

BOND LABORATORIES, INC.
Form DEF 14A
June 12, 2013

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

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
 Confidential, for Use of the SEC Only (as permitted by Rule 14a-6(e)(2))
 Definitive Proxy Statement
 Definitive Additional Materials
 Soliciting Material Pursuant to 14a-12

BOND LABORATORIES, INC.
(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)(4) 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.
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1. Amount Previously Paid:
2. Form, Schedule or Registration Statement No.:

- 3. Filing Party:
- 4. Date Filed:

BOND LABORATORIES, INC.
4509 So. 143rd Street, Suite 1
Omaha, Nebraska 68137
(402) 333-5260

June 14, 2013

Dear Stockholders of Bond Laboratories, Inc.:

You are cordially invited to attend the 2013 Annual Meeting of Stockholders of Bond Laboratories, Inc., which will be held at the Hampton Inn Omaha West, located at 17606 Arbor Plaza, Omaha, Nebraska 68130, on July 17, 2013 at 10:00 a.m., local time. Details of the business to be conducted at the 2013 Annual Meeting are given in the attached Notice of Annual Meeting of Stockholders and Proxy Statement. In order for us to have an efficient Annual Meeting, please sign, date and return the enclosed proxy promptly in the accompanying reply envelope. If you are able to attend the Annual Meeting and wish to change your proxy vote, you may do so simply by voting in person at the Annual Meeting.

Our Board of Directors has unanimously approved the Proposals set forth in the Proxy Statement and we recommend that you vote in favor of each such Proposal.

We look forward to seeing you at the Meeting.

Sincerely,
John Wilson
Chief Executive Officer

YOUR VOTE IS IMPORTANT

All stockholders are cordially invited to attend the Annual Meeting in person. However, to ensure your representation at the Annual Meeting, you are urged to complete, sign, date and return, in the enclosed postage paid envelope, the enclosed proxy card as soon as possible. Returning your proxy will help us assure that a quorum will be present at the Annual Meeting and avoid the additional expense of duplicate proxy solicitations. Any stockholder attending the Meeting may vote in person, even if he or she has returned a proxy.

BOND LABORATORIES, INC.
4509 So. 143rd Street, Suite 1
Omaha, Nebraska 68137
(402) 333-5260

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held on July 17, 2013

Dear Stockholders of Bond Laboratories, Inc.:

We are pleased to invite you to attend the 2013 Annual Meeting of Stockholders of Bond Laboratories, Inc., a Nevada corporation, which will be held at the Hampton Inn Omaha West, located at 17606 Arbor Plaza, Omaha, Nebraska 68130, on July 17, 2013 at 10:00 a.m., local time, for the following purposes:

1. To elect three directors to our Board of Directors, each to serve until the next Annual Meeting of stockholders or until his respective successor is elected and qualified;
2. To approve a stockholder resolution to authorize the Board of Directors, in its sole and absolute discretion, without further action of the stockholders, to amend our Articles of Incorporation to implement a reverse stock split of our common stock, par value \$0.001 per share, at a ratio of not less than 1-for-10 and not greater than 1-for-40 at any time prior to December 31, 2014, with the exact ratio to be determined by the Board of Directors;
3. The approval of an amendment to our Articles of Incorporation to change our name from “Bond Laboratories, Inc.” to “FitLife Brands, Inc.”;
4. To conduct an advisory vote to approve the compensation paid to our named executive officers;
5. To conduct an advisory vote to indicate how frequently stockholders believe we should conduct an advisory vote on the compensation of our named executive officers;
6. Ratifying the appointment of Tarvaran Askelson & Company, LLP as our independent auditors for the fiscal year ending December 31, 2013; and
7. Such other matters as may properly come before the Annual Meeting or any adjournment or postponement of the Annual Meeting.

These matters are more fully discussed in the attached Proxy Statement.

The close of business on May 30, 2013 (the “Record Date”) has been fixed as the Record Date for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting or any adjournments or postponements thereof. Only holders of record of common stock and Series C Convertible Preferred Stock at the close of business on the Record Date are entitled to notice of, and to vote at the Annual Meeting. A complete list of stockholders entitled to vote at the Annual Meeting will be available for examination by any of our stockholders for purposes pertaining to the Annual Meeting at our corporate offices, 4509 So. 143rd Street, Suite 1, Omaha, Nebraska 68137, during normal business hours for a period of 10 days prior to the Annual Meeting, and at the time and place of the Annual Meeting. We are providing a copy of our Annual Report on Form 10-K for the year ended December 31, 2012 with the accompanying Proxy Statement.

Whether or not you expect to attend in person, we urge you to vote your shares as promptly as possible by signing and returning the enclosed proxy card in the postage-paid envelope provided, so that your shares may be represented and voted at the Annual Meeting. If your shares are held in the name of a bank, broker or other fiduciary, please follow the instructions on the voting instruction card furnished by the record holder.

Our Board of Directors unanimously recommends that you vote "FOR" the Annual Meeting Proposal Nos. 1, 2, 3, 4 and 6, and vote "EVERY THREE YEARS" for Proposal No. 5, all of which are described in detail in the accompanying Proxy Statement.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE
STOCKHOLDER MEETING TO BE HELD ON JULY 17, 2013:
THE ANNUAL REPORT AND PROXY STATEMENT ARE AVAILABLE ONLINE AT
WWW.PROXYCONNECT.COM/BONDLABS

By Order of the Board of Directors,

John Wilson
Chief Executive Officer, President and Director

Omaha, Nebraska
June 14, 2013

BOND LABORATORIES, INC.
4509 So. 143rd Street, Suite 1
Omaha, Nebraska 68137
(402) 333-5260

PROXY STATEMENT

The enclosed proxy is solicited on behalf of the Board of Directors of Bond Laboratories, Inc., a Nevada corporation, for use at the 2013 Annual Meeting of Stockholders to be held on July 17, 2013 at 10:00 a.m., local time, and at any adjournment or postponement thereof, at the Hampton Inn Omaha West, located at 17606 Arbor Plaza, Omaha, Nebraska 68130. These proxy solicitation materials were mailed on or about June 14, 2013, to all stockholders entitled to notice of, and to vote at our Annual Meeting.

Voting

The specific Proposals to be considered and acted upon at our Annual Meeting are summarized in the accompanying notice and are described in more detail in this Proxy Statement. On May 30, 2013, the Record Date for determination of stockholders entitled to notice of and to vote at the Annual Meeting, we had outstanding 77,753,482 shares of our common stock and 125 shares of our Series C Convertible Preferred Stock (“Series C Preferred”). Additionally, on the Record Date, there were no shares of Series A Convertible Preferred Stock (“Series A Preferred”) and 103.3 shares of Series B 10% Cumulative Preferred Stock (“Series B Preferred”) outstanding, which shares are not entitled to notice of or to vote at the Annual Meeting. Each holder of common stock is entitled to one vote for each share of common stock, while each holder of Series C Preferred is entitled to 40,000 votes per share of Series C Preferred held, subject to certain limitations as set forth in the Certificate of Designations, Preferences and Rights of Series C Convertible Preferred Stock. As of the Record Date, the outstanding shares represented 82,753,482 votes, consisting of 77,753,482 attributable to common stock and 5,000,000 attributable to Series C Preferred.

Quorum

In order for any business to be conducted at the Annual Meeting, the holders of more than 50% of the shares entitled to vote must be represented at the Meeting, either in person or by properly executed proxy. If a quorum is not present at the scheduled time of the Annual Meeting, the stockholders who are present may adjourn the Annual Meeting until a quorum is present. The time and place of the adjourned Meeting will be announced at the time the adjournment is taken, and no other notice will be given. An adjournment will have no effect on the business that may be conducted at the Annual Meeting.

Required Vote for Approval

Proposal No. 1: Election of Directors. The three nominees who receive the greatest number of votes cast at the Annual Meeting by the shares present in person or by proxy and entitled to vote will be elected;

Proposal No. 2: Reverse Stock Split. For the approval of a stockholder resolution to authorize the Company’s Board of Directors to amend our Articles of Incorporation to implement a reverse stock split of our common stock at a ratio of not less than 1-for-10, but not greater than 1-for-40, at any time prior to December 31, 2014, with the exact ratio to be determined by the Board of Directors, the number of votes cast “FOR” must exceed the number of votes cast “AGAINST” this Proposal;

Proposal No. 3: Change of Company Name. For the approval of an amendment to our Articles of Incorporation to change our name from “Bond Laboratories, Inc.” to “FitLife Brands, Inc.” The number of votes cast “FOR” must exceed the number of votes cast “AGAINST” this Proposal;

Proposal No. 4: Advisory Vote to Approve Executive Compensation. This advisory vote is not binding on us, our board of directors, or management. The number of votes cast “FOR” must exceed the number of votes cast “AGAINST” this Proposal to approve the compensation paid to the Company’s named executive officers;

Proposal No. 5: Advisory Vote to Approve the Frequency of Advisory Votes on Executive Compensation. This advisory vote to approve the frequency of the advisory votes on executive compensation is not binding on us, our board of directors, or management. A stockholder may vote to set the frequency of the “say on pay” vote to occur “EVERY YEAR”, “EVERY TWO YEARS”, “EVERY THREE YEARS”, or the stockholder may vote to “ABSTAIN”. The choice among the first three choices that receives the highest number of votes will be deemed the choice of the stockholders; and

No. 6: Ratification of Appointment of Auditors. To ratify the appointment of Tarvaran Askelson & Company, LLP as our independent auditors for the fiscal year ending December 31, 2013, the number of votes cast “FOR” must exceed the number of votes cast “AGAINST” this Proposal.

Abstentions and Broker Non Votes

All votes will be tabulated by the inspector of election appointed for the Annual Meeting, who will separately tabulate affirmative and negative votes, abstentions and broker non-votes. An abstention is the voluntary act of not voting by a stockholder who is present at a meeting and entitled to vote. A broker “non-vote” occurs when a broker nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary power for that particular item and has not received instructions from the beneficial owner. If you hold your shares in “street name” through a broker or other nominee, your broker or nominee may not be permitted to exercise voting discretion with respect to some of the matters to be acted upon. If you do not give your broker or nominee specific instructions regarding such matters, your proxy will be deemed a “broker non-vote.”

Under Nevada law, abstentions and broker non-votes are not counted as votes cast on an item and therefore will not affect the outcome of any Proposal, although they are counted for purposes of determining whether there is a quorum present at the Annual Meeting.

Proxies

If the enclosed form of proxy is properly signed and returned, the shares represented thereby will be voted at the Annual Meeting in accordance with the instructions specified thereon. If you sign and return your proxy without specifying how the shares represented thereby are to be voted, the proxy will be voted (i) FOR the election of three directors nominated by our Board, (ii) FOR the reverse stock split, (iii) FOR the change of the Company name to FitLife Brands, Inc., (iv) FOR the advisory vote to approve executive compensation, (v) to hold advisory votes on executive compensation EVERY THREE YEARS, (vi) FOR ratification of the appointment of Tarvaran Askelson & Company, LLP as our independent auditors for fiscal year 2013, and (vii) at the discretion of the proxy holders on any other matter that may properly come before the Annual Meeting or any adjournment or postponement thereof.

You may revoke or change your proxy at any time before the Annual Meeting by filing with our Corporate Secretary at our principal executive offices at 4509 So. 143rd Street, Suite 1, Omaha, Nebraska 68137, a notice of revocation or another signed proxy with a later date. You may also revoke your proxy by attending the Annual Meeting and voting in person. Attendance at the Meeting alone will not revoke your proxy. If you are a stockholder whose shares are not

registered in your own name, you will need additional documentation from your broker or record holder to vote personally at the Annual Meeting.

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Solicitation

We will bear the entire cost of solicitation, including the preparation, assembly, printing and mailing of this Proxy Statement, the proxy and any additional solicitation materials furnished to the stockholders. Copies of any solicitation materials will be furnished to brokerage houses, fiduciaries and custodians holding shares in their names that are beneficially owned by others so that they may forward this solicitation material to such beneficial owners. In addition, we may reimburse such persons for their costs in forwarding the solicitation materials to such beneficial owners. The original solicitation of proxies by mail may be supplemented by a solicitation by telephone, facsimile or other means by our directors, officers or employees. No additional compensation will be paid to these individuals for any such services. Except as described above, we do not presently intend to solicit proxies other than by mail and telephone.

MATTERS TO BE CONSIDERED AT ANNUAL MEETING

PROPOSAL NO. 1

ELECTION OF DIRECTORS

General

Our Articles of Incorporation and Bylaws provide that the Board of Directors shall consist of not less than one, nor more than nine directors, and that upon any change in the number of members, any newly created directorships or eliminated directorships shall be apportioned by the remaining members of the Board of Directors or by stockholders. The Company's Board of Directors currently consists of three directors, and these three directors are nominated for election at the Annual Meeting. Each nominee has confirmed that he will be able and willing to serve as a director if elected. If any of the nominees becomes unable or unwilling to serve, your proxy will be voted for the election of a substitute nominee recommended by the current Board of Directors. Upon recommendation of the Board of Directors, the Board of Directors has nominated for election as directors at our Annual Meeting Messrs. John S. Wilson, Michael Abrams and Lewis Jaffe.

The Company presently intends to expand the Board of Directors to add additional independent members; however, only the three nominees set forth in this Proxy Statement are currently nominated for election at our Annual Meeting.

Required Vote and Recommendation

The election of directors requires the affirmative vote of a plurality of the voting shares present or represented by proxy and entitled to vote at the Annual Meeting. The three nominees receiving the highest number of affirmative votes will be elected. Unless otherwise instructed or unless authority to vote is withheld, shares represented by executed proxies will be voted "FOR" the election of the nominees.

The Board of Directors recommends that the stockholders vote "FOR" the election of Messrs. Wilson, Abrams and Jaffe.

The following sections sets forth certain information regarding the nominees for election as directors of the Company. There are no family relationships between any directors and executive officers.

Name	Served as Director Since	Age	Principal Business Experience
John S. Wilson	2009	49	Mr. Wilson is our Chief Executive Officer, President, and Director, and has over eighteen years of invaluable experience at both the Coca-Cola Company and Coca-Cola Enterprises. Most recently, Mr. Wilson was responsible for negotiating exclusive bottling agreements with national customers on behalf of all seventy-three of the Coca-Cola Bottlers in the United States. Mr. Wilson holds a Master of Business Administration degree from St. Louis University.

The Board of Directors believes that Mr. Wilson's extensive experience with a Fortune 500 company involved in managing distribution relationships, and his success at growing the Company's revenue since joining the Company as Chief Executive Officer in 2009, provides substantial value to the Board of Directors.

M i c h a e l Abrams	2010	43	Mr. Abrams is our Chief Financial Officer and Director. Mr. Abrams also serves as a partner at Burnham Hill Capital Group, a New York-based financial advisory, consulting, investment and merchant-banking firm he joined in August of 2003, and sits on the Board of Directors of QuantRx Biomedical Corporation, a publicly traded company. Mr. Abrams holds a Masters of Business Administration with Honors from the Booth School of Business at the University of Chicago.
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The Board of Directors believes that Mr. Abrams' broad experience as an executive, investor, public company director, investment banker and restructuring expert, primarily but not limited to public companies, provides necessary and relevant experience to the Board of Directors in its deliberations.

Lewis Jaffe	2010	56	Mr. Jaffe is the Chairman of our Board of Directors, and currently the Chief Executive Officer of Movime Network, Inc. ("Movime"), a high speed, mobile movie and content downloading service and application. Prior to Movime, Mr. Jaffe was a principal at Jaffe & Associates ("J&A"), a consulting and advisory firm that provides strategic and tactical planning to mid-market companies and CEO coaching to their executives. Prior to 2009, Mr. Jaffe was Interim Chief Executive Officer and President of Oxford Media, Inc., where he served from 2006 to 2008. Mr. Jaffe has also served in executive management positions with Verso Technologies, Inc., Wireone Technologies, Inc., Picturitel Corporation, and was also previously a Managing Director of Arthur Andersen. Mr. Jaffe is a graduate of the Stanford Business School Executive Program, and holds a Bachelor of Science from LaSalle University. Mr. Jaffe also served on the Board of Directors of Benihana, Inc. as its lead independent director from 2004 to 2012.
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The Board of Directors believes that Mr. Jaffe's experience as a CEO of both public and private companies and as a consultant providing strategic and tactical planning to public companies provides the Company with a depth of knowledge, systems and best practices. He also holds an advanced directors certification from the American College of Public Company Directors. His experience is invaluable on the strategic and operations side of our business and Mr. Jaffe is our corporate governance expert. He adds significant value to the Board of Directors and management as the Company executes its business plan.

There have been no events under any bankruptcy act, no criminal proceedings and no judgments or injunctions material to the evaluation of the ability and integrity of any director or nominee during the past ten years.

CORPORATE GOVERNANCE, BOARD COMPOSITION AND BOARD COMMITTEES

Term of Office

Pursuant to our bylaws, each member of our Board of Directors shall serve from the time they are duly elected and qualified, until the next Annual Meeting of stockholders or their until death, resignation or removal from office.

Board Member Independence

Although our common stock is not yet listed on a national securities exchange, we have elected to retain the NASDAQ listing standards to determine director independence. Only Mr. Jaffe is independent (as independence is defined under NASDAQ listing standards).

Board Structure

The Board does not have a policy regarding the separation of the roles of the Chief Executive Officer and Chairman of the Board, as the Board believes it is in the best interest of the Company and its stockholders to make that determination based on the position and direction of the Company and the membership of the Board, from time to time. Currently, Mr. Jaffe, an outside director, currently serves as our Chairman of the Board. Mr. Wilson currently serves as our principal executive officer and as a director.

Board Risk Oversight

Our Board administers its oversight function through both regular and special meetings and by frequent telephonic updates with our senior management. A key element of these reviews is gathering and assessing information relating to risks of our business. All business is exposed to risks, including unanticipated or undesired events or outcomes that could impact an enterprise's strategic objectives, organizational performance and stockholder value. A fundamental part of risk management is not only understanding such risks that are specific to our business, but also understanding what steps management is taking to manage those risks and what level of risk is appropriate for us. In setting our business strategy, our Board assesses the various risks being mitigated by management and determines what constitutes an appropriate level of risk.

While our Board has the ultimate oversight responsibility for our risk management process, various committees of our Board also have responsibility for risk management. In particular, the Audit Committee focuses on financial risk, including internal controls, and the assessments of risks reflected in audit reports. Legal and regulatory compliance risks are also reviewed by our Audit Committee. Risks related to our compensation programs are reviewed by the Compensation Committee. Our Board is advised by the committees of significant risks and management's response via periodic updates.

Board Meetings

During the year ended December 31, 2012, the Board held three regular meetings, in addition to telephonic special meetings of the Board. Each director attended or participated in 75% or more of (i) the total number of meetings of the Board during his term of service and (ii) the total number of meetings held during his term of service by all committees of the Board on which such director served during fiscal 2012. We also encourage all members of the Board to attend each of our annual meetings of stockholders.

Board Committees and Charters

The Board has a standing Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee. The Board appoints the members and the independent director to act as chairperson of these committees. The Board has determined that only Mr. Jaffe is an independent director. Each committee has a written charter approved by the Board. Copies of each committee charter is available by making a request to the Company's Corporate Secretary at 4509 S 143rd Street, Suite 1, Omaha, Nebraska 68137.

Audit Committee

Member: Lew Jaffe (Chairman)

The Company presently intends to add additional members to the Audit Committee following the expansion of the Board of Directors to add additional independent members.

Number of Meetings in 2012: The Audit Committee held three meetings during 2012.

Functions: The Audit Committee assists the Board in fulfilling its legal and fiduciary obligations in matters involving the Company's accounting, auditing, financial reporting, internal control and legal compliance functions by approving the services performed by the Company's independent accountants and reviewing their reports regarding the Company's accounting practices and systems of internal accounting controls. The Audit Committee is responsible for the appointment, compensation, retention and oversight of the independent accountants and for ensuring that the accountants are independent of management.

Compensation Committee

Member: Lew Jaffe (Chairman)

The Company presently intends to add additional members to the Compensation Committee following the expansion of the Board of Directors to add additional independent members.

Number of Meetings in 2012: The Compensation Committee held three meetings during 2012.

Functions: The Compensation Committee determines the Company's general compensation policies and practices, and reviews and approves compensation packages for the Company's officers and, based upon such review, recommends overall compensation packages for the officers to the Board. The Compensation Committee also reviews and determines equity-based compensation for the Company's directors, officers, employees and consultants and administers the Company's stock option plans.

Nominating and Corporate Governance Committee

Member: Lew Jaffe (Chairman)

The Company presently intends to add additional members to the Nominating and Corporate Governance Committee following the expansion of the Board of Directors to add additional independent members.

Number of Meetings in
2012:

The Nominating and Corporate Governance Committee held
one meeting during 2012.

Functions:

The Nominating and Corporate Governance Committee is
responsible for making recommendations to the Board
regarding candidates for directorships and the size and
composition of the Board and for overseeing the Company's
corporate governance guidelines and reporting and making
recommendations to the Board concerning corporate
governance matters.

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Stockholder Communications with the Board of Directors

Our Board of Directors provides stockholders with the ability to send communications to the Board of Directors, and stockholders may do so at their convenience. In particular, stockholders may send their communications to: Board of Directors, c/o Corporate Secretary, Bond Laboratories, Inc., 4509 S 143rd Street, Suite 1, Omaha, Nebraska 68137. All communications received by the Corporate Secretary are relayed to the Board of Directors of the Company. Members of the Board of Directors are not required to attend the Annual Stockholders Meeting.

PROPOSAL NO. 2

AMENDMENT TO ARTICLES OF INCORPORATION TO AFFECT A REVERSE STOCK SPLIT

General

The Board of Directors has approved, declared advisable and recommends that our stockholders approve a proposal to amend our Articles of Incorporation to implement a reverse stock split of our common stock (the "Reverse Split") at a ratio between 1-for-10 (1:10) and 1-for-40 (1:40), in the form set forth in Appendix A to this Proxy Statement (the "Amendment"). A vote for this Proposal No. 2 will constitute approval of the Amendment that, once filed with the Office of the Secretary of State of Nevada, will combine between ten (10) and forty (40) shares of our common stock into one share of common stock, and will grant the Board of Directors the authority to select which of the approved Reverse Split ratios within that range will be implemented.

If this Proposal No. 2 is approved by stockholders, the Board of Directors will have the authority, but not the obligation, in its sole and absolute discretion, and without further action on the part of the stockholders, to select one of the approved split ratios and effect the approved Reverse Split by filing the Amendment with the office of the Secretary of State of Nevada at any time after the Board's approval of the Reverse Split ratio. If the Amendment has not been filed with the Nevada Secretary of State by the close of business on December 31, 2014, the Board will abandon the Amendment.

If approved, and the Board of Directors elects to implement the Reverse Split, this Proposal No. 2 will have the effect of increasing the number of shares available for future issuance. The Company currently does not have any plans with respect to the potential increased number of shares of our common stock that may be available for issuance in the event stockholders approve this Proposal, and the Board of Directors elect to implement the Reverse Split. If implemented, the Reverse Split will not change the par value of our common stock. Except for any changes as a result of the treatment of fractional shares, each stockholder will hold the same percentage of common stock outstanding immediately following to the Reverse Split as such stockholder held immediately prior to the Reverse Split.

Purpose and Background of the Reverse Stock Split

Our primary objective in proposing the Reverse Split is to attempt to raise the per share trading price of our common stock in order to gain listing on the NYSE MKT or NASDAQ exchange (in either case, an "Exchange"). Before our common stock may be listed on an Exchange, we must satisfy certain listing requirements. One of these listing requirements is that our common stock must have a minimum bid price of \$3.00 per share. On May 30, 2013, the closing price of our common stock on the OTC Bulletin Board was \$0.10 per share.

We anticipate that the Reverse Split will increase the per share bid price per share of our common stock above \$3.00, and thereby satisfy one of the Exchange's listing requirements. However, we cannot be certain that the Reverse Split will, initially or in the future, have the intended effect of raising the bid price of our common stock above \$3.00 per share.

In addition to our desire to be listed on an Exchange, the Board of Directors believes that the low market price of our common stock impairs our marketability and acceptance by institutional investors and other members of the investing public, and creates a negative impression of the Company. Theoretically, decreasing the number of shares of common stock outstanding should not, by itself, affect the marketability of the shares, the type of investor who would be interested in acquiring them, or our reputation in the financial community. In practice, however, many investors and market makers consider low-priced stocks as unduly speculative in nature and, as a matter of policy, avoid investment and trading in such stocks. The presence of these negative perceptions may adversely affect not only the pricing of our common stock but also the trading liquidity. In addition, these perceptions may affect our commercial business and our ability to raise additional capital through equity and debt financings.

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We expect that the decrease in the number of outstanding shares of our common stock resulting from the Reverse Split, and the anticipated increase in the per share trading price will encourage greater interest in our common stock among members of the financial community and the investing public and possibly create a more liquid market for our stockholders. However, the possibility exists that stockholder liquidity may be adversely affected by the reduced number of shares outstanding if the Reverse Split is affected, particularly if the price per share of our common stock begins a declining trend after the Reverse Split takes effect.

Certain Risk Factors Associated with the Reverse Split

Reduced Market Capitalization. As noted above, the principal purpose of the Reverse Split, if implemented, will be to raise the price of our common stock to obtain a listing on an Exchange. We cannot assure you, however, that the Reverse Split will accomplish this objective. While we expect that the reduction in our outstanding shares of common stock will increase the market price of our common stock, we cannot assure you that the Reverse Split will increase the market price of our common stock by a multiple equal to the number of pre-Reverse Split shares in the Reverse Split ratio determined by the Board of Directors, or result in any permanent increase in the market price, which can be dependent upon many factors, including our business and financial performance and prospects. Should the market price decline after implementation of the Reverse Split, the percentage decline may be greater, due to the smaller number of shares outstanding, than it would have been prior to the Reverse Split. In some cases the share price of companies that have implemented reverse stock splits has subsequently declined back to pre-reverse split levels. Accordingly, we cannot assure you that the market price of our common stock immediately after the Reverse Split takes effect will be maintained for any period of time or that the ratio of post and pre-split shares will remain the same after the Reverse Split is effected, or that the Reverse Split will not have an adverse effect on our stock price due to the reduced number of shares outstanding after the Reverse Split. A reverse stock split is often viewed negatively by the market and, consequently, can lead to a decrease in our overall market capitalization. If the per share price does not increase proportionately as a result of the Reverse Split, then our overall market capitalization will be reduced.

Increased Transaction Costs. The number of shares held by each individual stockholder will be reduced if the Reverse Split is implemented. This will increase the number of stockholders who hold less than a “round lot,” or 100 shares. Typically, the transaction costs to stockholders selling “odd lots” are higher on a per share basis. Consequently, the Reverse Split could increase the transaction costs to existing stockholders in the event they wish to sell all or a portion of their position.

Liquidity. Although the Board of Directors believes that the decrease in the number of shares of our common stock outstanding as a consequence of the Reverse Split and the anticipated increase in the price of our common stock could encourage interest in our common stock and possibly promote greater liquidity for our stockholders, such liquidity could also be adversely effected by the reduced number of shares outstanding after the Reverse Split.

Increase in Authorized Common Stock. If implemented, the Reverse Split will have the effect of reducing the number of shares of common stock issued and outstanding without reducing the total number of authorized shares of common stock. As a result, approval of this Proposal No. 2, if implemented by the Board of Directors, will have the effect of increasing the number of authorized but unissued shares. The Company would therefore have the ability to issue additional shares of common stock, or securities convertible or exercisable into shares of common stock, without stockholder approval. The Company currently does not have any plans to issue additional shares of common stock, or shares convertible or exercisable into shares of common stock in the event this Proposal No. 2 is approved, and the Reverse Split is implemented.

No Appraisal Rights

Under the Nevada General Corporation Law, our stockholders are not entitled to appraisal rights with respect to the Reverse Split, and the Company is not independently providing and has not so provided stockholders with any such

right.

Determination of the Ratio for the Reverse Stock Split

The ratio of the Reverse Split will be determined by the Board of Directors, in its sole discretion. However, the ratio will not be less than a ratio of one-for-ten (1:10) or exceed a ratio of one-for-forty (1:40). In determining the Reverse Split ratio, the Board of Directors will consider numerous factors, including the historical and projected performance of our common stock, prevailing market conditions and general economic trends, and will place emphasis on the expected closing price of our common stock in the period following the effectiveness of the Reverse Split. The Board of Directors will also consider the impact of the Reverse Split ratio on investor interest. The purpose of selecting a range is to give the Board of Directors the flexibility to meet business needs as they arise, to take advantage of favorable opportunities and to respond to a changing corporate environment. Based on the number of shares of common stock issued and outstanding as of the Record Date, after completion of the Reverse Split, we will have approximately between 1,943,837 and 7,775,348 million shares of common stock issued and outstanding, depending on the ratio of the Reverse Split determined by the Board of Directors.

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The following table sets forth the approximate number of issued and outstanding shares of common stock, and net income per share for the year ended December 31, 2012, in the event of a 1:10 to 1:40 Reverse Split:

	Current	After a 1:10 Reverse Split	After a 1:20 Reverse Split	After a 1:30 Reverse Split	After a 1:40 Reverse Split
Common stock outstanding	74,465,509	7,446,551	3,723,275	2,482,184	1,861,638
Net income applicable to common stock per share for the year ended December 31, 2012	\$ 0.03	\$ 0.34	\$ 0.68	\$ 1.02	\$ 1.36

We do not anticipate a decrease in the number of holders of record of our common stock in the event the Board of Directors determines to implement the Reverse Split, including in the event the ratio of the Reverse Split determined by the Board of Directors is one-for-forty (1:40).

Effective Date; Exchange Act Registration Status

The proposed Reverse Split of our common stock may be implemented by the Board of Directors at any time prior to December 31, 2014. The Reverse Split will become effective as of 11:59 p.m., Eastern Time (the "Effective Date"), on the date of filing the Amendment with the office of the Secretary of State of Nevada. Except as explained below with respect to fractional shares, on the Effective Date, shares of our common stock issued and outstanding immediately prior thereto will be combined, automatically and without any action on the part of the stockholders, into one share of common stock in accordance with the Reverse Split ratio determined by the Board. After the Effective Date, the common stock will have a new committee on uniform securities identification procedures ("CUSIP") number, which is a number used to identify our equity securities, and stock certificates with the old CUSIP number must be exchanged for stock certificates with the new CUSIP number by following the procedures described below. After the Effective Date, we will continue to be subject to periodic reporting and other requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and our common stock will continue to be traded on the OTC Bulletin Board. Promptly following execution of the Reverse Split, however, we intend to apply to list our shares of Common Stock on an Exchange.

Effects of the Proposed Reverse Split on Authorized Shares; Possible Anti-Takeover Effects

The Reverse Split will effect all of our stockholders uniformly and will not change the proportionate equity interests of our stockholders, nor will the respective voting rights and other rights of stockholders be altered, except for possible changes due to the treatment of fractional shares resulting from the Reverse Split. As described below, stockholders holding fractional shares after the Reverse Split will be entitled to cash payments in lieu of such fractional shares. Common stock issued and outstanding pursuant to the Reverse Split will remain fully paid and non-assessable. If implemented, the Reverse Split will have the effect of increasing the amount of authorized, but unissued shares of our common stock that could be issued in the future by our Board of Directors without further stockholder approval. The proportion of unissued authorized shares to issued shares could, under certain circumstances, have an anti-takeover effect. For example, the issuance of a large block of our common stock could dilute the stock ownership of a person seeking to make a change in the composition of the Board of Directors or contemplating a tender offer or other transaction for the combination of the Company with another company. However, the authorization for the Board to implement the Reverse Split is not being proposed in response to any effort, of which we are aware, to accumulate shares of common stock or obtain control of the Company, nor is it part of a plan by management to recommend to the Board and stockholders a series of amendments to our Articles of Incorporation.

Payment for Fractional Shares; Exchange of Stock Certificates

We will appoint Colonial Stock Transfer to act as exchange agent for holders of our common stock in connection with the Reverse Split. We will deposit with the exchange agent, as soon as practicable after the effective date of the Reverse Split, cash in an amount equal to the value of the estimated aggregate number of fractional shares that will result from the Reverse Split. The funds required to purchase the fractional share interests will be paid from our cash reserves. A list of our stockholders shows that some of our outstanding common stock is registered in the names of clearing agencies and broker nominees. Because we do not know the numbers of shares held by each beneficial owner for whom the clearing agencies and broker nominees are record holders, we cannot predict with certainty the number of fractional shares that will result from the Reverse Split or the total amount we will be required to pay for fractional share interests. However, we do not expect the amount to be material.

As of the record date for the Annual Meeting, we have approximately 218 holders of record of our common stock (although we have significantly more beneficial holders). We do not expect the Reverse Split and the payment of cash in lieu of fractional shares to result in a reduction in the number of record holders. We presently do not intend to seek any change in our status as a reporting company for federal securities law purposes, either before or after the Reverse Split.

On or after the effective date of the Reverse Split, we will mail a letter of transmittal to each of our stockholders. Each stockholder will then be able to obtain a certificate evidencing its post-Reverse Split shares of common stock and, if applicable, cash in lieu of each fractional share only by sending the exchange agent old stock certificate(s), together with the properly executed and completed letter of transmittal and such other evidence of ownership of the shares as we may require. Our stockholders will not receive certificates for post- Reverse Split shares unless and until their old certificates are surrendered. Stockholders should not forward their certificates to the exchange agent until they receive the letter of transmittal, and they should only send in their certificates with the letter of transmittal. The exchange agent will send each stockholder's new stock certificate and payment in lieu of any fractional share(s) promptly after receipt of that stockholder's properly completed letter of transmittal and old stock certificate(s).

Stockholders will not be required to pay any service charges in connection with the exchange of old certificates or the payment of cash in lieu of fractional shares.

Effect on Registered and Beneficial Stockholders

Upon the Effective Date of the Reverse Split, we intend to treat stockholders holding shares of common stock in "street name," through a bank, broker or other nominee, in the same manner as registered stockholders whose shares are registered in their names. Banks, brokers or other nominees will be instructed to affect the Reverse Split for their beneficial holders of common stock in "street name." However, these banks, brokers or other nominees may apply their own specific procedures for processing the Reverse Split. If you hold your shares with a bank, broker or other nominee, and if you have any questions in this regard, we encourage you to contact your nominee.

Procedures for Implementing the Reverse Split

If our stockholders approve the Proposal and our Board of Directors decide to implement the Reverse Split, we will promptly file the Amendment with the office of the Secretary of State of Nevada. The Reverse Split will become effective as set forth in the section captioned “Effective Date; Exchange Act Registration Status” above. As of the Effective Date of the Reverse Split, each certificate representing shares of our common stock before the Reverse Split would be deemed, for all corporate purposes, to evidence ownership of the reduced number of shares of our common stock resulting from the Reverse Split. However, a holder of any unexchanged certificates will not be entitled to receive any dividends or other distributions payable by us after the Effective Date until the old certificates are surrendered. Subject to the various escheat laws, such dividends and distributions, if any, would be accumulated, and at the time of surrender of the old certificates, all such unpaid dividends or distributions will be paid without interest. All shares underlying options, warrants, convertible notes and other securities will also be automatically adjusted on the Effective Date. Our transfer agent, Colonial Stock Transfer, will act as the exchange agent for purposes of implementing the exchange of stock certificates. As soon as practicable after the Effective Date, stockholders and holders of stock options exercisable for our common stock will be notified of the effectiveness of the Reverse Split. Stockholders of record will receive a letter of transmittal requesting them to surrender their old stock certificates for new stock certificates, bearing the new CUSIP number and reflecting the adjusted number of shares as a result of the Reverse Split. Persons who hold their shares in brokerage accounts or “street name” will not be required to take any further action to effect the exchange of their shares. No new certificates will be issued to a stockholder until surrender of any outstanding certificates together, with the properly completed and executed letter of transmittal to the exchange agent. Until surrender, each certificate representing pre-Reverse Split share will continue to be valid and will represent the adjusted number of shares based on the ratio of the Reverse Split. Stockholders should not destroy any stock certificate and should not submit any certificates until they receive a letter of transmittal.

Reservation of Right to Abandon the Reverse Split

We reserve the right to abandon the Reverse Split without further action by our stockholders at any time before the Effective Date of the Amendment, even if our stockholders authorize the Reverse Split at the Annual Meeting. By voting in favor of the Reverse Split, you are expressly authorizing the Board of Directors to determine not to proceed with, and abandon, the Reverse Split if it should so decide.

Accounting Matters

The Reverse Split will not change total stockholders’ equity on our balance sheet. However, because the par value of our common stock will remain unchanged on the Effective Date, the components that make up total stockholders’ equity will change by offsetting amounts. Depending on the ratio of the Reverse Split, as determined by the Board of Directors, our stated capital component will be reduced to an amount between one-tenth (1/10) and one-fortieth (1/40) of its present amount, and our additional paid-in capital component will be increased with the amount by which the stated capital is reduced. The per share net income or loss and net book value of our common stock will be increased because there will be fewer shares of our common stock outstanding. In addition, our historical amounts of net income or loss per share of common stock previously reported by us, as well as all references to common stock share amounts, will be restated to reflect the Reverse Split as if it had been in effect as of the earliest reported period.

Federal Income Tax Consequences of the Reverse Split

The following summary of certain material United States federal income tax consequences of the Reverse Split does not purport to be a complete discussion of all of the possible federal income tax consequences of the Reverse Split, and is included for general information only. Furthermore, it does not address any state, local or foreign income or other tax consequences. Also, it does not address the tax consequences to holders that are subject to special tax rules,

such as banks, insurance companies, regulated investment companies, personal holding companies, foreign entities, nonresident alien individuals, broker-dealers and tax-exempt entities. The discussion is based on the provisions of the United States federal income tax law as of the date hereof, which is subject to change retroactively as well as prospectively. This summary also assumes that the pre-Reverse Split shares were, and the post-Reverse Split shares will be, held as a “capital asset,” as defined in the Internal Revenue Code (i.e. generally, property held for investment). The tax treatment of any stockholder may vary depending upon the particular circumstances of such stockholder. Each stockholder is urged to consult with such stockholder’s own tax advisor with respect to the tax consequences of the Reverse Split.

Tax Consequences to the Company

We do not expect to recognize any gain or loss as a result of the proposed Reverse Split.

Tax Consequences to Stockholders

Other than the cash payments for fractional shares discussed above, no gain or loss should be recognized by a stockholder upon such stockholder's exchange of pre-Reverse Split shares for post-Reverse Split shares pursuant to the Reverse Split. The aggregate tax basis of whole post-Reverse Split shares received pursuant to the Reverse Split will be the same as the stockholder's aggregate tax basis in the pre-Reverse Split shares, less the portion of the basis in the pre-Reverse Split shares attributable to any fraction of a post-Reverse Split share for which the stockholder received cash. In general, stockholders who receive cash in exchange for their fractional share interests in the post-Reverse Split shares as a result of the Reverse Split will recognize gain or loss based on their adjusted basis in the fractional share interests redeemed. The gain or loss will constitute a capital gain or loss and will constitute long-term capital gain or loss if the holder's holding period is greater than one year as of the Effective Date. The stockholder's holding period for the post-Reverse Split shares will include the period during which the stockholder held the pre-Reverse Split shares surrendered in the Reverse Split.

Vote Required for Approval

Under Nevada law, the number of votes FOR must exceed the number of votes AGAINST to approve this Proposal. Abstentions and broker non-votes will have no effect on the outcome of this Proposal.

Board of Directors Recommendation

The Board recommends that you vote "FOR" the granting the Board authorization to amend our Articles of Incorporation to implement a reverse split of our common stock at a ratio of between 1-for-10 and 1-for-40.

PROPOSAL NO. 3

AMENDMENT TO ARTICLES OF INCORPORATION TO CHANGE OUR NAME

General

Our Board of Directors has adopted resolutions approving, declaring advisable and recommending that our stockholders approve an amendment to our Articles of Incorporation to change our corporate name from "Bond Laboratories, Inc." to "FitLife Brands, Inc." If approved, the change to our corporate name will become effective upon the filing of a certificate of amendment with the Secretary of State of the State of Nevada. We currently plan to file the certificate of amendment as soon as reasonably practicable after receiving approval of the amendment from our stockholders. However, the Board of Directors has reserved the right to abandon the proposed amendment if, at any time before the filing of the certificate of amendment, it determines that changing our name is no longer in the best interests of the Company or our stockholders.

If this Proposal is approved, Article I of our Articles of Incorporation will be amended to reflect our new corporate name. The proposed amendment to Article I of our Articles of Incorporation is set forth in its entirety in Appendix B to this Proxy Statement.

Purpose of and Rationale for the Proposed Amendment

The purpose of the proposed name change is to align our corporate name more closely with our vision as a leading provider of innovative and proprietary nutritional supplements for health conscious consumers. Our Board of Directors believes that the proposed name change will elevate our image in the minds of health conscious consumers and other constituents whose support is critical to our operating and financial success, and will be beneficial to our shareholders because our customers will associate the name "FitLife Brands, Inc." with a more focused objective. In addition, the adoption of the name "FitLife Brands, Inc." is an important step in our strategy to focus on and expand our business of developing, and marketing innovative nutritional supplements to support healthy living.

Effect of Proposed Amendment

If approved by our stockholders, the change to our corporate name will not affect the validity of any of our existing stock certificates that bear the name "Bond Laboratories, Inc." If the proposed name change is approved, stockholders with certificated shares may continue to hold existing certificates, and the number of shares represented by those certificates will remain unchanged by any corporate action contemplated by this Proposal. New stock certificates that are issued after the name change becomes effective, including any representing post-Reverse Split shares, will bear the name "FitLife Brands, Inc." Our common stock will have a new CUSIP number in connection with the name change and the Reverse Split discussed in Proposal No. 2 above.

Currently our common stock is quoted on the OTC Bulletin Board under the symbol "bnlb.ob." If the proposed name change is approved, we will request a new ticker symbol based on our new name. Under the rules of the OTC Bulletin Board, we cannot make any requests for a particular symbol and, as a result, we will not know what our new symbol will be until it has been assigned by the Financial Industry Regulatory Authority ("FINRA"). A new CUSIP number will also be assigned to our common stock following the name change and Reverse Split discussed in Proposal No. 2 above.

If the Proposal to change our name is not approved, the proposed amendment to our Articles of Incorporation will not be made and our name will remain unchanged.

Required Approvals

Under Nevada law, the number of votes FOR must exceed the number of votes AGAINST to approve this Proposal. Abstentions and broker non-votes will no effect on the outcome of this Proposal.

Board of Directors Recommendation

The Board recommends that you vote "FOR" the amendment to our Articles of Incorporation to change our name from "Bond Laboratories, Inc." to "FitLife Brands, Inc."

PROPOSAL NO. 4

ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION

General

We are providing our stockholders with the opportunity to vote to approve, on an advisory, non-binding basis, the compensation of our named executive officers as disclosed in this Proxy Statement in accordance with the Securities and Exchange Commission's rules. This Proposal, which is commonly referred to as "say-on-pay," is

required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, which added Section 14A to the Exchange Act. Section 14A of the Exchange Act also requires that stockholders have the opportunity to cast an advisory vote with respect to whether future executive compensation advisory votes will be held every one, two or three years, which is the subject of Proposal No. 5.

Our executive compensation programs are designed to attract, motivate, and retain our executive officers, who are critical to our success. Under these programs, our named executive officers are rewarded for the achievement of our near- and longer-term financial and strategic goals, and for driving corporate financial performance and stability. The programs contain elements of cash and equity-based compensation and are designed to align the interests of our executives with those of our stockholders.

As an advisory vote, this Proposal is not binding. Neither the outcome of this advisory vote nor of the advisory vote included in Proposal No. 5 overrules any decision by the Company or the Board of Directors (or any committee thereof), creates or implies any change to the fiduciary duties of the Company or the Board of Directors (or any committee thereof), or creates or implies any additional fiduciary duties for the Company or the Board of Directors (or any committee thereof). However, Management and the Compensation Committee and Board of Directors value the opinions expressed by our stockholders in their vote on this Proposal and will consider the outcome of the vote when making future compensation decisions for named executive officers.

OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE “FOR” THE FOLLOWING ADVISORY RESOLUTION:

RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the disclosure under “Executive Compensation”, the compensation tables and accompanying narrative disclosure, and any related material disclosed in this Proxy Statement, is hereby approved.

Vote Required and Recommendation

Under Nevada law, the number of votes FOR must exceed the number of votes AGAINST to approve this non-binding matter. Abstentions and broker non-votes will no effect on the outcome of this Proposal.

The Board recommends that stockholders vote “FOR” the advisory resolution above, approving of the compensation paid to the Company’s named executive officers.

PROPOSAL NO. 5

ADVISORY VOTE ON THE FREQUENCY OF FUTURE EXECUTIVE COMPENSATION ADVISORY VOTES

General

In Proposal No. 4, we are providing our stockholders the opportunity to vote to approve, on an advisory, non-binding basis, the compensation of our named executive officers. In this Proposal No. 5, we are asking our stockholders to cast a non-binding advisory vote regarding the frequency of future executive compensation advisory votes. Stockholders may vote for a frequency of every one, two, or three years, or may abstain.

The Board of Directors will take into consideration the outcome of this vote in making a determination about the frequency of future executive compensation advisory votes. However, because this vote is advisory and non-binding, the Board of Directors may decide that it is in the best interests of our stockholders and the Company to hold the advisory vote to approve executive compensation more or less frequently, but no less frequently than once every three years, as required by the Dodd-Frank Act. In the future, we will propose an advisory vote on the frequency of the executive compensation advisory vote at least once every six calendar years as required by the Dodd-Frank Act.

After careful consideration, the Board of Directors believes that an executive compensation advisory vote should be held every three years, and therefore our Board of Directors recommends that you vote for a frequency of EVERY THREE YEARS for future executive compensation advisory votes. The proxy card provides stockholders with the opportunity to choose among four options (holding the vote once every year, every two years or every three years, or abstaining) and, therefore, stockholders will not be voting to approve or disapprove the recommendation of the Board of Directors.

Vote Required and Recommendation

On this non-binding matter, a stockholder may vote to set the frequency of the “say on pay” vote to occur every year, every two years, or every three years, or the stockholder may vote to abstain. The choice among those four choices that receives the highest number of votes will be deemed the choice of the stockholders.

The Board recommends that you vote to hold advisory votes on executive compensation “EVERY THREE YEARS”.

PROPOSAL 6

RATIFICATION OF THE APPOINTMENT OF TARVARAN, ASKELSON & COMPANY, LLC TO SERVE AS OUR REGISTERED PUBLIC ACCOUNTING FIRM FOR THE CURRENT FISCAL YEAR

The Board of Directors has appointed Tarvaran, Askelson & Company, LLP as our independent registered public accounting firm for the current fiscal year and hereby recommends that the stockholders ratify such appointment.

The Board of Directors may terminate the appointment of Tarvaran, Askelson & Company, LLP as the Company’s independent registered public accounting firm without the approval of the stockholders whenever the Board of Directors deems such termination necessary or appropriate.

Representatives of Tarvaran, Askelson & Company, LLP will be present at the Annual Meeting, or available by telephone, and will have an opportunity to make a statement if they so desire and to respond to appropriate questions from stockholders.

Required Vote and Recommendation

Ratification of the selection of Tarvaran, Askelson & Company, LLP as the Company’s independent auditors for the fiscal year ending December 31, 2013 requires the affirmative vote of a majority of the shares present or represented by proxy and entitled to vote at the Annual Meeting. Under Nevada law and the Company’s Articles of Incorporation and Bylaws, an abstention will have the same legal effect as a vote against the ratification of Tarvaran, Askelson & Company, LLP, and each broker non-vote will reduce the absolute number, but not the percentage, of affirmative votes necessary for approval of the ratification. Unless otherwise instructed on the proxy or unless authority to vote is withheld, shares represented by executed proxies will be voted “FOR” the ratification of Tarvaran, Askelson & Company, LLP as the Company’s independent auditors for the fiscal year ending December 31, 2013.

The Board of Directors recommends that stockholders vote “FOR” the ratification of the selection of Tarvaran, Askelson & Company, LLP as the Company’s independent auditors for the fiscal year ending December 31, 2013.

EXECUTIVE OFFICERS

The following table sets forth information regarding the executive officers of the Company:

Name	Age	Title
John Wilson	49	Chief Executive Officer, President, Director
Michael Abrams	43	Chief Financial Officer, Director

The Chief Executive Officer and other officers of the Company hold their respective offices at the discretion of the Board. The background and principal occupations of each of our executive officers are set forth on in Proposal No. 1 on page 4.

Indemnification of Officers and Directors

As permitted by Nevada law, Bond Laboratories will indemnify its directors and officers against expenses and liabilities they incur to defend, settle, or satisfy any civil or criminal action brought against them on account of their being or having been Company directors or officers unless, in any such action, they are adjudged to have acted with gross negligence or willful misconduct.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth information concerning the compensation paid to the Company's Chief Executive Officer, and the Company's two most highly compensated executive officers other than its Chief Executive Officer, who were serving as executive officers as of December 31, 2012 and whose annual compensation exceeded \$100,000 during such year (collectively the "Named Executive Officers"). During the year ended December 31, 2012, only our Chief Executive Officer and our Chief Financial Officer qualify as Named Executive Officers.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary Earned and Bonus (\$)	Stock Awards (\$)	Option Award(s) (\$)	Non-Equity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total Compensation (\$)
John S. Wilson Chief Executive Officer, President and Director	2012	\$ 275,615	\$ 15,000	\$ 16,174	\$	\$	\$	-\$ 306,789
	2011	\$ 175,000	\$ 36,000	\$ 18,792	\$	\$	\$	-\$ 229,792
Michael Abrams Chief Financial Officer and	2012	\$ 26,962	\$	-\$ 3,235	\$	\$	\$ 162,000	\$ 192,197
	2011	\$	-\$	-\$	\$	\$	\$ 170,000	\$ 170,000

Director

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Employment Agreements

John Wilson. Mr. John Wilson currently serves as the Company's Chief Executive Officer pursuant to the terms of an Employment Agreement by and between the Company and Mr. Wilson dated December 31, 2009 as amended on April 13, 2012. The Employment Agreement provides that Mr. Wilson shall serve the Company in the capacity of its Chief Executive Officer through June 30, 2014, for an annual base salary of \$211,000, plus bonuses paid in the discretion of the Board of Directors. The Employment Agreement is also subject to standard terms and provisions consistent with agreements of such type.

Michael Abrams. Mr. Michael Abrams currently serves as the Company's Chief Financial Officer pursuant to the terms of an Employment Agreement, effective May 1, 2013. Under the terms of the Employment Agreement, Mr. Abrams serves as the Company's Chief Financial Officer through May 1, 2016, for an annual base salary of \$200,000, plus bonuses paid in the discretion of the Board of Directors. The Employment Agreement also is subject to standard terms and provisions consistent with agreements of such type. Prior to May 1, 2013, Mr. Abrams served the Company in the capacity of Interim Chief Financial Officer under the terms of a Consulting Agreement for Services ("Agreement") by and between the Company and Burnham Hill Advisors LLC ("BHA"), dated as of August 25, 2012, which Agreement was terminated upon execution of the Employment Agreement by the Company and Mr. Abrams. Under the terms of the Agreement, BHA acted as a financial and corporate strategy consultant to the Company. The Agreement, as amended, provided that Mr. Abrams would serve in the capacity of the Company's Interim Chief Financial Officer through August 25, 2013, the termination date of the Agreement, unless the Company's Board of Directors appoints a permanent Chief Financial Officer.

Stock Options and Warrants

The Company has adopted the 2010 Stock Incentive Plan ("2010 Plan"), pursuant to which the Company may issue stock options and other equity-based awards to officers, directors, consultants and employees. As of December 31, 2012, an aggregate of 1.2 million options were outstanding under the plan, of which 1.0 million were issued to John Wilson and 100,000 were issued to Michael Abrams.

At December 31, 2012, a total of 8,863,917 warrants to purchase shares of common stock were issued and outstanding. Of that amount, 1,332,500 were held by John Wilson. Specifically, Mr. Wilson held warrants to purchase approximately 1,000,000 shares of common stock at an exercise price of \$0.15, and 332,500 shares of common stock at an exercise price of \$0.30. No other warrants were issued to or held by any other officers and/or directors of the Company.

Outstanding equity awards held by named executive officers at fiscal 2012 year-end, are shown in the following table:

Outstanding Equity Awards at Year End December 31, 2012

Name	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
John S. Wilson CEO, President and Director	1,000,000	-	-	0.15	12/31/13	-	-	-	-
	333,333	166,667	(1) 166,667	0.10	05/19/16	166,667	15,000	166,667	15,000
	166,887	333,333	(2) 333,333	0.09	04/13/17	333,333	29,999	333,333	29,999
Michael Abrams CFO and Director	100,000	-	-	0.09	04/13/17	-	-	-	-

(1) Options vest 33.3% each year from May 15, 2011, the date of grant.

(2) Options vest 33.3% each year from April 13, 2012, the date of grant.

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The Compensation Committee determined that 2014 annual cash bonuses should be based on two company-wide metrics and one individual-based metric. Each is described below and remains generally unchanged from the metrics underlying the Trust's 2013 cash bonus plan: (1) adjusted funds from operations, or AFFO, per share, (2) the growth of room revenue per available room, or RevPAR, and (3) individual performance objectives. At the beginning of the year, the Compensation Committee established goals for threshold, target and maximum levels of performance for each metric. After the end of the year, the Compensation Committee evaluated the Trust's and each executive's performance against the goals to determine earned cash bonus amounts. Amounts earned were interpolated in cases where performance was between the threshold and target, or target and maximum, levels.

AFFO Per Share (Weight: 60%): The Trust believes that AFFO (determined by adjusting the Trust's FFO as calculated in accordance with standards established by the National Association of Real Estate Investment Trusts (NAREIT), to add back hotel acquisition costs and non-cash amortization of certain non-cash items, including intangible assets and unfavorable contract liabilities), represents the best financial metric by which to evaluate the Trust's core operating results. Accordingly, the Compensation Committee determined that 60% of the overall cash bonus for each executive officer would be based upon the level of AFFO per share generated by the Trust during 2014. The Compensation Committee initially set the threshold, target and maximum levels of AFFO per share at \$1.80, \$1.95 (the mid-point of the AFFO per share guidance issued by the Trust in January 2014) and \$2.10, respectively, subject in each case to adjustment in the discretion of the Compensation Committee to give effect to the impact of any significant events or transactions that were not pending at the time the 2014 cash bonus plan was adopted. For 2014, the Compensation Committee evaluated significant events and transactions including, but not limited to, the Trust's 2014 acquisition and disposition activity, its common equity offering and its debt financing activities, and determined that, giving effect to the impact of all of the considered events and transactions, the Trust's 2014 operations generated AFFO per share of \$2.00, between the target and maximum performance levels initially set.

RevPAR Growth Compared to Industry-wide Performance (Weight: 20%). The Compensation Committee believes that a significant indicator of the Trust's 2014 performance will be the growth of RevPAR generated by the Trust's hotels compared to that generated by hotels operating in the respective segments of the U.S. lodging industry in which the Trust's hotels are positioned. Accordingly, the Compensation Committee determined that 20% of the overall 2014 cash bonus for each executive officer would be based upon a comparison of 2014 RevPAR growth achieved at the Trust's 17-hotel portfolio, excluding results associated with the W Chicago Lakeshore, the Le Meridien New Orleans, and the Hyatt Herald Square New York due to planned comprehensive renovations at those hotels during 2014, compared against the weighted-average (calculated on the basis of the number of rooms the Trust has in each segment) 2014 RevPAR growth reported by STR, Inc. (STR) for the respective segments as a whole, which was 7.5% for 2014. For purposes of the 2014 cash bonus plan, the Compensation Committee determined that threshold performance for this metric would be achieved if the Trust's 2014 RevPAR growth were to achieve the STR weighted average, less 1%; target performance would be achieved if the Trust's 2014 RevPAR growth were to achieve the STR weighted average; and maximum performance would be achieved if the Trust's 2014 RevPAR growth were to achieve the STR weighted average, plus 1%. The Trust's 2014 RevPAR growth as determined for this purpose was 9.0%, which exceeded the maximum level for this metric of 8.5%.

Individual Performance Goals (Weight: 20%). In addition to company-wide performance metrics of AFFO per share and RevPAR growth, the Compensation Committee believes that individual performance goals relative to pre-determined objectives should play a role in the cash bonus payable to each executive officer. Accordingly, the Compensation Committee determined that 20% of the overall cash bonus for each executive officer in 2014 would be based upon each executive officer's achievement of such individual performance goals. The Compensation Committee approved performance goals for each of the Trust's executive officers, with the Compensation Committee retaining full discretion in respect of all amounts awarded under this portion of the 2014 cash bonus plan. Individual performance goals included, where appropriate, operational goals for the Trust and the respective functions over which each executive has operational or overall responsibility; monitoring and

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expanding internal programs in support of the Trust's strategic plan; monitoring the Trust's hotel portfolio to ensure that each hotel is efficiently operated and managed; evaluating and executing on renovation and repositioning opportunities with respect to each hotel; maintaining and expanding investor and industry relationships; undertaking leadership initiatives; and other significant qualitative objectives. No executive officer was guaranteed an award and, if performance was unsatisfactory, no bonus would be paid under the individual performance criterion of the 2014 cash bonus plan. The Compensation Committee did not rely on any one particular objective or formula in determining appropriate 2014 cash bonus levels, but rather on what the Compensation Committee considered to be value-added quantitative and qualitative goals in furtherance of our compensation principles. The Compensation Committee considered the following accomplishments by the Trust and the named executive officers in 2014 in reaching its decision on the amounts to be paid pursuant to the individual bonus criteria of the 2014 cash bonus plan:

We closed 2014 with our common shares trading at an all-time high share price and an equity market capitalization in excess of \$2.0 billion;

We generated a 53.0% total return for holders of our common shares during 2014, which was the highest total return of all 18 lodging REITs and the third highest return among all REITs with a market capitalization over \$250 million, and far outdistanced the 13.7% and 10.0% total returns generated by the S&P 500 Index and the Dow Jones Industrial Average, respectively, during 2014;

We successfully completed a follow-on equity offering of common shares resulting in net proceeds of approximately \$143.9 million at the highest price and tightest discount to prior close of any offering the Trust had completed to date;

We sold the 153-room Courtyard Anaheim at Disneyland Resort hotel for \$32.5 million on September 30, 2014, generating a strong unleveraged internal rate of return that exceeded our underwriting at the time of our initial acquisition of the hotel;

We deployed the proceeds from the equity offering and the hotel sale to acquire the 337-room JW Marriott San Francisco Union Square, our fourth hotel in the San Francisco market, one of the best performing hotel markets in the country and one that we believe is well positioned for future growth;

We successfully refinanced the loan encumbering the Hyatt Herald Square New York and the Hyatt Place New York Midtown South with a new 10-year, \$90.0 million loan that bears a fixed annual rate of interest of 4.30%;

Achieved pro forma RevPAR growth of 9.5% for our hotel portfolio (excluding three hotels which were undergoing comprehensive renovations during 2014), outperforming the 8.3% increase in RevPAR for the overall U.S. lodging industry, as reported by STR, and significantly increased hotel profitability and margins during 2014 as a result of our asset management efforts;

We significantly enhanced the quality of our hotel portfolio during 2014. Our work during 2014 consisted of three major repositionings for a total expected cost of \$70 million, including the two largest projects in the Trust's history, the comprehensive renovation of the W Chicago Lakeshore and the comprehensive renovation and re-branding of the hotel formerly known as the W New Orleans as the Le Meridien New Orleans. We also completed the re-branding of the Hyatt Herald Square New York, raising the property from its former midscale positioning to an upper-upscale hotel following a thorough renovation of the guestrooms, lobby and public space and new restaurant and bar concept, among other changes, and pursued smaller projects at several other hotels, including the Denver Marriott City Center, the Courtyard Washington Capitol Hill/Navy Yard and certain other hotels in Boston and San Francisco; and

Our investor relations efforts, including one-on-one meetings as well as numerous property tours for investors, analysts and lenders, continued throughout 2014 and have resulted in an expanded shareholder base and generated positive sentiment from the analyst community. Based on the foregoing, the Compensation Committee awarded each of the named executive officers the maximum payable amount under the individual performance criteria of the 2014 cash bonus plan.

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Equity awards. The Compensation Committee has implemented a long-term equity incentive compensation program designed with the dual objectives of fostering strong alignment between the Trust's executive officers and shareholders and providing material incentives to the Trust's executive officers to take actions to enhance the Trust's TSR. The program is composed of annual awards of both time-based restricted shares vesting ratably over a multi-year period and performance-based restricted shares vesting, if at all, based on the Trust's TSR relative to those generated by the SNL US REIT Hotel Index prepared by SNL Financial LC (the Index). For 2014, the long-term equity incentive compensation program was modified in accordance with the competitive analysis provided by Cook & Co. such that 50% of the grant-date fair value of each executive's annual equity grant was provided in the form of performance-based restricted share awards. Further detail regarding the awards granted under the program is set forth below under Grants of Plan-Based Awards and Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table.

Health and welfare benefits and perquisites. All eligible employees are able to participate in our 401(k) plan. We provide this plan to help our employees save some amount of their cash compensation for retirement in a tax efficient manner. Under the 401(k) plan, employees are eligible to defer a portion of their eligible compensation, and we make a matching contribution up to 4% of eligible compensation. We currently do not provide an option for our employees to invest in our common shares through the 401(k) plan.

We provide a competitive benefits package to all full-time employees, which includes health and welfare benefits, such as medical, dental, disability insurance and life insurance benefits. The plans under which these benefits are offered do not discriminate in scope, terms or operation in favor of officers and trustees and are available to all full-time employees. Messrs. Francis, Vicari and, beginning in 2015, Mr. Adams, also receive certain perquisites, as described more fully under Employment Agreements.

Post-termination pay. As described more fully under Employment Agreements, we have entered into employment contracts with each of our named executive officers that provide the officers with compensation if they are terminated without cause, they leave the Trust with good reason or their employment terminates in certain circumstances following a change in control. We believe these common protections promote our ability to attract and retain management and assure us that our executive officers will continue to be dedicated and available to provide objective advice and counsel notwithstanding the possibility, threat or occurrence of a change in their circumstances or in the control of the Trust.

Tax considerations

Section 162(m) of the Internal Revenue Code may limit the deductibility on our tax return of compensation over \$1 million to any of our named executive officers unless, in general, the compensation is paid pursuant to a plan which is performance-related, non-discretionary and has been approved by our shareholders, such as our Equity Plan. Because we are a REIT that generally does not pay U.S. federal income taxes, the practical effects if Section 162(m) were determined to be applicable to the compensation paid to our named executive officers would be increases in our taxable income and corresponding increases in amounts we would be required to be distributed to comply with the REIT qualification requirements and eliminate our U.S. federal income tax liability at the REIT level. Our Compensation Committee's policies and practices are not directly guided by considerations relating to Section 162(m), and we may award non-deductible compensation in certain circumstances as we deem appropriate. The base salaries, certain amounts paid to our named executive officers under our annual cash bonus plan and amounts associated with grants of time-based restricted shares may not qualify under these criteria, and accordingly some compensation paid to the named executive officers each year may not be deductible under Section 162(m).

Executive officer share ownership guidelines

We have adopted share ownership guidelines for our executive officers. We believe that encouraging our executive officers to attain and maintain a meaningful ownership interest in the Trust relative to his

or her annual base salary is in the best interest of the Trust and its shareholders and is likely to further encourage each executive officer to act in a manner that creates value for our shareholders.

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Pursuant to the guidelines, the Board recommends that each of our existing executive officers should own shares having an aggregate value equal to or greater than the multiple of his base salary as shown in the following table.

Officer	Multiple of Annual Base Salary
James L. Francis, <i>President and Chief Executive Officer</i>	5x
Douglas W. Vicari, <i>Executive Vice President and Chief Financial Officer</i>	3x
D. Rick Adams <i>Executive Vice President and Chief Operating Officer</i>	3x
Graham J. Wootten <i>Senior Vice President, Chief Accounting Officer and Secretary</i>	3x

Our executive officers' ownership of common shares, restricted shares subject to time-based vesting and other equity securities we may grant in the future all will count toward the recommended level of share ownership, but awards of restricted shares subject to performance-based vesting that have not vested will not count toward the recommended level of share ownership until the shares vest. Any newly named executive officer will have five years from the time of joining the Trust to attain the recommended level of share ownership. As of December 31, 2014, all of our named executive officers met the recommended level of share ownership and are expected to maintain such ownership positions in the future. Because the Board determined that each named executive officer has met the recommended level of share ownership as of December 31, 2014, declines in the market value of those shares following the Board's determination will not change that determination.

Hedging, short-selling and pledging policy

As part of the Trust's continuing efforts to improve and strengthen its corporate governance efforts and align them with best practices, in 2013, the Trust adopted a hedging, short-selling and pledging policy that prohibits the Trust's employees and trustees from: (i) purchasing financial instruments that are designed to hedge the Trust's securities or offset any fluctuations in the market value of the Trust's securities, (ii) purchasing the Trust's shares on margin and (iii) selling any securities of the Trust short.

The policy also prohibits employees and trustees from directly or indirectly pledging the Trust's securities as collateral for a loan. These prohibitions apply whether or not such securities were acquired through the Trust's equity compensation programs.

2015 compensation outlook

As disclosed in a Form 8-K filed on January 30, 2015, the Compensation Committee has determined that the Trust's executive compensation program for 2015 should remain generally consistent with the 2014 program, again targeting an appropriate mix of cash and equity-based compensation, with a significant portion of each executive officer's total compensation opportunity linked to achievement of performance objectives approved by the Compensation Committee over one- and three-year periods.

Table of Contents**Report of the Compensation Committee**

The Compensation Committee of the Board of Trustees of Chesapeake Lodging Trust has reviewed and discussed with management the foregoing Compensation Discussion and Analysis. Based on this review and discussion, the Compensation Committee recommended to the Board of Trustees that the Compensation Discussion and Analysis be included in this proxy statement and incorporated by reference into the Trust's Annual Report on Form 10-K for the year ended December 31, 2014. This report is provided by the following independent trustees, who comprise the Compensation Committee:

THE COMPENSATION COMMITTEE

John W. Hill

Thomas A. Natelli

Thomas D. Eckert

Summary Compensation Table

The following table sets forth the annual base salary and other compensation paid to our named executive officers in 2014, 2013 and 2012.

Name and Principal Position	Year	Salary	Bonus ⁽¹⁾	Share	Non-Equity	All Other Compensation ⁽³⁾	Total
				Awards	Incentive Plan Compensation		
James L. Francis	2014	\$ 750,000	\$ 300,000	\$ 2,950,000	\$ 891,538	\$ 25,496	\$ 4,917,034
<i>President and Chief</i>	2013	\$ 700,000	\$ 280,000	\$ 4,437,393	\$ 607,685	\$ 25,296	\$ 6,050,374
<i>Executive Officer</i>	2012	\$ 700,000	\$ 280,000	\$ 2,036,000	\$ 1,049,312	\$ 25,078	\$ 4,090,390
Douglas W. Vicari	2014	\$ 475,000	\$ 142,500	\$ 1,200,000	\$ 423,481	\$ 10,496	\$ 2,251,477
<i>Executive Vice President and</i>	2013	\$ 475,000	\$ 142,500	\$ 1,758,344	\$ 307,323	\$ 10,296	\$ 2,693,463
<i>Chief Financial Officer</i>	2012	\$ 475,000	\$ 142,500	\$ 739,068	\$ 534,025	\$ 10,078	\$ 1,900,671
D. Rick Adams	2014	\$ 400,000	\$ 120,000	\$ 1,200,000	\$ 356,615	\$ 10,496	\$ 2,087,111
<i>Executive Vice President and</i>	2013	\$ 400,000	\$ 100,000	\$ 1,758,344	\$ 224,349	\$ 10,296	\$ 2,492,989
<i>Chief Operating Officer</i>	2012	\$ 350,000	\$ 87,500	\$ 739,068	\$ 328,794	\$ 10,078	\$ 1,515,440
Graham J. Wootten	2014	\$ 300,000	\$ 78,000	\$ 625,000	\$ 231,800	\$ 10,496	\$ 1,245,296
<i>Senior Vice President, Chief</i>	2013	\$ 252,000	\$ 42,840	\$ 666,767	\$ 103,713	\$ 10,296	\$ 1,075,616
<i>Accounting Officer and Secretary</i>	2012	\$ 240,000	\$ 40,800	\$ 280,968	\$ 154,717	\$ 10,078	\$ 726,563

(1) Represents cash bonuses awarded by the Compensation Committee to Messrs. Francis, Vicari, Adams and Wootten pursuant to our cash bonus plans for each year in recognition of the achievement by each of his individually designed management business objectives.

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- (2) Represents cash incentive compensation amounts earned by Messrs. Francis, Vicari, Adams and Wootten pursuant to our cash bonus plans for each year. For information on how the amounts were determined, see Compensation Discussion and Analysis Elements of 2014 executive compensation Annual cash bonus and Grants of Plan-Based Awards.
- (3) Amounts reported in this column include (i) \$15,000 paid in 2014 to Mr. Francis pursuant to his employment agreement for reimbursement of certain financial planning services; (ii) matching contributions to the 401(k) accounts of Messrs. Francis, Vicari, Adams and Wootten in 2014 of \$10,400 each, respectively; and (iii) life insurance premiums paid by the Trust.

Table of Contents**Grants of Plan-Based Awards**

The following table sets forth the bonuses payable under our 2014 cash bonus plan and the awards of restricted shares granted to each of our named executive officers in 2014 under our Equity Plan.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards ⁽¹⁾			Estimated Future Payouts Under Equity Incentive Plan Awards ⁽⁵⁾			All Other Stock Awards: Number of Shares of Stock or Units ⁽⁷⁾	Grant-Date Fair Value of Stock and Option Awards ⁽⁸⁾
		Threshold ⁽²⁾	Target ⁽³⁾	Maximum ⁽⁴⁾	Threshold	Target	Maximum ⁽⁶⁾		
James L. Francis	1/29/2014	\$ 75,000	\$ 600,000	\$ 1,200,000					
	1/29/2014							62,553	\$ 1,475,000
	1/29/2014				41,056		164,224		\$ 1,475,000
Douglas W. Vicari	1/29/2014	\$ 33,250	\$ 285,000	\$ 570,000					
	1/29/2014							25,445	\$ 600,000
	1/29/2014				16,701		66,803		\$ 600,000
D. Rick Adams	1/29/2014	\$ 28,000	\$ 240,000	\$ 480,000					
	1/29/2014							25,445	\$ 600,000
	1/29/2014				16,701		66,803		\$ 600,000
Graham J. Wootten	1/29/2014	\$ 18,000	\$ 156,000	\$ 312,000					
	1/29/2014							13,253	\$ 312,500
	1/29/2014				8,698		34,793		\$ 312,500

- (1) Represents amounts payable under our 2014 cash bonus plan based upon achievement of the AFFO per share metric and the RevPAR growth metric. For actual amounts paid to each named executive officer under our 2014 cash bonus plan, see Compensation Discussion and Analysis Elements of 2014 executive compensation Annual cash bonus and Summary Compensation Table.
- (2) Represents amounts payable under our 2014 cash bonus plan if the threshold level had been achieved for only the RevPAR growth metric, which comprises 20% of the overall amount that can be awarded under the plan.
- (3) Represents amounts payable under our 2014 cash bonus plan if the target level had been achieved for both the AFFO per share metric and the RevPAR growth metric.
- (4) Represents amounts payable under our 2014 cash bonus plan if the maximum level had been achieved for both the AFFO per share metric and the RevPAR growth metric.
- (5) Represents performance-based restricted share awards that will vest upon our achievement of specified performance metrics. See Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table 2014 Performance-based Restricted Shares.
- (6) The maximum amount of performance-based restricted share awards eligible to vest on December 31, 2016 is further limited in accordance with the terms set forth below under Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table 2014 Performance-based Restricted Shares. The maximum value that may be earned under the 2014 performance-based restricted share grant is 1.75 times the starting share price multiplied by the maximum number of shares granted to each executive.
- (7) Represents time-based restricted share awards, each of which will vest as to one third of the award per year on each of the first three anniversaries of the grant date.
- (8) Represents the estimated grant-date fair value of the restricted share awards.

Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table

Overview of the Long-Term Equity Incentive Plan

As described above, the Trust's long-term equity incentive compensation program is composed of annual awards of both time-based restricted shares vesting ratably over a multi-year period and performance-based restricted shares vesting, if at all, based on the Trust's TSR relative to those generated by the Index. All of the

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awards are granted pursuant to the Trust’s Equity Plan. For the awards made in 2012 and 2013, the Compensation Committee approved a fixed number of shares, 50% of which were granted as time-based restricted shares vesting ratably over four years, and 50% of which represented the maximum number of shares that may be earned pursuant to each performance-based restricted share award. For 2014, the long-term equity incentive compensation program was modified such that 50% of the grant-date fair value of each executive’s annual equity grant was provided in the form of performance-based restricted share awards. The following summarizes the terms of each component of the long-term equity incentive compensation program and the awards granted under the program in 2014.

2014 Time-based Restricted Shares

The time-based restricted shares granted in January 2014 vest in equal annual installments on each of the first three anniversaries of the grant date. Vesting accelerates upon termination due the participant’s death or disability or upon termination without cause not in connection with a change in control. Vesting also accelerates upon a change in control (i.e., Corporate Transaction), if either the successor entity does not assume or substitute equivalent securities, or the participant experiences an Involuntary Termination (i.e., termination by the Trust without Cause or by participant with Good Reason as defined in employment agreements) within 12 months following the change in control.

2014 Performance-based Restricted Shares

The performance-based restricted shares granted in January 2014 vest based on the Trust’s TSR relative to the total return of the Index over a three-year performance period ending December 31, 2016 (the Performance Period). The actual number of performance-based restricted shares that vest at the end of the Performance Period will be determined by comparing the Trust’s TSR to the total return of the Index over the Performance Period. For this purpose, the Trust’s TSR shall be calculated as follows:

$$\text{TSR} = \frac{(\text{December 31, 2016 Share Price} * \text{Adjusted Share Count})}{\text{December 31, 2013 Share Price}}$$

The term **Adjusted Share Count** means one share plus the number of shares received in connection with the assumed reinvestment of all dividends paid during the period at the closing price of the Trust’s common shares on the ex-dividend date for each such dividend.

The term **Share Price** means, as of a particular date, the arithmetic mean of the closing share price as reported by the NYSE over the ten (10) consecutive trading days prior to, and including, such date (or, if such date is not a trading day, the most recent trading day immediately preceding such date). The total return generated by the Index will be calculated using a ten (10) consecutive trading day averaging period similar to the Trust’s TSR calculation.

If the Trust’s TSR is positive for the Performance Period, the performance-based restricted shares will vest only as follows, with linear interpolation for performance between 67% and 100%, and between 100% and 133% of the Index:

Trust TSR as % of	
SNL US REIT Hotel Index Total Return	Payout (% of Maximum)
<67%	0%
67%	25%
100%	50%

³133%

100%

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If the Trust's TSR is negative for the Performance Period, no performance-based restricted shares will vest. If the Trust's TSR is positive for the Performance Period and the total return produced by the Index is negative, 100% of the performance-based restricted shares subject to vesting will vest. The maximum value that may be earned under the 2014 performance-based restricted share grant is 1.75 times the starting share price multiplied by the maximum number of shares granted to each executive.

Vesting accelerates at the maximum level upon termination due to the participant's death or disability or upon termination without cause not in connection with a change in control. Vesting also accelerates upon a Corporate Transaction, if either the successor entity does not assume or substitute equivalent securities, or the participant experiences an Involuntary Termination within 12 months following the change in control.

2013 Time-based Restricted Shares

Time-based restricted shares granted prior to 2014 vest in equal annual installments on each of the first four anniversaries of the grant date. Vesting accelerates upon termination due to the participant's death or disability or upon termination without cause not in connection with a change in control. Vesting also accelerates upon a Corporate Transaction, if either the successor entity does not assume or substitute equivalent securities, or the participant experiences an Involuntary Termination within 12 months following the change in control.

2013 Performance-based Restricted Shares

Performance-based restricted shares granted prior to 2014 vest based on the Trust's TSR relative to the total return of the Index. For the 2013 performance-based awards, one quarter of the shares are eligible to vest in each year from 2013 through 2016, based on the Trust's annual TSR for the year relative to the total return of the Index. At the end of the four-year period, any shares not earned in each prior year may still be earned based on the Trust's cumulative TSR relative to the total return of the Index for the full four-year period. The payout schedule for both annual and cumulative measurement is as follows, with linear interpolation for performance between 67% and 100%, and between 100% and 133% of the Index:

Trust TSR as % of

SNL US REIT Hotel Index Total Return	Payout (% of Maximum)
<67%	0%
67%	25%
100%	50%
133%	100%

If the total return of the Index and the Trust's TSR are both negative, payout is 100% of the award if the Trust's TSR exceeds 133% of the Index's total return, but 0% payout if the Trust's TSR is less than 133% of the Index's total return. Vesting accelerates at the maximum level upon termination due to the participant's death or disability or upon termination without cause not in connection with a change in control. Vesting also accelerates upon a Corporate Transaction, if either the successor entity does not assume or substitute equivalent securities, or the participant experiences an Involuntary Termination within 12 months following the change in control.

Table of Contents**Outstanding Equity Awards at Fiscal Year End**

The following table sets forth information with respect to outstanding equity awards held by our named executive officers as of December 31, 2014. Market values have been determined based on the closing price of our common shares on December 31, 2014 of \$37.21 per share.

Outstanding Equity Awards at Fiscal Year End

Name		Number of Common Shares That Have Not Vested	Market Value of Shares That Have Not Vested	Equity Incentive Plan Awards:		
				Equity Incentive Plan Awards: Number of Unearned Shares That Have Not Vested	Market or Payout Value of Unearned Shares That Have Not Vested	
James L. Francis	(1)	110,000	\$ 4,093,100			
	(2)	62,553	\$ 2,327,597			
				(3)	112,378	\$ 4,181,585
				(4)	164,224	\$ 6,110,775
Douglas W. Vicari	(1)	42,900	\$ 1,596,309			
	(2)	25,445	\$ 946,808			
				(3)	43,266	\$ 1,609,928
				(4)	66,803	\$ 2,485,740
D. Rick Adams	(1)	42,900	\$ 1,596,309			
	(2)	25,445	\$ 946,808			
				(3)	43,266	\$ 1,609,928
				(4)	66,803	\$ 2,485,740
Graham J. Wootten	(1)	16,275	\$ 605,593			
	(2)	13,253	\$ 493,144			
				(3)	16,420	\$ 610,988
				(4)	34,793	\$ 1,294,648

- (1) Amounts shown represent the number of time-based restricted shares granted to each executive officer prior to 2014 that had not vested as of December 31, 2014. For awards granted prior to 2014, such awards vest ratably on each of the first four anniversaries of the grant date in accordance with the terms set forth above under Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table 2013 Time-based Restricted Shares. Subsequent to December 31, 2014, the following time-based restricted shares vested: Mr. Francis: 20,000 shares; Messrs. Vicari and Adams: 8,250 shares; and Mr. Wootten: 3,125 shares. The remaining time-based restricted shares vest as follows: Mr. Francis: 25,000 shares in each of December 2015 and 2016, and 20,000 shares in each of January 2016 and 2017; Messrs. Vicari and Adams: 9,075 shares in each of December 2015 and 2016, and 8,250 shares in each of January 2016 and 2017; and Mr. Wootten: 3,450 shares in each of December 2015 and 2016, and 3,125 shares in each of January 2016 and 2017.
- (2) Amounts shown represent the number of time-based restricted shares granted to each executive officer in January 2014 that had not vested as of December 31, 2014. Awards granted in January 2014 vest ratably on each of the first three anniversaries of the grant date in accordance with the terms set forth above under Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table 2014 Time-based Restricted Shares. Subsequent to December 31, 2014, the following time-based restricted shares vested: Mr. Francis: 20,851 shares; Messrs. Vicari and Adams: 8,482 shares; and Mr. Wootten: 4,418 shares. The remaining time-based restricted shares vest as follows: Mr. Francis: 20,851 shares in each of January 2016 and 2017; Messrs. Vicari and

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Adams: 8,482 in January 2016 and 8,481 in January 2017; and Mr. Wootten: 4,418 in January 2016 and 4,417 in January 2017.

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- (3) Amounts shown represent the number of performance-based restricted shares granted to each executive officer prior to 2014 that had not vested as of December 31, 2014, assuming in each case achievement of the maximum level of performance. A portion of such performance-based restricted shares granted to each executive officer were eligible for vesting at December 31, 2014 and the remainder will be eligible for vesting at December 31, 2015 and 2016, in accordance with the terms set forth above under Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table 2013 Performance-based Restricted Shares. Assuming the Trust achieves the maximum levels of performance each year, the remainder of the performance-based restricted shares shall vest as follows: Mr. Francis: 45,000 shares at each of December 31, 2015 and 2016; Messrs. Vicari and Adams: 17,325 shares at each of December 31, 2015 and 2016; and Mr. Wootten: 6,575 shares at each of December 31, 2015 and 2016. In addition, if the Trust achieves the maximum cumulative TSR relative to the Index for the full four-year period ending December 31, 2016, the shares that did not vest at December 31, 2013 shall vest at December 31, 2016 as follows: Mr. Francis: 22,378 shares; Messrs. Vicari and Adams: 8,616 shares; and Mr. Wootten: 3,270 shares.
- (4) Amounts shown represent the number of performance-based restricted shares granted to each executive officer in January 2014 that had not vested as of December 31, 2014, assuming achievement of the maximum level of performance. These shares will be eligible for vesting at December 31, 2016, in accordance with the terms set forth above under Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table 2014 Performance-based Restricted Shares.

Option Exercises and Shares Vested

The Trust has not granted any option awards to its named executive officers. Time-based and performance-based restricted share awards were granted to the named executive officers as described above under Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table. The table below sets forth information regarding the vesting of such restricted shares in 2014.

Name	Restricted Share Awards	
	Number of Shares Acquired on Vesting	Value Realized on Vesting
James L. Francis	90,000	\$ 3,072,700
Douglas W. Vicari	34,650	\$ 1,175,741
D. Rick Adams	34,650	\$ 1,175,741
Graham J. Wootten	13,150	\$ 446,284

Equity Plan Information

We have adopted an Equity Plan, which provides for the issuance of equity-based awards, including share options, share appreciation rights (SARs), restricted shares, share units, unrestricted shares and other awards based on our common shares that may be granted by us to our trustees and employees and to our advisors and consultants who are providing services to us as of the grant date. The following table summarizes information, as of December 31, 2014, relating to the Equity Plan pursuant to which awards of options, restricted shares, restricted units or other rights to acquire shares may be granted from time to time.

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights ⁽¹⁾	Weighted-average Exercise Price of Outstanding Options, Warrants	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans
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and Rights

Equity compensation plans approved by security holders	547,953	1,558,223
Equity compensation plans not approved by security holders		
Total	547,953	1,558,223

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- (1) The amount shown represents performance-based restricted shares which will vest, if at all, based on the Trust's TSR, measured at performance levels and over performance periods determined by the Compensation Committee relative to the total return of the SNL US REIT Hotel Index. The amount shown includes the maximum number of performance-based restricted shares payable if the maximum level of relative TSR is achieved by the Trust over each remaining performance period for unvested performance-based restricted share awards outstanding at December 31, 2014.

Employment Agreements

On January 27, 2015, in connection with its regular review of the Trust's executive compensation program, the Compensation Committee approved and the Trust entered into new employment agreements with Messrs. Francis, Vicari, Adams and Wootten, in each case replacing the agreements previously delivered with each such officer in connection with his employment following the Trust's initial public offering in 2010. The terms of the new employment agreements generally remain consistent with the terms established in 2010, but have been updated to give effect to the passage of time, the development of the Trust's executive compensation program and Mr. Adams' promotion.

The new agreements provide for an annual minimum base salary established at 2015 levels, payable in approximately equal semi-monthly installments. The new agreements for Messrs. Francis, Vicari and Adams provide for a term ending January 27, 2017, and Mr. Wootten's agreement provides for a term ending January 27, 2016, with each such term extended automatically for an additional year on each anniversary of the date of the agreement unless either party gives 90 days' prior notice of non-renewal.

Each of these executives is entitled to receive benefits under the agreements if (1) we terminate the executive's employment without cause, or (2) if there is a change in control during the term of the agreements and the executive resigns for good reason or is terminated without cause within 12 months following such change in control. Under these scenarios, each of the executives is entitled to receive (1) any accrued but unpaid salary and bonuses under the Trust's then-current annual cash bonus plan, (2) reimbursement for any outstanding reasonable business expense, (3) vesting as of the executive's last day of employment of any unvested options or restricted shares previously granted to the executive, (4) continued life and health insurance as described below, and (5) a severance payment calculated as described below. The term "cause" includes termination due to fraud, misappropriation or embezzlement, the conviction of any felony, breach of fiduciary duties, and breach of any material term of the employment agreement. The term "good reason" includes termination due to a substantial diminution of duties, relocation beyond fifty (50) miles from the Trust's address, and a substantial reduction in base salary and other compensation other than as a result of the Trust's failure to achieve performance targets.

If we terminate the executive without cause the severance payment is equal to two times in the case of Messrs. Francis, Vicari and Adams, or one times in the case of Mr. Wootten, his then current salary plus two times in the case of Messrs. Francis, Vicari and Adams, or one times in the case of Mr. Wootten, the greater of (1) the average of all bonuses paid to them during the preceding 36 months and (2) the most recent bonus paid to the executive. In addition, the executive is eligible to receive payment of life and health insurance coverage for a period of 24 months for Messrs. Francis, Vicari and Adams, and 12 months for Mr. Wootten, following such executive's termination of employment.

If there is a change in control during the term of the agreements and within 12 months following a change in control, we terminate the executive without cause or he resigns for good reason, the severance payment is equal to three times in the case of Messrs. Francis, Vicari and Adams, or two times in the case of Mr. Wootten, his then current salary plus three times in the case of Messrs. Francis, Vicari and Adams, or two times in the case of Mr. Wootten, the greater of (1) the average of all bonuses paid to the executive during the preceding 36 months and (2) the most recent bonus paid to the executive. In addition, in the event of a termination or resignation following a change in control as described above, the executive will be eligible to receive payment of life and health insurance coverage for a period of 36 months for Messrs. Francis, Vicari and Adams, and 24 months for

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Mr. Wootten, following termination of employment. None of the agreements requires that the Trust make any gross up payments to compensate the executive for additional taxes, if any, imposed under Section 4999 of the Internal Revenue Code for receipt of excess parachute payments in the event of a termination or resignation following a change in control; however, each agreement provides that if (in the determination of a nationally recognized accounting firm engaged by the Trust to analyze this issue) such excise taxes may be imposed as a result of payments made to any executive in the event of a future change in control, the amount of such payments to such executive will be reduced to a level that will not exceed the amount that would trigger such excise taxes, if such reduction would put the executive in a better after-tax position.

Bonus payments will be made in one lump sum within 60 days following the end of the fiscal year in which such termination occurs. Severance payments will be paid in approximately equal installments on the Trust's scheduled payroll dates and will be subject to the executive signing a general release.

In addition, the employment agreements for Messrs. Francis, Vicari and Adams provide up to \$10,000 annually for a comprehensive physical and medical examination and up to \$15,000 annually for financial planning services. These benefits will not continue beyond termination of the agreements. The employment agreements contain customary non-competition and non-solicitation covenants that apply during the term and for stated periods after the term of each executive's employment with the Trust, ranging from one to two years.

Table of Contents**Potential Payments to Executive Officers Upon Termination**

The following table indicates the cash amounts, accelerated vesting and other payments and benefits that the named executive officers would be entitled to receive upon termination under various circumstances pursuant to the terms of the Equity Plan, the restricted share agreements made under the Equity Plan and their respective employment agreements. The table assumes that termination of the named executive officer from the Trust under the scenario shown occurred on December 31, 2014. The table also does not give effect to any reduction in payments to any executive that might occur under his employment agreement in the event that such reduction would put the executive in a better after-tax position than if his payments were not reduced and as a result he would become subject to additional taxes under Section 4999 of the Internal Revenue Code for receipt of excess parachute payments in the event of a termination or resignation following a change in control.

	Cash Severance Payment	Life/Health Insurance Benefits ⁽⁴⁾	Acceleration of Equity Awards ⁽⁵⁾	Total Termination Benefits
James L. Francis⁽¹⁾				
Involuntary termination without cause ⁽²⁾	\$ 3,883,076	\$ 47,813	\$ 16,713,058	\$ 20,643,947
Voluntary termination or involuntary termination with cause				
Involuntary or good reason termination in connection with change in control ⁽²⁾	\$ 5,824,614	\$ 71,719	\$ 16,713,058	\$ 22,609,391
Death or disability ⁽³⁾			\$ 16,713,058	\$ 16,713,058
Douglas W. Vicari⁽¹⁾⁽⁶⁾				
Involuntary termination without cause ⁽²⁾	\$ 2,081,962	\$ 192	\$ 6,638,785	\$ 8,720,939
Voluntary termination or involuntary termination with cause				
Involuntary or good reason termination in connection with change in control ⁽²⁾	\$ 3,122,943	\$ 288	\$ 6,638,785	\$ 9,762,016
Death or disability ⁽³⁾			\$ 6,638,785	\$ 6,638,785
D. Rick Adams⁽¹⁾				
Involuntary termination without cause ⁽²⁾	\$ 876,615	\$ 20,176	\$ 6,638,785	\$ 7,535,576
Voluntary termination or involuntary termination with cause				
Involuntary or good reason termination in connection with change in control ⁽²⁾	\$ 1,753,230	\$ 40,351	\$ 6,638,785	\$ 8,432,366
Death or disability ⁽³⁾			\$ 6,638,785	\$ 6,638,785
Graham J. Wootten⁽¹⁾				
Involuntary termination without cause ⁽²⁾	\$ 609,800	\$ 6,420	\$ 3,004,373	\$ 3,620,593
Voluntary termination or involuntary termination with cause				
Involuntary or good reason termination in connection with	\$ 1,219,600	\$ 12,840	\$ 3,004,373	\$ 4,236,813

change in control ⁽²⁾		
Death or disability ⁽³⁾	\$ 3,004,373	\$ 3,004,373

- (1) The amounts shown in this table do not include accrued salary, earned but unpaid bonuses or reimbursement of reasonable business expenses. Those amounts are payable to the executive officer upon any termination of his employment, including an involuntary termination with cause and a resignation without good reason.
- (2) Amounts in this row are calculated in accordance with provisions of the applicable employment agreement as described more fully under Employment Agreements.
- (3) A termination of this executive officer's employment due to death or disability entitles this executive officer to benefits under our life insurance and disability insurance plans. In addition, restricted shares immediately vest upon this executive officer's termination of employment due to death or disability.

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- (4) The amounts shown in this column are estimates of the cash payments to be made under the applicable employment agreement based on the annual premiums to be paid by the Trust for health care and life insurance benefits expected to be provided to each executive officer.
- (5) For purposes of this table, the market value per restricted share is assumed to be \$37.21, the closing market price per common share on December 31, 2014.
- (6) Mr. Vicari does not participate in the Trust's health insurance plan.

Non-Executive Trustee Compensation

For 2014, we paid our non-executive trustees an annual retainer fee of \$60,000, payable quarterly. In addition, our Audit Committee chairman was paid an additional annual retainer of \$15,000, our Compensation Committee chairman was paid an additional annual retainer of \$10,000 and our Nominating and Corporate Governance Committee chairman was paid an additional annual retainer of \$7,500, in each case payable quarterly in cash. Mr. Natelli, who serves as non-executive Chairman of the Board, was paid an additional annual retainer of \$20,000. Although we reimburse our trustees for reasonable out-of-pocket expenses incurred in connection with performance of their duties as trustees, including, without limitation, travel expenses in connection with their attendance at Board and committee meetings, we do not pay any trustee a separate fee for meetings attended. Furthermore, trustees do not receive any perquisites. Commencing with our 2015 Annual Meeting, the annual retainer fee will be increased to \$65,000; the annual retainer for the Compensation Committee chairman will be increased to \$15,000; and the annual retainer for the Nominating and Corporate Governance Committee chairman will be increased to \$10,000.

Our non-executive trustees may elect to receive their annual retainers and chair committee fees in whole or in part in the form of cash or immediately vested common shares based on the closing market price of our common shares on the grant date.

Commencing at our 2014 Annual Meeting, each of our non-executive trustees received an award of restricted shares, the number of which was determined based on the closing market price of our common shares on the date of the 2014 Annual Meeting as reported on the NYSE, with a value of \$75,000, except that our non-executive Chairman received an award of restricted shares valued at \$100,000 in recognition of his expanded responsibilities as our non-executive Chairman. Accordingly, at our 2014 Annual Meeting, each of our non-executive trustees received an award of 2,671 restricted shares, except that Mr. Natelli received 3,561 restricted shares. Vesting for these awards will occur on the date of the subsequent annual meeting of shareholders, with acceleration upon termination due to death, disability or involuntary termination of service as a result of a change in control. Dividends will be paid on the unvested restricted shares when declared and paid on our common shares generally. Each of our non-executive trustees will receive an award of restricted shares at our 2015 Annual Meeting and each annual meeting thereafter under similar terms as the restricted share awards granted at the 2014 Annual Meeting.

The table below reflects the amount of the share awards and retainer fees paid to our non-executive trustees in 2014:

Summary of Non-Executive Trustee 2014 Compensation

Name	Fees Earned or		Total
	Paid in Cash	Share Awards ⁽¹⁾	
Thomas A. Natelli	\$ 80,000	\$ 100,000	\$ 180,000
Thomas D. Eckert	\$ 75,000	\$ 75,000	\$ 150,000
John W. Hill	\$ 70,000	\$ 75,000	\$ 145,000
George F. McKenzie	\$ 67,500	\$ 75,000	\$ 142,500
Jeffrey D. Nuechterlein	\$ 60,000	\$ 75,000	\$ 135,000

(1) All share awards were granted pursuant to our Equity Plan. The amounts in this column reflect the estimated grant-date fair value of the restricted share awards.

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Trustee Share Ownership Guidelines

Our Board has established share ownership guidelines for our non-executive trustees because we believe that encouraging our non-executive trustees to attain and maintain a meaningful ownership interest in the Trust further aligns the interests of our trustees with those of our shareholders in creating long-term value for the Trust. Under the guidelines, as amended in February 2015, each of our non-executive trustees is expected to own our common shares having an aggregate value equal to or greater than five times the amount of the annual cash retainer currently paid to each non-executive trustee. The Board expects that all incumbent non-executive trustees will accumulate the minimum level of share ownership prior to February 2018, and any persons joining the Board will accumulate the minimum level of share ownership within three years of joining the Board. Under the guidelines, non-executive trustees are expected to retain common shares acquired by them pursuant to awards granted under our Equity Plan until the minimum ownership level has been attained. This expectation will not, however, prevent a non-executive trustee from selling or disposing of any common shares purchased directly or indirectly in the open market at any time.

Trustees are subject to the Trust's policy regarding hedging, short-selling and pledging of Trust securities as more fully described under Hedging, short-selling and pledging policy.

Compensation Committee Interlocks and Insider Participation

As noted earlier, the Compensation Committee consists of Messrs. Hill, Natelli and Eckert. None of the members of the Compensation Committee is or has been one of our employees or officers. None of our executive officers currently serves, or during the past fiscal year has served, as a member of the board of trustees or compensation committee of another entity that has one or more executive officers serving on our Board or Compensation Committee.

PROPOSAL 3

NON-BINDING ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION

We are providing shareholders a non-binding advisory vote on a resolution to approve our executive compensation programs, as described in this proxy statement in the Compensation Discussion and Analysis section, the tabular disclosures regarding such compensation and the accompanying narrative disclosure. As discussed below, the Board recommends that you vote to approve the proposed resolution.

The Trust's goal for our executive compensation program is to hire, retain and motivate our senior management to grow our business and create long-term value. We believe that our compensation programs have been effective in creating the appropriate incentives for our named executive officers, as evidenced by the following key accomplishments during 2014, all of which were considered by the Compensation Committee in making its decisions in respect of compensation for our named executive officers for 2014:

We closed 2014 with our common shares trading at an all-time high share price and an equity market capitalization in excess of \$2.0 billion;

We generated a 53.0% total return for holders of our common shares during 2014, which was the highest total return of all 18 lodging REITs and the third highest return among all REITs with a market capitalization over \$250 million, and far outdistanced the 13.7% and 10.0% total returns generated by the S&P 500 Index and the Dow Jones Industrial Average, respectively, during 2014;

We successfully completed a follow-on equity offering of common shares resulting in net proceeds of approximately \$143.9 million at the highest price and tightest discount to prior close of any offering the Trust had completed to date;

We sold the 153-room Courtyard Anaheim at Disneyland Resort hotel for \$32.5 million on September 30, 2014, generating a strong unleveraged internal rate of return that exceeded our underwriting at the time of our initial acquisition of the hotel;

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We deployed the proceeds from the equity offering and the hotel sale to acquire the 337-room JW Marriott San Francisco Union Square, our fourth hotel in the San Francisco market, one of the best performing hotel markets in the country and one that we believe is well positioned for future growth;

We successfully refinanced the loan encumbering the Hyatt Herald Square New York and the Hyatt Place New York Midtown South with a new 10-year, \$90.0 million loan that bears a fixed annual rate of interest of 4.30%;

Achieved pro forma RevPAR growth of 9.5% for our hotel portfolio (excluding three hotels which were undergoing comprehensive renovations during 2014), outperforming the 8.3% increase in RevPAR for the overall U.S. lodging industry, as reported by STR, and significantly increased hotel profitability and margins during 2014 as a result of our asset management efforts;

We significantly enhanced the quality of our hotel portfolio during 2014. Our work during 2014 consisted of three major repositionings for a total expected cost of \$70 million, including the two largest projects in the Trust's history, the comprehensive renovation of the W Chicago Lakeshore and the comprehensive renovation and re-branding of the hotel formerly known as the W New Orleans as the Le Meridien New Orleans. We also completed the re-branding of the Hyatt Herald Square New York, raising the property from its former midscale positioning to an upper-upscale hotel following a thorough renovation of the guestrooms, lobby and public space and new restaurant and bar concept, among other changes, and pursued smaller projects at several other hotels, including the Denver Marriott City Center, the Courtyard Washington Capitol Hill/Navy Yard and certain other hotels in Boston and San Francisco; and

Our investor relations efforts, including one-on-one meetings as well as numerous property tours for investors, analysts and lenders, continued throughout 2014 and have resulted in an expanded shareholder base and generated positive sentiment from the analyst community. Based on our performance, the Board has concluded that our executive compensation program should be approved by shareholders, and asks them to approve the following resolution.

RESOLVED, that the compensation paid to the Trust's named executive officers, as disclosed pursuant to the rules of the Securities and Exchange Commission in the Compensation Discussion and Analysis section, compensation tables and accompanying narrative discussion, is hereby APPROVED.

The vote to approve our executive compensation programs is advisory and non-binding on the Trust. However, the Compensation Committee, which is responsible for designing and administering the Trust's executive compensation programs, values the opinions expressed by the Trust's shareholders and will consider the outcome of the vote when making future compensation decisions.

The Board of Trustees recommends that you vote FOR the resolution to approve our executive compensation programs as described in this proxy statement.

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SHAREHOLDER PROPOSALS

UNITE HERE, a labor union that represents employees working in the hotel industry (the Union) has filed preliminary proxy materials with the Securities and Exchange Commission pursuant to which it has advised us it intends to seek shareholder support for the following five shareholder proposals at the 2015 Annual Meeting. The text of each proposal and any supporting statement from the Union are the sole responsibility of the Union.

The Board of Trustees of the Trust respectfully does not believe that any of the Union's proposals is in the best interests of the Trust or its shareholders, and unanimously recommends votes AGAINST each of the Union's proposals. Please return your WHITE proxy card voting AGAINST these proposals.

See the Trust's statements below opposing each proposal and Background of the UNITE HERE Solicitation on page 6 for more details.

PROPOSAL 4

UNITE HERE, 275 7th Ave., New York, New York 10001, reporting beneficial ownership of 175 of the Trust's common shares, has filed preliminary proxy materials with the Securities and Exchange Commission notifying the Trust that it intends to present the following proposal at the 2015 Annual Meeting. The Board of Trustees unanimously recommends that shareholders vote AGAINST this proposal for the reasons that are stated in the Trust's statement in opposition below and under Background of the UNITE HERE Solicitation beginning on page 6.

Proposal from the Union

RESOLVED, that the shareholders of Chesapeake Lodging Trust recommend the board of directors take all steps necessary to allow shareholders to amend our bylaws by a vote of the majority of shares outstanding, including amendments initiated by shareholders.

The Union's Supporting Statement

The ability to amend our Bylaws by a vote of the majority of shares outstanding is 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 Chesapeake, where the Board retains the exclusive right to amend our 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.

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, as they were at Ashford Hospitality Trust where the board unilaterally removed longstanding shareholder rights days before announcing a major spin-off and restructuring.

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.

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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. We recommend shareholders vote FOR a recommendation that our Board give shareholders the right to amend our bylaws by a vote of the majority of shares outstanding.

The Trust's Statement in Opposition of this Proposal

After careful consideration, the Board of Trustees believes that this shareholder proposal is not in the best interests of the Trust and its shareholders. **The Board of Trustees recommends that shareholders vote AGAINST this proposal.**

Our Board strives to be responsive to our shareholders and has demonstrated by its prior actions a willingness to implement shareholder initiatives that the Board determines to be reasonable and in the best interests of the Trust's shareholders. See Background of the UNITE HERE Solicitation. This proposal does not qualify.

An overwhelming majority of Maryland real estate investment trusts have bylaws providing for exclusive board control of bylaw amendments. We believe the benefits of the Board retaining this control outweigh any of the speculative concerns raised by the Union. Because our trustees have fiduciary duties to the Trust and all of our shareholders, we believe the Board is in the best position to evaluate and determine the governance practices and principles that affect the Trust's operations. We are concerned that ceding this control could expose the Trust to the potential that a bylaw amendment, proposed by a shareholder to advance a special interest not shared by other shareholders in general, ultimately may be approved and adopted.

Our concerns about having to address such potentially disruptive and distracting bylaw proposals are magnified by the nature of the proponent in this matter. The Union, as noted in its preliminary proxy materials, currently is engaged in long-standing efforts to unionize employees at certain of our hotels. Its interests in this regard, and in respect of potential organization of employees at our other 17 hotels which do not employ unionized labor, clearly diverge from those of our other shareholders.

Our skepticism of the Union's true motivations is deepened by the fact that it has repeatedly demonstrated that it is willing to act in an uneconomic matter, suggesting it may (were it to have the right) propose bylaws favoring its own special interests at the expense of the interests of our shareholders generally. Waging a proxy contest estimated to cost at least \$10,000 despite owning common shares valued at approximately \$6,000 certainly proves this point; the Union is free to sell our common shares (and reap a significant gain, given our significant share price appreciation since the beginning of 2014), but instead apparently prefers to spend the dues of its members to pursue spurious initiatives like the proxy contest as part of its overall pressure campaign against the Trust, our Board and senior executives.

We urge you to consider the motivations of the proponent carefully as you evaluate this and each of its other four proposals.

For the reasons stated above and under Background of the UNITE HERE Solicitation, the Board of Trustees unanimously recommends that you vote AGAINST Proposal 4.

PROPOSAL 5

UNITE HERE, 275 7th Ave., New York, New York 10001, reporting beneficial ownership of 175 of the Trust's common shares, has filed preliminary proxy materials with the Securities and Exchange Commission

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notifying the Trust that it intends to present the following proposal at the 2015 Annual Meeting. The Board of Trustees unanimously recommends that shareholders vote **AGAINST** this proposal for the reasons that are stated in the Trust's statement in opposition below and under **Background of the UNITED HERE Solicitation** beginning on page 6.

Proposal from the Union

RESOLVED, the shareholders of CHSP recommend that the Board amend its governing documents to provide that it shall not adopt, amend, extend or renew any shareholder rights plan, rights agreement or any other form of **poison pill** making it more difficult or expensive to acquire large holdings of the Company's stock without prior approval by a majority of shares voted unless the Board is compelled by its fiduciary duties to adopt said Pill; and that any **Poison Pill** adopted, amended, extended or renewed on the grounds of fiduciary duty shall expire within 12 months unless approved by shareholders by a majority of stock voted or a court has determined further extension is required by fiduciary duty.

The Trust's Statement in Opposition of this Proposal

After careful consideration, the Board of Trustees believes that this shareholder proposal is not in the best interests of the Trust and its shareholders. **The Board of Trustees recommends that shareholders vote AGAINST this proposal.**

Amending the Trust's governing documents as proposed would not be of significant value to the Trust. First and foremost, the Board and management have clearly demonstrated that they are unwilling to take actions that are designed with an anti-takeover effect in mind. The Trust's governance profile is at the leading edge of shareholder friendliness in this regard among its peer set, as demonstrated by the following:

Our charter requires only a majority of our outstanding common shares be voted to approve a merger or other change in control transaction, the minimum vote permitted by Maryland law.

Our Board has adopted a resolution to opt out of the business combinations provisions of Maryland law, and further has resolved to prohibit the repeal, amendment or alteration of this resolution without the approval by our shareholders by the affirmative vote of a majority of the votes cast on the matter by shareholders entitled to vote on the matter.

Our bylaws contain a provision exempting any and all acquisitions of our common shares from the control shares provisions of Maryland law. The bylaws further prohibit the repeal, amendment or alteration of this bylaws provision without the approval by our shareholders by the affirmative vote of a majority of the votes cast on the matter by shareholders entitled to vote on the matter.

Our Board has adopted a resolution to opt out of the unsolicited takeover provisions of Maryland law. The Board further resolved that it will not repeal this resolution unless the repeal is approved by our shareholders by the affirmative vote of a majority of the votes cast on the matter by shareholders entitled to vote on the matter. As a result, unless it obtains shareholder approval to do so in the future, the Board may not, among other things, implement a staggered board of trustees to deter a potential takeover.

The Trust's shareholders also surely understand that several Board members and our senior management team have demonstrated from past actions that they are willing to pursue and effect a change in control transaction in shareholders' interests. The experiences of Messrs. Natelli, Hill, Francis, Vicari, Adams

and Wootten at Highland Hospitality clearly support this conclusion; so do the experiences of Mr. Eckert (at Capital Automotive) and Mr. Nuechterlein more recently as a member of the board of The Jones Group. So, while there can be no assurances that the Trust will effect a future change in control transaction, there can be no doubt of the willingness of the Board to do the right thing by our shareholders if a favorable opportunity were to present itself.

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Furthermore, the Board has not adopted a shareholder rights plan and would not do so unless necessary to help the Board respond to an unsolicited offer not previously negotiated with the Board. The core objective of a shareholder rights plan would be to preserve the shareholder value that the Trust has delivered. Shareholder rights plans do not prohibit acquisitions on fair terms; instead, they preempt the use of coercive takeover tactics and promote positive shareholder returns. Indeed, a major function of a shareholder rights plan is to give a board a greater period of time within which to properly evaluate an acquisition offer to determine whether an offer reflects the full value of the business and is fair to all shareholders and, if not, to reject the offer or to seek an alternative that meets these criteria. A major function of a shareholder rights plan is to induce a bidder for a company to negotiate with a board and thus strengthen a board's bargaining position vis-à-vis the bidder. For example, the commencement of an unsolicited tender offer, as opposed to negotiation with the board, could leave the company with a highly compressed time frame for considering alternatives and no meaningful bargaining power to seek a higher price or better terms for shareholders. A plan thus could enable the Board, as elected representatives of the shareholders, to better protect and further the interests of shareholders in the event of an acquisition proposal.

It should be noted that a shareholder rights plan may not be necessary for the Trust to achieve these goals. Like nearly all REITs, the Trust's charter contains common and preferred share ownership limits designed to ensure that the Trust will not fail to qualify as a REIT under complex provisions of the Internal Revenue Code and related Treasury regulations that require, among other things, that REITs not be closely held. Our charter's ownership limits generally provide that no person may, without the prior consent of the Board, acquire more than 9.8% of any class or series of the Trust's shares. In essence, the ownership limits may operate to have the same effect as a poison pill by inducing a potential acquiring person to negotiate with our Board to complete a mutually beneficial transaction.

In recommending a vote against this Proposal, our Board has not determined that a shareholder rights plan should be adopted by the Trust, but rather that the Proposal represents an unnecessary action suggested by a shareholder with special interests, as noted above, not shared by other shareholders, which action would not serve to enhance value for our shareholders. If the dynamic and highly variable circumstances in which the Board might need to consider an acquisition transaction warrant the adoption of a shareholder rights plan, the determination to adopt such a plan would be made only after consideration of all the relevant circumstances and careful deliberation by the Board while exercising its fiduciary duties. We believe our shareholders are better served by the Board retaining maximum flexibility to act in such circumstances, without being subject to or constrained by any limitations from this Proposal that could have consequences adverse to shareholders' interests. For these reasons, the Board firmly believes that the above Proposal is not in the best interests of the Trust and its shareholders.

For the reasons stated above and under Background of the UNITE HERE Solicitation, the Board of Trustees unanimously recommends that you vote AGAINST Proposal 5.

PROPOSAL 6

UNITE HERE, 275 7th Ave., New York, New York 10001, reporting beneficial ownership of 175 of the Trust's common shares, has filed preliminary proxy materials with the Securities and Exchange Commission notifying the Trust that it intends to present the following proposal at the 2015 Annual Meeting. The Board of Trustees unanimously recommends that shareholders vote AGAINST this Proposal for the reasons that are stated in the Trust's statement in opposition below and under Background of the UNITE HERE Solicitation beginning on page 6.

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Proposal from the Union

RESOLVED, that the shareholders of CHSP recommend that the Board amend its articles to allow shareholders to remove directors with cause by the affirmative vote or written consent of a majority of the voting power of all of the then-outstanding Shares entitled to vote generally in the election of Trustees as follows:

Section 5.3 Resignation or Removal. Any Trustee may resign by written notice to the Board, effective upon execution and delivery to the Trust of such written notice or upon any future date specified in the notice. Subject to the rights of holders of one or more classes or series of Preferred Shares, as hereinafter defined, to elect one or more trustees, a Trustee may be removed at any time, but only with cause, at a meeting of the shareholders, by the affirmative vote of the holders of not less than two thirds a majority of the shares of beneficial interest of the Trust (Shares) then outstanding and entitled to vote generally in the election of Trustees. For the purpose of this paragraph, cause shall mean, with respect to any particular trustee, gross negligence, willful misconduct, bad faith or active and deliberate dishonesty, or conviction of a felony holding that such trustee caused demonstrable, material harm to the Trust. holding that such trustee caused demonstrable, material harm to the Trust through gross negligence, willful misconduct, bad faith or active and deliberate dishonesty.

The Trust s Statement in Opposition of this Proposal

After careful consideration, the Board of Trustees believes that this shareholder proposal is not in the best interests of the Trust and its shareholders. **The Board of Trustees recommends that shareholders vote AGAINST this Proposal.**

The Union s proposal would unnecessarily broaden the scope of the definition of cause and at the same time lower the vote required for removing a trustee for cause. Amending the Trust s articles as proposed would not be of significant value to the Trust. The Board has clearly demonstrated that it is willing to take actions that are designed to hold our Trustees to the highest standards. Last year, in 2014, in response to another proposal by the Union, the Trust revised its bylaws to adopt a majority voting standard for the election of trustees in uncontested elections, coupled 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. Further, the bylaws state 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.

In addition, we believe that the 2014 bylaws provision described above and our annual election of Trustees, as set forth in Proposal 1 in this proxy statement, already provide shareholders with the opportunity to endorse or not endorse a Trustee. In 2013 and 2014, each nominee to the Board received overwhelming support of common shareholders owning over 97% of the votes cast. It is clear from this vote that the Trust s shareholders approve of our Trustees.

For the reasons stated above and under Background of the UNITE HERE Solicitation, the Board of Trustees unanimously recommends that you vote AGAINST Proposal 6.

PROPOSAL 7

UNITE HERE, 275 7th Ave., New York, New York 10001, reporting beneficial ownership of 175 of the Trust s common shares, has filed preliminary proxy materials with the Securities and Exchange Commission notifying the Trust that it intends to present the following proposal at the 2015 Annual Meeting. The Board of Trustees unanimously recommends that shareholders vote AGAINST this Proposal for the reasons that are stated in the Trust s statement in opposition below and under Background of the UNITE HERE Solicitation beginning on page 6.

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Proposal from the Union

RESOLVED, that the shareholders of CHSP recommend the Board require shareholder ratification by a majority of shares voted of any new, or renewals, extensions of or amendments to existing, golden parachute provisions of employment agreements with named executives.

The Trust's Statement in Opposition of this Proposal

After careful consideration, the Board of Trustees believes that this shareholder proposal is not in the best interests of the Trust and its shareholders. **The Board of Trustees recommends that shareholders vote AGAINST this Proposal.**

The Trust opposes this Proposal because it is wholly unnecessary and unhelpful to the Trust's goal of delivering shareholder value. If the policy described in the Proposal were adopted, it would materially impair the ability of the Trust to retain and motivate its executive officers, and place the Trust at a severe competitive disadvantage in the marketplace for executive talent if it were to need to replace any of its incumbent executives or desire to expand its team in the future.

The Compensation Committee performs an analysis of the Trust's executive compensation program at least once a year and is in the best position to determine the terms of severance arrangements for the Trust's executive officers. The Trust has entered into employment agreements with each of its executive officers, as described in more detail beginning on page 36 of this proxy statement. The agreements provide for, among other terms, certain post-termination pay opportunities to provide the executives with economic security. These agreements help ensure that our executives are able to devote their full time and attention to the Trust in the event of a change in control that is in the best interests of shareholders but may result in termination of their employment.

We believe we have structured the change of control and severance payments to our executive officers under their employment agreements in a manner that maximizes their alignment with our shareholders and is consistent with market practices. The cash severance arrangements provided to our executives are double trigger, requiring a termination event following a change in control before any cash severance payments are triggered. The equity awards made to our executives pursuant to our long-term equity incentive program also are double trigger in that the awards only vest in connection with a change in control or other extraordinary corporate transaction if either the successor entity does not assume or substitute equivalent securities, or the participant experiences an involuntary termination within 12 months following the change in control. None of the agreements requires that the Trust make any gross up payments to compensate the executive for additional taxes, if any, imposed under Section 4999 of the Internal Revenue Code for receipt of excess parachute payments in the event of a termination or resignation following a change in control.

Not only would this proposal potentially impair our existing contracts and relationships with our executive officers, but it also would have a materially detrimental impact on any future employment or other compensatory arrangements that the Trust may need to deliver. We compete for talent in a highly competitive market in which companies routinely offer similar benefits to senior executives. We believe these common protections promote our ability to attract and retain management and assure us that our executive officers will continue to be dedicated and available to provide objective advice and counsel notwithstanding the possibility, threat or occurrence of a change in their circumstances or in the control of the Trust. The inability to include such a provision in our compensation packages would place the Trust at a competitive disadvantage when recruiting executive talent, which is ultimately not in the best interests of shareholders.

We are not aware of any other publicly traded REIT that has adopted a similar policy. For obvious reasons, we believe adopting such a policy could place the Trust at a significant competitive disadvantage in recruiting and retaining leadership talent because severance agreements offered by the Trust would be subject to uncertainty and, therefore, less valuable than competing offers with final terms provided by the Trust's

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competitors for leadership talent. Top officer candidates, when informed that their employment agreements would need shareholder approval, may very well decide to look elsewhere rather than face such a lengthy and uncertain process. Placing such a laborious and confounding obstacle in the way of executive recruitment and retention therefore could cause severe harm to the Trust. As a result, this Proposal would severely impair the proper functioning of the Trust's efforts to attract, retain and motivate new members to its senior leadership team.

In addition, we believe that the say-on-pay vote set forth in Proposal 3 in this proxy statement already provides shareholders with the opportunity to endorse or not endorse the compensation, including the severance, of our named executive officers through an advisory vote. In 2013 and 2014, the Trust's annual say-on-pay proposal has received overwhelming support of common shareholders owning over 98% of the votes cast. It is clear from this vote that the Trust's shareholders approve our executive compensation program. Accordingly, we believe the Union's proposals that effectively would require us to seek ratification of any contract providing for post-termination pay of any sort are unnecessary and may adversely impact our ability to recruit or retain our executive team or any future members of it, which we believe could put us at a competitive disadvantage.

For the reasons stated above and under Background of the UNITE HERE Solicitation, the Board of Trustees unanimously recommends that you vote AGAINST Proposal 7.

PROPOSAL 8

UNITE HERE, 275 7th Ave., New York, New York 10001, reporting beneficial ownership of 175 of the Trust's common shares, has filed preliminary proxy materials with the Securities and Exchange Commission notifying the Trust that it intends to present the following proposal at the 2015 Annual Meeting. The Board of Trustees unanimously recommends that shareholders vote AGAINST this Proposal for the reasons that are stated in the Trust's statement in opposition below and under Background of the UNITE HERE Solicitation beginning on page 6.

Proposal from the Union

Resolved, that the shareholders of CHSP recommend the Board take all necessary steps to ensure new, renewed, extended or amended employment agreements with named executives ensure severance payments relating to termination pursuant to a change in control not exceed severance payments relating to other forms of involuntary termination without cause, unless such arrangement has been ratified by shareholders by a majority of shares voted.

The Trust's Statement in Opposition of this Proposal

After careful consideration, the Board of Trustees believes that this shareholder proposal is not in the best interests of the Trust and its shareholders. **The Board of Trustees recommends that shareholders vote AGAINST this Proposal.**

The Trust's compensation policies and procedures are robust. As described elsewhere in this proxy statement, the Compensation Committee is composed entirely of independent trustees and oversees the compensation of the Trust's senior executives. The Compensation Committee exercises its fiduciary duties and oversight responsibilities in implementing compensation and severance arrangements for the Trust's senior executives that it determines are appropriate based on the facts and circumstances, including current market conditions. With the assistance of an independent compensation consultant, the Compensation Committee performs an analysis of the Trust's executive compensation program at least once a year and is in the best position to determine the terms of any future severance arrangements for the Trust's executive officers.

Based on this analysis, the Compensation Committee and the Board believe that the Trust's post-termination pay arrangements and opportunities are in line with those of its peer companies. For reasons similar to those

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included in the Trust's statement in opposition to Proposal 7, the Trust believes that a requirement to seek ratification of existing or future post-termination pay arrangements would impair the Trust's contractual relationships with its existing senior management team as well as its ability to hire additional management talent if the need should arise in the future.

For the reasons stated above and under Background of the UNITE HERE Solicitation, the Board of Trustees unanimously recommends that you vote AGAINST Proposal 8.

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information, as of the filing, regarding the ownership of our common shares by:

each of our trustees;

each of our named executive officers;

each holder of 5% or more of each class of our shares; and

all of our trustees and executive officers as a group.

In accordance with SEC rules, each listed person's beneficial ownership includes:

all common shares the investor actually owns beneficially or of record;

all common shares over which the investor has or shares voting or dispositive control (such as in the capacity as a general partner of an investment fund); and

all common shares the investor has the right to acquire within 60 days (such as restricted shares which are scheduled to vest within 60 days).

Unless otherwise indicated, the address of each named person is c/o Chesapeake Lodging Trust, 1997 Annapolis Exchange Parkway, Suite 410, Annapolis, Maryland 21401. No common shares beneficially owned by any executive officer or trustee have been pledged as security.

Beneficial Owner	Common Shares Owned	Percentage⁽¹⁾
James L. Francis	430,515	*
Douglas W. Vicari	297,661	*
D. Rick Adams	146,836	*
Graham J. Wootten	60,142	*
Thomas A. Natelli	122,437	*
Thomas D. Eckert	65,671	*
John W. Hill	14,671	*
George F. McKenzie	15,275	*
Jeffrey D. Nuechterlein	14,671	*
All trustees and executive officers as a group (9 persons)	1,167,879	%
The Vanguard Group ⁽²⁾	7,830,398	%
Vanguard Specialized Funds Vanguard REIT Index Fund ⁽³⁾	4,027,377	%
Goldman Sachs Asset Management ⁽⁴⁾	5,097,921	%

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Blackrock, Inc.⁽⁵⁾

5,963,002

%

* Represents less than 1% of the common shares outstanding as of the date of filing.

- (1) Percentages are based on common shares outstanding as of April 1, 2015.
- (2) On February 11, 2015, The Vanguard Group filed a Schedule 13G/A to report beneficial ownership of an aggregate of 7,830,398 common shares. The address for this shareholder is 100 Vanguard Blvd., Malvern, Pennsylvania 19355.
- (3) On February 6, 2015, the Vanguard Specialized Funds Vanguard REIT Index Fund filed a Schedule 13G/A to report beneficial ownership of 4,027,377 common shares. The address for this shareholder is 100 Vanguard Blvd., Malvern, Pennsylvania 19355.
- (4) On February 13, 2015, Goldman Sachs Asset Management, L.P. and GS Investment Strategies, LLC jointly filed a Schedule 13G/A to report beneficial ownership of 5,097,921 common shares. The address for this shareholder is 200 West Street, New York, New York 10282.
- (5) On January 9, 2015, Blackrock, Inc. filed a Schedule 13G/A to report beneficial ownership of 5,963,002 common shares. The address for this shareholder is 55 East 52nd St., New York, New York 10022.

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND LEGAL PROCEEDINGS

Related Party Transactions

During the last fiscal year, we have not entered into any transaction in which the amount involved exceeds \$120,000 and in which any related person had or will have a direct or indirect material interest, and no such transactions are currently proposed.

Conflict of Interest Policy

We have adopted policies to reduce potential conflicts of interest. A conflict of interest occurs when a trustee's, officer's or employee's personal interest interferes with our interest. Generally, our policies provide that any transaction, agreement or relationship in which any of our trustees, officers or employees has an interest must be approved by our Audit Committee or a majority of our disinterested trustees.

Applicable Maryland law provides that a contract or other transaction between a Maryland real estate investment trust and any of that entity's trustees or any other entity in which that trustee is also a trustee or director or has a material financial interest is not void or voidable solely on the grounds of the common board membership or interest, the fact that the trustee was present at the meeting at which the contract or transaction is approved or the fact that the trustee's vote was counted in favor of the contract or transaction, if:

the fact of the common board membership or interest is disclosed to the board or a committee of the board, and the board or that committee authorizes the contract or transaction by the affirmative vote of a majority of the disinterested members, even if the disinterested members constitute less than a quorum;

the fact of the common board membership or interest is disclosed to shareholders entitled to vote on the contract or transaction, and the contract or transaction is approved by a majority of the votes cast by the shareholders entitled to vote on the matter, other than votes of shares owned of record or beneficially by the interested director, corporation, firm or other entity; or

the contract or transaction is fair and reasonable to the trust.

Our declaration of trust specifically adopts these provisions of Maryland law.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

We believe that all of our trustees, executive officers and beneficial owners of more than 10% of our common shares reported on a timely basis all transactions required to be reported by Section 16(a) of the Exchange Act during 2014.

ANNUAL REPORT ON FORM 10-K

All shareholders receiving this proxy statement should have also received a paper copy or access to an electronic copy of the 2014 Annual Report, which includes our Annual Report on Form 10-K for the year ended December 31, 2014. **Shareholders may request a free copy of our 2014 Annual Report on Form 10-K, including applicable financial statements and schedules, by sending a written request to: 1997 Annapolis Exchange Parkway, Suite 410, Annapolis, Maryland 21401. Alternatively, shareholders can access the 2014 Annual Report on Form 10-K and other financial**

information on our website at: <http://www.chesapeakelodgingtrust.com>. We will also furnish any exhibit to the 2014 Annual Report on Form 10-K upon written request and payment of a copying charge of 20 cents per page.

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DEADLINES FOR RECEIPT OF SHAREHOLDER PROPOSALS FOR

CONSIDERATION AT OUR 2016 ANNUAL MEETING

Any proposal that a holder of our common shares wishes to submit for inclusion in the Chesapeake Lodging Trust Proxy Statement for the 2016 Annual Meeting (2016 Proxy Statement) pursuant to SEC Rule 14a-8 must be received by Chesapeake Lodging Trust no later than _____, 2015. Such proposals also must comply with SEC regulations under Rule 14a-8 regarding the inclusion of shareholder proposals in company-sponsored proxy materials. In addition, notice of any proposal that a holder of our common shares wishes to propose for consideration at the 2016 Annual Meeting, but does not seek to include in the 2016 Proxy Statement pursuant to Rule 14a-8, must be delivered to Chesapeake Lodging Trust no earlier than _____, 2016 and no later than _____, 2016 if the proposing holder of our common shares wishes for Chesapeake Lodging Trust to describe the nature of the proposal in its 2016 Proxy Statement. Any shareholder proposals or notices submitted to Chesapeake Lodging Trust in connection with our 2016 Annual Meeting should be addressed to: Corporate Secretary, Chesapeake Lodging Trust, 1997 Annapolis Exchange Parkway, Suite 410, Annapolis, Maryland 21401.

Annapolis, Maryland

April _____, 2015

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ATTENDING THE 2015 ANNUAL MEETING

Only shareholders or their legal proxy holders who comply with the admission requirements described below may attend the 2015 Annual Meeting. Due to space constraints and other security considerations, we will not be able to accommodate the guests of either shareholders or their legal proxy holders.

Admission to the 2015 Annual Meeting

To be admitted to the 2015 Annual Meeting, you must present an admission ticket, valid proof of ownership of the Trust's common shares as of April 1, 2015 or a valid legal proxy. All attendees must also provide a form of government-issued photo identification. If you arrive at the 2015 Annual Meeting without the required items, we will admit you only if we are able to verify that you are a shareholder of the Trust as of April 1, 2015.

Shareholders of record may gain admittance to the 2015 Annual Meeting by presenting the admission ticket that is attached to their WHITE proxy card delivered with their proxy statement or by providing other proof of ownership of the Trust's common shares as of April 1, 2015. The admission ticket is non-transferable. If your shares are held in the name of a bank, broker, trustee or other nominee and you plan to attend the 2015 Annual Meeting, you will need to bring proof of ownership as of April 1, 2015, such as a recent bank or brokerage account statement. If you are not a shareholder but attending as proxy for a shareholder, you may attend the 2015 Annual Meeting by presenting a valid legal proxy. Shareholders may appoint only one proxy holder to attend on their behalf.

If you are representing an entity that is a shareholder, you must provide evidence of your authority to represent that entity at the 2015 Annual Meeting. Shareholders holding shares in a joint account will be admitted to the 2015 Annual Meeting if they provide proof of joint ownership and otherwise follow the admission requirements described above.

Proponent of Shareholder Proposal

On or before April 30, 2015, the proponent of a shareholder proposal included in this proxy statement should notify the Trust in writing of the individual authorized to present the proposal at the 2015 Annual Meeting.

Directions to the 2015 Annual Meeting

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ADMISSION TICKET

ANNUAL MEETING OF SHAREHOLDERS OF

CHESAPEAKE LODGING TRUST

May 20, 2015

GO GREEN

e-Consent makes it easy to go paperless. With e-Consent, you can quickly access your proxy material, statements and other eligible documents online, while reducing costs, clutter and paper waste. Enroll today via www.amstock.com to enjoy online access.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIAL:

The Notice of the 2015 Annual Meeting, proxy statement and proxy card are available at <https://materials.proxyvote.com/165240>

Please sign, date and mail
your WHITE proxy card in the
envelope provided as soon
as possible.

i Please detach along perforated line and mail in the envelope provided. i

n 00003333333030300000 4 051614

THE BOARD OF TRUSTEES RECOMMENDS THAT YOU VOTE FOR EACH OF THE TRUSTEE NOMINEES,

FOR PROPOSAL 2, FOR PROPOSAL 3 AND AGAINST PROPOSALS 4, 5, 6 and 8

PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS

SHOWN HERE x

1. Consider and vote upon a proposal to elect seven trustees to the Trust's Board of Trustees.

	FOR	AGAINST	ABSTAIN
James L. Francis
Douglas W. Vicari
Thomas A. Natelli
Thomas D. Eckert
John W. Hill
George F. McKenzie
Jeffrey D. Nuechterlein

2. Consider and vote upon a proposal to ratify the appointment of Ernst & Young LLP as the Trust's independent registered public accounting firm for 2015.

3. Consider and vote upon a non-binding advisory proposal to approve the Trust's executive compensation programs as described in the Trust's

2015 proxy
statement.

- | | |
|---|---|
| <p>4. Shareholder proposal relating to amending our governing documents to provide shareholders the right to amend our bylaws by a vote of the majority of our outstanding common shares.</p> | <p>FOR AGAINST ABSTAIN
 " " "</p> |
| <p>5. Shareholder proposal relating to permitting shareholders the right to vote on the adoption of a poison pill.</p> | <p>FOR AGAINST ABSTAIN
 " " "</p> |
| <p>6. Shareholder proposal relating to amending our bylaws to lower the voting standard to remove trustees for cause as that definition is proposed to be modified in the proposal.</p> | <p>FOR AGAINST ABSTAIN
 " " "</p> |
| <p>7. Shareholder proposal relating to requiring ratification by a majority of the common shares voted of any new, renewed, extended or modified employment agreements providing for golden parachutes.</p> | <p>FOR AGAINST ABSTAIN
 " " "</p> |
| <p>8. Shareholder proposal relating to severance payments in connection with termination following a change of control not exceeding severance payments for involuntary termination without cause.</p> | <p>FOR AGAINST ABSTAIN
 " " "</p> |

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method.

Signature of Shareholder	Date:	Signature of Shareholder	Date:
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Note: Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate

name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

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ADMISSION TICKET

**ANNUAL MEETING OF SHAREHOLDERS OF
CHESAPEAKE LODGING TRUST**

May 20, 2015

AGENDA

1. ELECTION OF TRUSTEES

2. RATIFICATION OF ERNST & YOUNG LLP AS INDEPENDENT REGISTERED PUBLIC
ACCOUNTING FIRM

3. ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION

4. CONSIDER FIVE SHAREHOLDER PROPOSALS

5. TRANSACTION OF OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE 2015
ANNUAL MEETING

*Shareholders of record may present this Admission Ticket to the Chesapeake
Lodging Trust representative at the entrance to gain admittance to the 2015
Annual Meeting.*

CHESAPEAKE LODGING TRUST

Proxy for Annual Meeting of Shareholders on May 20, 2015

Solicited on Behalf of the Board of Trustees

The undersigned hereby appoints James L. Francis, Douglas W. Vicari and Graham J. Wootten, and each of them, with full power of substitution and power to act alone, as proxies to vote all the Common Shares of Beneficial Interest which the undersigned would be entitled to vote if personally present and acting at the Annual Meeting of Shareholders of Chesapeake Lodging Trust, to be held May 20, 2015 at the .

(Continued and to be signed on the reverse side.)

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