

LaSalle Hotel Properties
Special Independence Criteria Applicable to Compensation Committee Members

In affirmatively determining the independence of any trustee who will serve on the compensation committee of the Board, the Board must consider all factors specifically relevant to determining whether a trustee has a relationship to the Company which is material to that trustee's ability to be independent from management in connection with the duties of a compensation committee member, including, but not limited to:

- the source of compensation of such trustee, including any consulting, advisory or other compensatory fee paid by the Company to such trustee; and
- whether such trustee is affiliated with the Company, a subsidiary of the Company or an affiliate of a subsidiary of the Company.

Compensation committee members are also subject to special independence requirements if the Company wishes to take advantage of certain provisions of SEC Rule 16b-3 and Section 162(m) of the Internal Revenue Code. Under Rule 16b-3, the committee must comprise two or more non-employee trustees who receive no compensation other than for Board and committee service and are not involved in any transactions or business relationships that would trigger disclosure of related party transactions in the Company's proxy statement (e.g., where the trustee is a partner in the Company's principal outside law firm or an executive of a service provider). Under Section 162(m), the committee must comprise two or more outside trustees. In general, to qualify as an outside trustee, a trustee may not:

- be a current or former officer;
- receive direct or indirect compensation other than for Board or committee service; or
- hold a material interest in any entity participating in a transaction where the amount exceeds \$120,000.