

CommonWealth REIT  
Form DEFA14A  
July 10, 2014

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

**SCHEDULE 14A**

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

**COMMONWEALTH REIT**

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(Name of Registrant as Specified In Its Charter)

N/A

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

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## COMMONWEALTH REIT

Two North Riverside Plaza, Suite 600  
Chicago, IL 60606

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**SUPPLEMENT TO THE  
PROXY STATEMENT DATED JUNE 23, 2014  
FOR THE 2014 ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD ON JULY 31, 2014**

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To the Shareholders of Commonwealth REIT:

On or about June 23, 2014, Commonwealth REIT (the "Company") mailed a proxy statement (the "Proxy Statement") to the Company's shareholders describing the proposals to be voted upon at the 2014 annual meeting of shareholders, which was convened on June 30, 2014 but promptly adjourned to July 31, 2014 (the "Annual Meeting"). This supplement (the "Supplement") revises certain subsections of Proposal 2 of the Proxy Statement, which is a proposal to approve certain amendments to the Company's Third Amendment and Restatement of Declaration of Trust (the "Charter"). The revisions to Proposal 2, as more fully described herein, are as follows:

1. *Proposal 2(g) Amendment to Align Related Party Transaction Requirements with Maryland Law:* Proposal 2(g) is revised to provide that any transaction in which any of our trustees, officers, employees or agents (or any person affiliated with such person) has a material financial interest (i) requires approval or ratification, after full disclosure of the interest, by a majority of disinterested trustees, the audit committee or by a majority of votes cast by disinterested shareholders, AND (ii) must be fair and reasonable to the Company.
2. *Proposal 2(j) Amendment to Increase Flexibility in Structuring Board Committees:* Proposal 2(j) is revised to provide that each of the Audit, Compensation and Nominating and Corporate Governance committees must satisfy New York Stock Exchange ("NYSE") and Securities and Exchange Commission ("SEC") independence requirements.
3. *Proposal 2(k) Amendment to Increase the Shareholder Voting Requirement for Certain Successor Restructurings:* Proposal 2(k) is revised to clarify that the Company is not removing the shareholder vote requirement from Section 8.5 of the Charter regarding certain restructurings and instead is increasing the shareholder vote requirement from a majority of votes cast to a majority of the outstanding common shares.

These revisions are being made in response to a report issued on June 26, 2014 by Institutional Shareholder Services ("ISS"), an independent non-governmental body that routinely issues voting recommendations on companies' proxy proposals. As originally proposed in our Proxy Statement, ISS recommended voting against Proposals 2(g), 2(j) and 2(k). Although our Board of Trustees believes each of those proposals was prudent and made in good faith, the Board of Trustees has determined to revise each of the foregoing proposals as described herein in response to ISS's report and in order to further protect shareholders' interests. **Our Board of Trustees unanimously recommends that shareholders vote "FOR" approval of each of Proposals 2(g), 2(j) and 2(k) as revised by this Supplement, as further described herein.**

This Supplement should be read in conjunction with the Company's Proxy Statement, which in all respects remains as described therein other than the revisions described herein. **If you have already submitted your proxy and do not wish to change your vote on Proposals 2(g), 2(j) or 2(k), no further action is necessary. You do not need to submit a new proxy card unless you wish to change your vote on Proposals 2(g), 2(j) or 2(k) or any of the other proposals presented in the Proxy Statement.** All previously received validly executed proxy cards or proxies cast via the internet, by telephone or by mail indicating a vote for or against Proposals 2(g), 2(j) or 2(k) will be deemed to constitute a vote for or against approval of Proposals 2(g), 2(j) or 2(k), as applicable, as revised and described in this Supplement, unless such proxy is revoked prior to the reconvened Annual Meeting.

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**If you have already submitted your proxy and you wish to change your vote on any matter listed on the proxy card, you may revoke your proxy before it is voted at the reconvened Annual Meeting by delivering a written notice of revocation to our Secretary at Two North Riverside Plaza, Suite 600, Chicago, Illinois 60606, submitting a new, duly executed proxy after the date of your original proxy, or, if you are a shareholder of record, attending the reconvened Annual Meeting and voting in person. If you wish to change your vote on any matter listed on the proxy card by submitting a new, duly executed proxy, you must re-vote on ALL of the proposals described in the Proxy Statement, as revised by this Supplement.** For your convenience, another proxy card, which has been slightly modified to reflect the revised proposals, is being distributed to all shareholders of record with this Supplement. **All shareholders who have not yet submitted their proxy or who wish to change their vote are urged to return the enclosed proxy card or otherwise vote their shares in the manner described above and in the Proxy Statement as soon as possible.**

We encourage you to contact the firm assisting us in the solicitation of proxies, D.F. King & Co., Inc. ("D.F. King"), if you have any questions or need assistance in voting your shares. Banks and brokers may call D.F. King collect at (212) 269-5550. Shareholders may call D.F. King toll-free at (800) 714-3313.

July 10, 2014  
Chicago, Illinois 60606

**Revised Proposal 2(g) Amendment to Align Related Party Transaction Requirements with Maryland Law**

In the Proxy Statement, the Board of Trustees proposed that Section 7.8 of the Charter (and any related provisions and language elsewhere in the Charter) be removed and replaced with a new provision governing related party transactions that provided that we may enter into any contract or transaction of any kind with any person, including any of our trustees, officers, employees or agents or any person affiliated with any of our trustees, officers, employees or agents, whether or not any of them has a financial interest in the transaction. However, in the case of any contract or transaction in which any of our trustees, officers, employees or agents (or any person affiliated with such person) has a material financial interest, the originally proposed provision would have provided that (a) the fact of the interest must be disclosed or known to (i) the Board or the Audit Committee of the Board, and the Board or the Audit Committee approves or ratifies the contract or transaction by a majority vote of disinterested trustees or the Audit Committee, or (ii) the shareholders entitled to vote, and the contract or transaction is authorized, approved or ratified by a majority of votes cast by disinterested shareholders, *or* (b) the contract or transaction is fair and reasonable to us. The purpose of the amendment was to revise the related party transaction requirements to align with the statutory safe harbor on related party transactions available to Maryland corporations.

In response to ISS's report and in order to further protect shareholders' interests, the Board of Trustees has now determined that the "*or*" italicized above should be changed to an "*and*." That is, in the case of any contract or transaction in which any of our trustees, officers, employees or agents (or any person affiliated with such person) has a material financial interest, the revised new provision would provide that (a) the fact of the interest must be disclosed or known to (i) the Board or the Audit Committee of the Board, and the Board or the Audit Committee approves or ratifies the contract or transaction by a majority vote of disinterested trustees or the Audit Committee, or (ii) the shareholders entitled to vote, and the contract or transaction is authorized, approved or ratified by a majority of votes cast by disinterested shareholders, *and* (b) the contract or transaction is fair and reasonable to us.

In accordance with the above, the revised proposed amendment to the Charter, which replaces current Section 7.8 with new Section 7.6, is as follows:

*Section 7.6 Transactions Between Trustees, Officers, Employees or Agents and the Trust.* Subject to any express restrictions in this Declaration or adopted by the Trustees in the Bylaws or by resolution, the Trust may enter into any contract or transaction of any kind with any Person, including any Trustee, officer, employee or agent of the Trust or any person affiliated with a Trustee, officer, employee or agent of the Trust, whether or not any of them has a financial interest in such transaction, provided, however, that in the case of any contract or transaction in which any Trustee, officer, employee or agent of the Trust (or any Person affiliated with such Person) has a material financial interest in such transaction, then: (a) the fact of the interest shall be disclosed or known to: (i) the Board of Trustees or the Audit Committee, and the Board of Trustees or the Audit Committee shall approve or ratify the contract or transaction by the affirmative vote of a majority of disinterested Trustees of the Board or the Audit Committee, even if the disinterested Trustees of the Board or the Audit Committee constitute less than a quorum, and (ii) the shareholders entitled to vote, and the contract or transaction shall be authorized, approved or ratified by a majority of the votes cast by the shareholders entitled to vote other than the votes of shares owned of record or beneficially by the interested part; and (b) the contract or transaction is fair and reasonable to the Trust.

The purpose of the revision is to require that the Company obtain approval of related party transactions by disinterested trustees, the Audit Committee or disinterested shareholders *and* that the transaction be fair and reasonable to the Company, as opposed to relying on one prong or the other of

the foregoing to engage in a related party transaction, which was not and is not the Board's intention. In fact, our Amended and Restated Bylaws (the "Bylaws") already require that related party transactions be approved by our Audit Committee *and* be fair and reasonable to the Company. Thus, in order to align the provisions of our Charter and our Bylaws and to protect shareholders' interests by requiring both prongs of the provision to be satisfied, the Board of Trustees now unanimously recommends the approval of Proposal 2(g) as revised hereby.

***THE BOARD OF TRUSTEES UNANIMOUSLY RECOMMENDS THAT  
SHAREHOLDERS VOTE "FOR" APPROVAL OF REVISED PROPOSAL 2(g).***

**Revised Proposal 2(j) Amendment to Increase Flexibility in Structuring Board Committees**

In the Proxy Statement, the Board proposed that Section 2.8 of the Charter (and any related provisions and language elsewhere in the Charter) be revised to (a) permit committees of one or more trustees, (b) permit committees that include one or more trustees and one or more non-trustees, and (c) remove the independence requirements for committee members. The purpose of the amendment was to provide flexibility to the Board in designing its standing committee structure, including forming committees not required by the New York Stock Exchange ("NYSE") and Securities and Exchange Commission ("SEC") rules to consist of or include independent trustees, and in forming ad-hoc committees as the Board may determine from time to time.

Although it was never the intention of the Board to eliminate the independence requirements for our Audit, Compensation and Nominating and Corporate Governance Committees, in response to concerns that have been raised that our proposed amendment may cause such committees to fail to satisfy NYSE and SEC rules if their members are not independent, our Board of Trustees has determined to mandate independence requirements for members of those committees in our Charter. We remain subject to NYSE and SEC independence requirements for these committees regardless of whether our Charter explicitly requires that all trustees on those committees be independent and we do not intend to add non-independent trustees to any of the foregoing committees. Thus, in order to align our Charter with our intention and NYSE and SEC rules, the Board of Trustees has determined to specify in our Charter that all members of our Audit, Compensation and Nominating and Corporate Governance Committees must meet the independence requirements of the NYSE and SEC.

In accordance with the above, the revised proposed amendment to Section 2.8 of the Charter, renumbered as Section 2.7, is as follows:

*Section 2.7 Committees.* The Trustees may appoint an audit committee, a compensation committee and a nominating and corporate governance committee and such other standing committees, consisting of one or more members, as the Trustees determine; *provided, however,* that the membership of each of the audit committee, compensation committee and nominating and corporate governance committee at all times shall comply with the independence and other listing requirements and rules and regulations of the New York Stock Exchange and the rules and regulations promulgated under the federal securities laws, and any other independence and other requirements set forth in the Trust's corporate governance guidelines and applicable committee charters. The Trustees may appoint other standing committees consisting of at least one Trustee and one or more non-Trustee members. Each committee shall have such powers, duties and obligations as the Board of Trustees may delegate thereto as it deems necessary or appropriate. The standing committees shall report their activities periodically to the Trustees.

***THE BOARD OF TRUSTEES UNANIMOUSLY RECOMMENDS THAT  
SHAREHOLDERS VOTE "FOR" APPROVAL OF REVISED PROPOSAL 2(j).***

**Revised Proposal 2(k) Amendment to Increase the Shareholder Voting Requirement for Certain Successor Restructurings**

In the Proxy Statement, we stated that the Board of Trustees proposed amending Section 8.5 of the Charter (and any related provisions and language elsewhere in the Charter) to remove the requirement that shareholders approve a restructuring of our legal organization that consists of (a) forming holding companies or replacement entities, (b) merging into or selling us to any such entity in exchange for equity therein, and (c) distributing such equity interests to the shareholders, only upon approval of a majority of the trustees. However, that description of Proposal 2(k) in the Proxy Statement did not accurately describe our proposed revisions to Section 8.5 of the Charter. The proposed amendment to Section 8.5 of the Charter, as set forth in Exhibit A-I to the Proxy Statement, does not in fact remove the shareholder vote requirement. Rather, the proposed amendment to Section 8.5 of the Charter increases the shareholder vote required to approve the specified restructurings from a majority of votes cast to a majority of outstanding shares.

The purpose of the amendment is to align the vote requirement in Section 8.5 of the Charter with Maryland law requirements for shareholder approval of mergers and proposed Section 5.10(a) of the Charter, which requires approval by a majority of outstanding shares for mergers, transfers of all or substantially all of the Company's assets and certain other fundamental transactions. We believe that maintaining a shareholder vote requirement for the restructuring transactions contemplated by Section 8.5 of the Charter is in the best interests of shareholders because shareholders are guaranteed the right to vote on these fundamental decisions. Accordingly, we are not proposing to remove the shareholder approval requirement from Section 8.5.

The following is the proposed amendment to Section 8.5 of the Charter, which has not been modified subsequent to filing the Proxy Statement:

*Section 8.5 Transfer to Successor.* The Trustees, with the approval of a majority of the Trustees and the affirmative vote, at a meeting approving a plan for this purpose, of the holders of Shares representing a majority of all votes authorized to be cast at a meeting at which a quorum is present, may (a) cause the organization of a limited partnership, partnership, corporation, association, trust or other organization to take over the Trust Estate and carry on the affairs of the Trust, (b) merge the Trust into, or sell, convey and transfer the Trust Estate to, any such limited partnership, partnership, corporation, association, trust or organization in exchange for Securities thereof, or beneficial interests therein, and the assumption by such transferee of the liabilities of the Trust and (c) thereupon terminate this Declaration and deliver such shares, Securities or beneficial interests among the Shareholders in accordance with such plan.

In order to more accurately reflect the foregoing proposed amendment to Section 8.5 of the Charter, we have revised the caption for this Proposal 2(k) in the Proxy Statement from "Amendment to Remove the Requirement that Shareholders Approve Certain Restructurings" to "Amendment to Increase the Shareholder Voting Requirement for Certain Successor Restructurings." The new caption appears on the revised proxy card included with this Supplement. **If you have previously submitted your proxy and voted "Against" on this proposal because the Proxy Statement did not accurately describe the proposed revision and you now wish to submit a new proxy to change your vote, please follow the procedures outlined above.**

***THE BOARD OF TRUSTEES UNANIMOUSLY RECOMMENDS THAT  
SHAREHOLDERS VOTE "FOR" APPROVAL OF REVISED PROPOSAL 2(k).***















