Chai Trust may be deemed to be members of the Related/Corvex group within the meaning of Rule 13d-5 under the Exchange Act.

- (4) This information is as of December 31, 2013, and is based solely on the Schedule 13G jointly filed with the SEC on February 14, 2014 by Macquarie Group Limited, Macquarie Bank Limited, Macquarie Investment Management Limited, Delaware Management Holdings, Inc. and Delaware Management Business Trust. Based on the information provided in that Schedule 13G, the principal business address of Macquarie Group Limited, Macquarie Bank Limited and Macquarie Investment Management Limited is No.1 Martin Place Sydney, New South Wales, Australia. The principal business address of Delaware Management Holdings, Inc. and Delaware Management Business Trust is 2005 Market Street, Philadelphia, Pennsylvania 19103.
- (5) This information is as of December 31, 2013, and is based solely on a Schedule 13G/A filed with the SEC on February 10, 2014, by BlackRock, Inc. ("BlackRock"). Based on the information provided in that Schedule 13G/A, the address of BlackRock is 40 East 52nd Street, New York, New York 10022, and BlackRock, which reports beneficial ownership of 8,385,568 Common Shares, sole power to vote 7,894,916 Common Shares and sole power to dispose of 8,385,568 Common Shares, is

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the parent holding company for certain subsidiaries that have acquired our Common Shares and that are listed in that Schedule 13G/A.

- (6) This information is as of December 31, 2013, and is based solely on the Schedule 13G filed with the SEC on February 13, 2014 by Fir Tree Inc. Based on the information provided in that Schedule 13G, the principal business address of Fir Tree Inc. is 505 Fifth Avenue 23rd Floor, New York, New York 10017.
- (7) Senior Housing Properties Trust ("SNH") beneficially owns 250,000 of our Common Shares. Reit Management & Research LLC ("RMR") is the manager of SNH, and Messrs. Barry Portnoy and Adam Portnoy own all of the outstanding shares of Reit Management & Research Trust ("RMR Trust"), the sole member of RMR. RMR and Messrs. Barry Portnoy and Adam Portnoy, in their respective positions as the Chairman and a director of RMR and the Chairman, majority beneficial owner and a trustee of RMR Trust and as the President and Chief Executive Officer and a director of RMR, and the President and Chief Executive Officer, a beneficial owner and a trustee of RMR Trust, may be deemed to have beneficial ownership of the Common Shares owned by SNH; however, each disclaims beneficial ownership of these Common Shares. None of the 250,000 Common Shares beneficially owned by SNH are included in the Common Shares listed as beneficially owned by Mr. Adam Portnoy. The amount of our Common Shares disclosed above as beneficially owned by Mr. Adam Portnoy also includes 15,399.9 Common Shares owned by RMR, of which RMR Trust is the sole member.

EXECUTIVE OFFICERS OF THE COMPANY

The following are the ages and recent principal occupations, as of April 10, 2014, of the executive officers of the Company. Unless otherwise specified, the business address of the executive officers is c/o CommonWealth REIT, Two Newton Place, 255 Washington Street, Suite 300, Newton, Massachusetts 02458.

ADAM D. PORTNOY (Age: 43)

Mr. Portnoy has been the Company's President since 2011. He also served as the Company's Executive Vice President from 2003 through 2006. Mr. Portnoy was President of Government Properties Income Trust from 2009 until 2011. Mr. Portnoy has been an executive officer of RMR since 2003 and currently is the President, Chief Executive Officer and a Director of RMR. Additionally, Mr. Portnoy is an owner of RMR and of RMR Advisors, Inc. ("RMR Advisors"), an SEC registered investment advisor. Mr. Portnoy has been President and Director of RMR Advisors since 2007 and was a Vice President prior to that time since 2003. He has also been President of the RMR Funds since 2007 (RMR Real Estate Income Fund, its predecessor funds and RMR Funds Series Trust are collectively referred to herein as the "RMR Funds"). Prior to becoming President in 2007, Mr. Portnoy served as Vice President of the RMR Funds beginning in 2004. Prior to joining RMR in 2003, Mr. Portnoy held various positions in the finance industry and public sector, including working as an investment banker at Donaldson, Lufkin & Jenrette and ABN AMRO, working in private equity at the International Finance Corporation (a member of The World Bank Group) and DLJ Merchant Banking Partners, and serving as Chief Executive Officer of a telecommunications company. Mr. Portnoy is also currently a member of the Board of Trustees of Occidental College and serves as the Honorary Consul General of the Republic of Bulgaria to Massachusetts.

JOHN C. POPEO (Age: 53)

Mr. Popeo has been the Company's Treasurer and Chief Financial Officer since 1999 and Assistant Secretary since 2008. Mr. Popeo has also been Treasurer and Chief Financial Officer of Select Income REIT since its formation in 2011. Mr. Popeo has also been an Executive Vice President of RMR since 2008, and

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previously served as Treasurer of RMR from 1997 to 2012, as a Vice President from 1999 to 2006 and as a Senior Vice President from 2006 to 2008. Mr. Popeo served as Vice President of RMR Advisors from 2004 to 2009 and served as Vice President of the RMR Funds from shortly after their formation (the earliest of which was in 2002) until 2009. Mr. Popeo is a certified public accountant.

DAVID M. LEPORE (Age: 53)

Mr. Lepore has been the Company's Chief Operating Officer since 2008 and Senior Vice President since 1998. Mr. Lepore is primarily responsible for the operations of the Company's properties. Mr. Lepore has also been a Senior Vice President of RMR since 2006 and was a Vice President and served in other capacities prior to that time. Mr. Lepore is a member of the Building Owners and Managers Association, the National Association of Industrial and Office Properties and is a certified real property administrator.

There are no family relationships among any of the Company's executive officers. The Company's executive officers serve at the discretion of the Board.

We have no employees. Our executive officers are employees of our manager, RMR. RMR is a privately owned company that provides management services to public and private companies, including the Company, Government Properties Income Trust, Hospitality Properties Trust, Select Income REIT, Senior Housing Properties Trust, Five Star Quality Care, Inc. and TravelCenters of America LLC. Government Properties Income Trust is a publicly traded REIT that primarily invests in properties that are majority leased to government tenants. Hospitality Properties Trust is a publicly traded REIT that primarily owns hotels and travel centers. Select Income REIT is a publicly traded REIT that primarily owns single tenant, net leased properties. Senior Housing Properties Trust is a publicly traded REIT that primarily owns senior living properties and medical office buildings. Five Star Quality Care, Inc. is a publicly traded real estate based operating company in the healthcare and senior living services business. TravelCenters of America LLC is a publicly traded real estate based operating company in the travel center and convenience store businesses. RMR Advisors, an affiliate of RMR, is an SEC registered investment adviser to the RMR Funds, which are or were investment companies registered under the Investment Company Act of 1940, as amended. The foregoing entities may be considered to be affiliates of the Company.

TRUSTEE COMPENSATION

The disclosure set forth herein relate to periods prior to the removal of all of the Company's then Trustees on March 25, 2014. A new Board may change the Company's policies and practices with respect to the matters discussed herein.

The Compensation Committee of the Board was responsible for reviewing and determining the Common Share grants awarded to Trustees and making recommendations to the Board regarding cash compensation paid to Trustees for Board, committee and committee chair services. The Compensation Committee was authorized, under the Compensation Committee Charter, to engage consultants or advisors in connection with its review and analysis of Trustee compensation, though it did not engage any consultants or advisors in 2013 with respect to Trustee compensation. Managing Trustees did not receive cash compensation for their services as Trustees but did receive Common Share grants. The amount of Common Shares granted to each Managing Trustee historically was the same as the amount granted to each Independent Trustee.

Trustees received compensation in Common Shares to align the interests of Trustees with those of the Company's shareholders and to facilitate the Trustee share ownership policy set forth in the Company's Governance Guidelines, which is summarized below. In determining the amount and composition of each Trustee's compensation, the Compensation Committee historically took various factors into consideration, including, but not limited to, the responsibilities of Trustees generally, as well as committee chairs and the

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forms of compensation paid to trustees or directors by comparable companies, including the compensation of trustees and directors of other companies managed by RMR. The Board historically reviewed the Compensation Committee's recommendations regarding Trustee cash compensation and determined the amount of such compensation.

Share Ownership Guidelines

The Company's Governance Guidelines currently provide that each Trustee is expected to own at least 20,000 Common Shares within five years of the later of: (a) January 1, 2014 or (b) the annual meeting of shareholders of the Company at which the Trustee was initially elected or, if earlier, the first annual meeting of shareholders following the initial appointment of the Trustee to the Board. Under the guidelines, compliance is to be measured as of the end of each fiscal year. The policy includes limited exceptions for any Trustee who is prohibited by law or his or her employer from owning Common Shares. The guidelines also provide that the Nominating and Governance Committee may consider exceptions for any Trustee on whom this policy could impose a financial hardship.

2013 Annual Compensation

After giving effect to changes approved by the Board on May 14, 2013, each Independent Trustee received an annual fee of \$35,000 for services as a Trustee in 2013, plus a fee of \$1,000 for each meeting attended (prior to such date the meeting fee was \$750). Up to two \$1,000 fees (or if prior to May 14, 2013, two \$750 fees) were paid if a Board meeting and one or more Board committee meetings were held on the same date. In addition, each Trustee received a grant of 2,000 Common Shares in 2013.

Each Independent Trustee who served as a committee chair of the Company's Audit, Compensation or Nominating and Governance Committees received an additional annual fee of \$12,500, \$7,500 and \$7,500, respectively, for serving as chair in 2013. Trustees were reimbursed for out of pocket costs they incurred in attending continuing education programs and for travel expenses incurred in connection with their duties as Trustees.

2013 Trustee Compensation

Name	Fees Earned or Paid in Cash (\$) ⁽¹⁾	Stock Awards (\$) ⁽²⁾	All Other Compensation (\$)	Total (\$)
William A. Lamkin	\$88,500	\$40,260		\$128,760
Joseph L. Morea	\$84,750	\$40,260		\$125,010
Adam D. Portnoy ⁽³⁾	\$	\$40,260		\$40,260
Barry M. Portnoy ⁽³⁾	\$	\$40,260		\$40,260
Frederick N. Zeytoonjian	\$85,500	\$40,260		\$125,760

- (1) The amounts reported in the Fees Earned or Paid in Cash column reflect the cash fees earned by each Independent Trustee. In addition to the \$35,000 annual cash fees, each of Messrs. Lamkin, Morea and Zeytoonjian earned an additional \$12,500, \$7,500 and \$7,500, respectively, for service as a committee chair in 2013. Each of Messrs. Lamkin, Morea and Zeytoonjian earned an additional \$41,000, \$42,250 and \$43,000, respectively for meetings attended in 2013.
- (2) Equals the number of shares multiplied by the closing price of the Company's Common Shares on the grant date. This is also the compensation cost for the award recognized by the Company for financial reporting purposes pursuant to FASB Accounting Standards Codification Topic 718, "Compensation - Stock Compensation" ("ASC 718"). No assumptions were used in this calculation.
- (3) The Managing Trustees did not receive cash compensation for their services as Trustees. The compensation of Mr. Adam Portnoy for his services as President is described below under "Executive Compensation."

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CORPORATE GOVERNANCE

The disclosure set forth below in "Corporate Governance" relates to periods prior to March 25, 2014, other than the disclosure regarding the notice to and received from the NYSE.

As a result of the removal of the Company's Trustees, the Company is not in compliance with certain provisions of Section 303A of the NYSE Listed Company Manual (the "NYSE Manual"). Pursuant to the Company's obligations under Section 303A.12(b) of the NYSE Manual, the Company provided notice to the NYSE of noncompliance on March 25, 2014. On March 26, 2014, the Company received official notice from the NYSE that the Company is deficient in meeting the following requirements of the NYSE Manual:

Section 303A.01 Does not have a majority of independent members on the Board of Trustees;

Section 303A.03 Does not have a presiding director/trustee;

Section 303A.04(a) Nominating/other named committee independence issue;

Section 303A.05(a) Compensation/other named committee independence issue;

Section 303A.06 Does not conform to Rule 10A-3;

Section 303A.07(a) Does not have three members on the audit committee;

Section 303A.07(a) Audit committee members are not financially literate;

Section 303A.07(a) Does not have an audit committee member with financial management expertise.

The NYSE also notified the Company that if the above deficiencies are not cured by April 2, 2014, the Company will be deemed noncompliant and the NYSE will disseminate a below compliance indicator for the Company on April 4, 2014. The Company's Common Shares, preferred shares and senior notes remain listed on the NYSE. However, as of April 4, 2014, a below compliance indicator was added to the Company's NYSE-listed securities.

The Board previously established Governance Guidelines to provide a framework for the effective governance of the Company. The guidelines address matters such as general qualification standards for the Board, Trustee responsibilities, Board meetings and committees, Trustee compensation, evaluation of management and management succession. The governance section of the Company's website makes available the Company's current corporate governance materials, including the Governance Guidelines, the charters for each Board committee, the Company's Code of Business Conduct and Ethics and information about how to report matters directly to management, the Board or the Audit Committee. To access these documents on the Company's website, www.cwhreit.com, click on "Investors" and then "Governance." A new Board may change the Governance Guidelines.

Board Leadership Structure

The Company currently has no Trustees. Prior to March 25, 2014, pursuant to the Company's governing documents, the Company's Board was comprised of both Managing Trustees and Independent Trustees. Managing Trustees were Trustees that were employees, officers or directors of RMR or involved in the Company's day to day activities for at least one year. A description of Independent Trustees is included below under "Corporate Governance Independence of Trustees." The Company's President or any two Independent Trustees may call a special meeting. Pursuant to the Company's Governance Guidelines, the Company's Independent Trustees met at least once each year without management.

In 2013, the Board held 32 meetings. In 2013, each Trustee attended 75% or more of the aggregate of all meetings of the Board and the committees on which he served. All of the Trustees attended the Company's 2013 annual meeting of shareholders. The Company's current policy with respect to Board members' attendance at the annual meetings of shareholders can be found in the Company's Governance Guidelines, the full text of which appears at the Company's website, www.cwhreit.com. A new Board may change these policies.

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Independence of Trustees

Under the corporate governance listing standards of the NYSE, the Board must consist of a majority of independent Trustees. Under NYSE corporate governance listing standards, to be considered independent:

the Trustee must not have a disqualifying relationship, as defined in these NYSE standards; and

the Board must affirmatively determine that the Trustee otherwise has no material relationship with the Company directly, or as an officer, shareholder or partner of an organization that has a relationship with the Company. To aid in the Trustee independence assessment process, the Board adopted written Governance Guidelines that address the consideration and approval of any related person transactions, as defined below. A new Board may change these Governance Guidelines.

The Company's Declaration of Trust and Bylaws also require that a majority of the Board be Independent Trustees. Under the Company's Bylaws, Independent Trustees are not employees of RMR, are not involved in the Company's day to day activities and are persons who qualify as independent under the Company's Declaration of Trust and Bylaws and the applicable rules of the NYSE and SEC.

The Company has not made any determination as to the independence of any nominee for Trustee at the special meeting.

Board Committees

The Company currently has no Trustees and therefore no Audit Committee, Compensation Committee or Nominating and Governance Committee. The Board historically had an Audit Committee, Compensation Committee and Nominating and Governance Committee comprised of Independent Trustees, and each such committee adopted a written charter, copies of which may be obtained free of charge at the Company's website, www.cwhreit.com, by clicking on "Investors" and then "Governance." Shareholders may also request copies free of charge by writing to the Company's Secretary, CommonWealth REIT, Two Newton Place, 255 Washington Street, Suite 300, Newton, Massachusetts 02458. The charter of each of the standing committees provides that the committee may form and delegate authority to subcommittees of one or more members when appropriate. Subcommittees are subject to the provisions of the applicable committee's charter. Additional information about the committees is provided below. A new Board may amend or restate these charters in their entirety.

Audit Committee

Meetings held in 2013: 7

Primary Responsibilities. There are currently no Trustees serving on an Audit Committee of the Board. The Audit Committee of the Company was previously established in accordance with Section 3(a)(58)(A) of the Exchange Act. The primary function of the Audit Committee was to assist the Board in fulfilling its responsibilities for oversight of: (1) the integrity of the Company's financial statements; (2) the Company's compliance with legal and regulatory requirements; (3) the Company's independent registered public accounting firm's qualifications and independence; and (4) the performance of the Company's internal audit function and independent auditors. Under its charter, the prior Audit Committee had the final authority and responsibility to select the Company's independent registered public accounting firm.

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Compensation Committee

Meetings held in 2013: 6

Primary Responsibilities. There are currently no Trustees serving on a Compensation Committee of the Board. The Compensation Committee's primary responsibilities included: (1) reviewing the terms of RMR's business management and property management agreements with the Company, evaluating the performance of RMR under those agreements, approving the fees and certain other costs that the Company is required to pay under those agreements and making determinations regarding continuance of or changes to those agreements; (2) evaluating the performance of the Company's President and determining and approving any compensation, including any equity compensation, paid directly by the Company to the Company's President; (3) evaluating the performance of the Company's Director of Internal Audit and determining the compensation payable to him and the costs of the Company's internal audit function generally; (4) evaluating, approving and administering all of the Company's equity compensation plans; (5) evaluating whether the Company's executive compensation programs encourage appropriate levels of risk taking by the Company's executives; and (6) reviewing and considering the incentives and risks associated with the Company's compensation policies and practices.

Nominating and Governance Committee

Meetings held in 2013: 2

Primary Responsibilities. There are currently no Trustees serving on a Nominating and Governance Committee of the Board. The responsibilities of the Nominating and Governance Committee included: (1) identification of individuals qualified to become members of the Board and recommending to the Board the nominees for Trustee for each annual meeting of shareholders or when Board vacancies occur; (2) development and recommendation to the Board of governance guidelines; and (3) evaluation of the performance of the Board.

Board Oversight of Risk

Historically, the Board oversaw risk as part of its general oversight of the Company, and oversight of risk was been addressed as part of various Board and Board committee activities and through regular and special Board and Board committee meetings. The actual day to day business of the Company is conducted by RMR, and RMR and the Company's officers and Director of Internal Audit implement risk management in their activities.

In discharging their oversight responsibilities, the Board and Board committees historically regularly reviewed a wide range of reports provided to them by RMR and other service providers, including:

reports on market and industry conditions;

operating and compliance reports;

financial reports;

reports on risk management activities; and

legal proceedings updates and reports on other business related matters.

The Board and Board committees historically discussed these matters among themselves and with representatives of RMR, the Director of Internal Audit, counsel and the Company's independent auditors.

The Audit Committee historically performed a lead role in helping the Board fulfill its responsibilities for oversight of the Company's financial reporting, internal audit function, risk management

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and the Company's compliance with legal and regulatory requirements. The Board and Audit Committee historically reviewed periodic reports from the Company's independent auditors regarding potential risks, including risks related to the Company's internal controls. The Audit Committee also annually reviewed, approved and oversaw an internal audit plan developed by the Company's Director of Internal Audit with the goal of helping the Company systematically evaluate the effectiveness of its risk management, control and governance processes, and periodically met with the Company's Director of Internal Audit to review the results of the Company's internal audits, and directed or recommended to the Board actions or changes it determined appropriate to enhance or improve the effectiveness of the Company's risk management.

The Compensation Committee historically evaluated the performance of the Company's Director of Internal Audit and RMR's performance under the Company's business and property management agreements, including any perceived risks created by RMR's compensation under those agreements. Also, in the past, the Compensation Committee and the Board considered the fact that the Company has a share grant program that requires share grants to vest over a period of years, rather than a stock option program such as is employed by many other publicly owned companies. The Company believes that the use of share grants vesting over time rather than stock options mitigates the incentives for the Company's management to undertake undue risks and encourages management to make longer term, less risk prone decisions.

While a number of risk management functions are performed, it is not possible to identify all of the risks that may affect the Company or to develop processes and controls to eliminate all risks and their possible effects, and processes and controls employed to address risks may be limited in their effectiveness. Moreover, it is necessary for the Company to bear certain risks to achieve its objectives. As a result of the foregoing and other factors, the Company's ability to manage risk is subject to substantial limitations.

To learn more about the risks facing the Company, including as a result of the removal of all of the Trustees, you can review the factors included in Part I, "Item 1A. Risk Factors" and "Warning Concerning Forward Looking Statements" in the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, as well as the risks disclosed in the Company's Definitive Consent Revocation Statement. The risks described in those filings are not the only risks facing the Company. Additional risks and uncertainties not currently known or that may currently be deemed to be immaterial also may materially adversely affect the Company's business, financial condition or results of operations in future periods.

Communication with the Board of Trustees

The Company currently has no Trustees.

Code of Business Conduct and Ethics

The Company has adopted a Code of Business Conduct and Ethics. The Company's executive officers and persons involved in the Company's business can ask questions about the Company's Code and other ethics and compliance issues, or report potential violations as follows: by writing to the Director of Internal Audit at CommonWealth REIT, Two Newton Place, 255 Washington Street, Suite 300 Newton, Massachusetts 02458; by calling toll-free (866) 511-5038; by emailing Internal.Audit@cwhreit.com; or by filling out a report by visiting the Company's website, www.cwhreit.com, clicking "Investors," clicking "Governance" and then clicking "Governance Hotline."

SELECTION OF CANDIDATES FOR TRUSTEES

The Board serves as the ultimate decision making body of the Company, except for those matters reserved to or shared with the shareholders. The Board selects and oversees the Company's officers, who are charged by the Board with conducting the business of the Company. The Company currently has no Trustees and so there are currently no Trustees performing these functions.

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Election Process

The Company currently has no Trustees. The Company's Declaration of Trust provides that the number of Trustees shall be determined by the Board. The number of the Company's Trustees currently is fixed at seven and there are seven vacancies on the Board. Trustees currently serve staggered, three year terms and are divided into three groups. There are two vacancies in Group I, and the terms of the Trustees elected to this Group will expire at the Company's 2014 annual meeting. There are three vacancies in Group II and the terms of the Trustees elected to this Group will expire at the Company's 2015 annual meeting. There are two vacancies in Group III and the terms of the Trustees elected to this Group will expire at the Company's 2016 annual meeting.

Trustee Nominations

The Nominating and Governance Committee was responsible for identifying and evaluating nominees for Trustee and for recommending to the Board nominees for election at each annual meeting of shareholders. Because the Company currently has no Trustees and there are no Trustees currently serving on the Nominating and Governance Committee, only shareholders may currently make nominations in accordance with the Bylaws.

As of April 10, 2014, the Company has received the following nominations of individuals for election to the Board of Trustees at the special meeting: on April 7, 2014, the Company received advance notice from Related/Corvex of their nomination of each of James Corl, Edward Glickman, David Helfand, Peter Linneman, Jim Lozier, Kenneth Shea and Samuel Zell. Related/Corvex has stated in their notice of nomination to the Company that each of their nominees qualifies as an Independent Trustee. Aside from this notice, as of April 10, 2014, the Company has not yet received any other nominations of individuals for election to the Board of Trustees at the special meeting.

On March 24, 2014, the Company also received advance notice from Related/Corvex of their nomination of the seven individuals listed above for election as Trustees of the Company at the 2014 annual meeting of shareholders. Aside from this notice, the Company has not received any other nominations or proposals for the 2014 annual meeting of shareholders. The advance notice period for shareholder nominations of individuals for election as Trustees or proposals of other business at the Company's 2014 annual meeting of shareholders has closed.

Shareholder Nominations. In order for a shareholder to nominate an individual for election to the Board at the special meeting, the shareholder must comply with the advance notice and other requirements set forth in the Company's Bylaws and the Interim Arbitration Award, which include, among other things, requirements as to the shareholder's timely delivery of advance notice, beneficial ownership of 1%, or \$2,000 in market value, of the Company's Common Shares continuously for one year, holding of a share certificate for such amount of shares at the time of the advance notice and submission of specified information. Shareholders should specify in their notice the Group to which each nominee for election as Trustee is proposed to be elected. To be timely, shareholder nominations must be received by the Company's Secretary at the Company's principal executive offices, in accordance with the requirements of the Bylaws, not later than 5:00 p.m. Eastern Time on Monday, April 21, 2014.

The foregoing description of the requirements for a shareholder to nominate an individual for election to the Board at the special meeting is not a complete listing of all requirements. Copies of the Bylaws, including the requirements for shareholder nominations and other proposals, may be obtained by writing to the Company's Secretary at CommonWealth REIT, Two Newton Place, 255 Washington Street, Suite 300, Newton, Massachusetts 02458, from the Company's website, at www.cwhreit.com, or from the SEC's website, at www.sec.gov. The Interim Arbitration Award was filed as an exhibit to the Company's Current Report on Form 8-K filed with the SEC on November 19, 2013. Any shareholder considering making a nomination should carefully review and comply with the provisions in those documents.

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Trustee Qualifications

The disclosure set forth below relates to periods prior to March 25, 2014. The newly elected Board of the Company may change the Company's policies and practices relating to the matters discussed herein.

The Board and Nominating and Governance Committee historically required that each Trustee (i) be a recognized person of high integrity with a proven record of success in his or her field; and (ii) demonstrate the ability to make independent analytical inquiries, familiarity with and respect for corporate governance requirements and practices and a commitment to serving the Company's long term best interests. The Nominating and Governance Committee historically conducted interviews of potential Trustee candidates to assess intangible qualities, including the individual's ability to ask difficult questions and, simultaneously, to work collegially. The Board did not maintain a specific diversity policy in connection with the selection of nominees for Trustee, but due consideration was given to an overall balance of diversity, including professional background, experience, perspective, gender and ethnicity.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

As of the end of the Company's last fiscal year, the Compensation Committee was comprised of William A. Lamkin, Joseph L. Morea and Frederick N. Zeytoonjian, and, from January 28, 2014 through March 25, 2014, also Ronald J. Artinian and Ann Logan. None of these individuals were former officers of the Company. During 2013 and through March 25, 2014, no member of the Compensation Committee was an officer or employee of the Company. Except as described below under "Related Person Transactions Indemnification and Directors' and Officers' Liability Insurance", during 2013, no member of the Compensation Committee had a relationship that must be described under SEC rules relating to disclosure of related person transactions. In 2013, none of the Company's executive officers served (i) on the compensation committee of any entity that had one or more of its executive officers serving on the Board or the Compensation Committee of the Company, or (ii) on the board of directors or board of trustees of any entity that had one or more of its executive officers serving on the Compensation Committee of the Company. Some of the former members of the Compensation Committee serve as independent trustees and compensation committee members of other public companies to which RMR provides management services.

EXECUTIVE COMPENSATION

The following tables, narratives and footnotes discuss the compensation of the President, the Treasurer and Chief Financial Officer and the Chief Operating Officer and Senior Vice President during 2013, who are the Company's named executive officers. None of the Company's named executive officers are employed by the Company. The Company's manager, RMR, provides services that otherwise would be provided by employees and compensates the named executive officers directly and in RMR's sole discretion in connection with their services rendered to RMR and to the Company. The Company does not pay the Company's executive officers salaries or bonuses or provide other compensation or employee benefits except for the grants of shares under the share award plan.

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Name and Principal Position	Year	Stock Awards (\$)⁽¹⁾	All Other Compensation (\$)⁽²⁾	Total (\$)
Adam D. Portnoy ⁽³⁾	2013	\$218,160	\$11,250	\$229,410
President	2012	\$153,880	\$11,625	\$165,505
	2011	\$202,840	\$3,000	\$205,840
John C. Popeo	2013	\$177,900	\$13,050	\$190,950
Treasurer and Chief Financial Officer	2012	\$116,400	\$18,313	\$134,713
	2011	\$149,700	\$14,725	\$164,425
David M. Lepore	2013	\$106,740	\$9,638	\$116,378