

Digital Realty Trust, Inc.
Form DEF 14A
April 04, 2008

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 commission only (as permitted by Rule 14a-6(e)(2))

Definitive proxy statement

Definitive additional materials

Soliciting Material Pursuant to Rule 14a-12

DIGITAL REALTY TRUST, INC.

(Name of Registrant as Specified In Its Charter)

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

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(1) Amount Previously Paid:

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(4) Date Filed:

DIGITAL REALTY TRUST, INC.

560 Mission Street, Suite 2900

San Francisco, California 94105

April 5, 2008

DEAR STOCKHOLDER:

You are invited to attend the 2008 Annual Meeting of Stockholders of Digital Realty Trust, Inc. to be held on Monday, May 5, 2008, at 10:00 A.M., local time, at 560 Mission Street, 20th Floor conference center (The Market Room), San Francisco, CA 94105.

The purposes of this year's Annual Meeting are to:

- (i) elect six directors;
- (ii) consider and vote upon ratifying the selection of the Company's independent registered public accounting firm; and
- (iii) transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

The accompanying Notice of 2008 Annual Meeting and Proxy Statement describe these matters. We urge you to read this information carefully.

It is important that your shares be represented and voted whether or not you plan to attend the Annual Meeting in person. If you choose not to attend and vote at the Annual Meeting in person, you may vote by completing and mailing the enclosed proxy card. Voting by proxy will ensure your shares are represented at the Annual Meeting. Please review the instructions on the proxy card or the information forwarded by your bank, broker or other holder of record regarding each of these voting options.

Sincerely,

Michael F. Foust

Chief Executive Officer

DIGITAL REALTY TRUST, INC.

560 Mission Street, Suite 2900

San Francisco, California 94105

NOTICE OF 2008 ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON MAY 5, 2008

TO THE STOCKHOLDERS OF DIGITAL REALTY TRUST, INC.

NOTICE IS HEREBY GIVEN that the 2008 Annual Meeting of Stockholders (the "Annual Meeting") of Digital Realty Trust, Inc., a Maryland corporation (the "Company"), will be held on Monday, May 5, 2008, at 10:00 A.M., local time, at 560 Mission Street, 29th floor conference center (The Market Room), San Francisco, CA 94105, for the following purposes:

to elect six directors to a one-year term of office expiring at the 2009 Annual Meeting of Stockholders and until their successors are duly elected and qualify;

to consider and vote upon ratifying the selection of KPMG LLP as the Company's independent registered public accounting firm for the year ending December 31, 2008; and

to transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof. The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice of Annual Meeting.

Your proxy to vote your shares at the Annual Meeting is solicited by our Board of Directors (the "Board"), which recommends that our stockholders vote FOR the election of the Board's nominees named on the enclosed proxy card and FOR ratifying the selection of KPMG LLP as the Company's independent registered public accounting firm for the year ending December 31, 2008.

Please refer to the attached Proxy Statement, which forms a part of this Notice of Annual Meeting and is incorporated herein by reference, for further information with respect to the business to be transacted at the Annual Meeting.

STOCKHOLDERS ARE CORDIALLY INVITED TO ATTEND THE ANNUAL MEETING IN PERSON. YOUR VOTE IS IMPORTANT. ACCORDINGLY, YOU ARE URGED TO AUTHORIZE YOUR PROXY BY THE INTERNET OR BY TELEPHONE, OR BY COMPLETING, SIGNING, DATING AND RETURNING THE ACCOMPANYING PROXY CARD, WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING IN PERSON.

The Board has fixed the close of business on March 6, 2008, as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting and at any postponement or adjournment thereof.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on May 5, 2008:

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The Proxy Statement, Annual Report on Form 10-K and Annual Report to Security Holders are available at <http://phx.corporate-ir.net/staging/phoenix.zhtml?c=182279&p=proxy>.

By Order of Our Board of Directors

A. William Stein

Chief Financial Officer,
Chief Investment Officer and Secretary

San Francisco, California

April 5, 2008

Whether or not you expect to attend the Annual Meeting in person, we urge you to vote your shares at your earliest convenience. This will ensure the presence of a quorum at the meeting. Promptly authorizing your proxy by telephone, via the Internet, or by signing, dating, and returning the enclosed proxy card will save us the expenses and extra work of additional solicitation. An addressed envelope for which no postage is required if mailed in the United States is enclosed if you wish to authorize your proxy by mail. For specific instructions on authorizing a proxy, please refer to the instructions on the proxy card or the information forwarded by your broker, bank or other holder of record. Even if you have authorized your proxy, you may still vote in person if you attend the meeting. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote in person at the meeting, you must obtain a proxy issued in your name from such broker, bank or other nominee.

DIGITAL REALTY TRUST, INC.

560 Mission Street, Suite 2900

San Francisco, California 94105

PROXY STATEMENT

INFORMATION CONCERNING VOTING AND SOLICITATION

General

The enclosed proxy to vote your shares is solicited on behalf of the Board of Directors (the **Board**) of Digital Realty Trust, Inc., a Maryland corporation (the **Company**), for use at the 2008 Annual Meeting of Stockholders (the **Annual Meeting**) to be held on Monday, May 5, 2008, at 10:00 a.m., local time, or at any postponement or adjournment thereof, for the purposes discussed in this Proxy Statement and in the accompanying Notice of 2008 Annual Meeting. Proxies are solicited to give all stockholders of record at the close of business on March 6, 2008 (the **Record Date**) an opportunity to vote on matters properly presented at the Annual Meeting. The Company intends to mail this Proxy Statement and accompanying proxy card on or about April 5, 2008 to all stockholders entitled to vote at the Annual Meeting. The Annual Meeting will be held at 10:00 a.m., local time, at 560 Mission Street, 20th Floor conference center (The Market Room), San Francisco, CA 94105.

Who Can Vote

You are entitled to vote if you were a stockholder of record of the Company's Common Stock, par value \$.01 per share (the **Common Stock**), as of the Record Date. Your shares can be voted at the Annual Meeting only if you are present in person or represented by a valid proxy.

Shares Outstanding and Quorum

As of the Record Date, 65,467,470 shares of Common Stock were outstanding and entitled to vote. A majority of the outstanding shares of Common Stock represented in person or by proxy will constitute a quorum at the Annual Meeting.

Proxy Card and Revocation of Proxy

If you sign the proxy card but do not specify how you want your shares to be voted, your shares will be voted by the proxy holders named in the enclosed proxy in favor of the election of all of the director nominees and in favor of ratifying the selection of KPMG LLP as the Company's independent registered public accounting firm for the year ending December 31, 2008. In their discretion, the proxy holders named in the enclosed proxy are authorized to vote on any other matters that may properly come before the Annual Meeting and at any postponement or adjournment thereof. The Board knows of no other items of business that will be presented for consideration at the Annual Meeting other than those described in this Proxy Statement. In addition, no stockholder proposals or nominations were received on a timely basis pursuant to the Company's Amended and Restated Bylaws (the **Bylaws**), so no such matters may be brought to a vote at the Annual Meeting.

If you vote by authorizing a proxy, you may revoke your proxy authorization at any time before it is voted at the Annual Meeting. You may revoke your proxy by sending to the Company's Secretary at the Company's principal executive office at 560 Mission Street, Suite 2900, San Francisco, California 94105, a written notice of revocation, or by delivery by mail, the Internet, telephone or in person a duly executed proxy bearing a later date, or by attending the Annual Meeting in person and voting in person. Attendance at the meeting will not, by itself, revoke a proxy.

Voting of Shares

Stockholders of record as of the Record Date are entitled to one vote for each share of Common Stock held on all matters to be voted upon at the meeting. You may vote by attending the Annual Meeting and voting in person. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote in person at the meeting, you must obtain a proxy issued in your name from such broker, bank or other nominee. If you choose not to attend the Annual Meeting, you may still authorize your proxy by Internet or telephone or by marking, signing, dating and returning the enclosed proxy card in the envelope that we have provided.

All shares entitled to vote and represented by properly executed proxies received before the polls are closed at the Annual Meeting, and not revoked or superseded, will be voted at the Annual Meeting in accordance with the instructions indicated on those proxies. **YOUR VOTE IS IMPORTANT.**

Counting of Votes

All votes will be tabulated by the inspector of election appointed for the Annual Meeting, who will separately tabulate affirmative and negative votes and abstentions. Shares held by persons attending the Annual Meeting but not voting, shares represented by proxies that reflect abstentions as to a particular proposal and broker non-votes will be counted as present for purposes of determining a quorum. A broker non-vote occurs when a nominee holding shares for a beneficial owner has not received instructions from the beneficial owner and does not have or chooses not to exercise discretionary authority to vote the shares.

In order to be elected as a director, a nominee must receive a plurality of the votes cast at the Annual Meeting at which a quorum is present. For purposes of calculating votes cast in the election of directors, abstentions and broker non-votes will not be counted as votes cast and will have no effect on the result of the vote on the election of the directors. The affirmative vote of a majority of the votes cast at the Annual Meeting at which a quorum is present is required for ratifying the selection of KPMG LLP as our independent registered public accounting firm. For purposes of the vote on ratifying the selection of KPMG LLP as our independent registered public accounting firm, abstentions and broker non-votes will not be counted as votes cast and will have no effect on the result of the vote.

Solicitation of Proxies

The Company will bear the entire cost of soliciting proxies, including the cost of preparing, assembling and mailing this Proxy Statement, the proxy and any additional information furnished to stockholders by it. Copies of solicitation materials will be furnished to banks, brokerage houses, fiduciaries and custodians holding shares of our Common Stock in their names that are beneficially owned by others to forward to these beneficial owners. The Company may reimburse persons representing beneficial owners for their costs of forwarding the solicitation material to such beneficial owners. Original solicitation of proxies by mail may be supplemented by telephone, facsimile, electronic mail or personal solicitation by directors, officers or employees of the Company. No additional compensation will be paid to directors, officers or employees for such services.

Attendance at the Annual Meeting

In order to attend the Annual Meeting, you will need proof of ownership of our Common Stock as of the Record Date.

NO PERSON IS AUTHORIZED ON BEHALF OF THE COMPANY TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS WITH RESPECT TO THE PROPOSALS OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS PROXY STATEMENT, AND, IF GIVEN OR MADE, SUCH INFORMATION AND/OR REPRESENTATIONS MUST NOT BE RELIED UPON

AS HAVING BEEN AUTHORIZED. THE DELIVERY OF THIS PROXY STATEMENT SHALL UNDER NO CIRCUMSTANCES CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF.

The Company's principal executive offices are located at 560 Mission Street, Suite 2900, San Francisco, California 94105, our telephone number is (415) 738-6500 and our website is located at <http://www.digitalrealtytrust.com>. * References herein to the Company refer to Digital Realty Trust, Inc. and its subsidiaries, unless the context otherwise requires.

The date of this Proxy Statement is April 5, 2008.

ITEM 1 ELECTION OF DIRECTORS

Under the Company's charter and the Company's Bylaws, each member of the Board serves for a one-year term and until his or her successor is duly elected and qualifies or until his or her earlier death, resignation or removal. Vacancies on the Board may be filled only by individuals elected by the affirmative vote of a majority of the remaining directors, even if the remaining directors do not constitute a quorum. A director elected by the Board to fill a vacancy (including a vacancy created by an increase in the size of the Board) will serve for the remainder of the full term of the directorship and until such director's successor is elected and qualifies, or until such director's earlier death, resignation or removal.

Directors are elected by a plurality of the votes cast at the Annual Meeting, which means the six nominees who receive the largest number of properly cast votes will be elected as directors. Each share of Common Stock is entitled to one vote for each of the six director nominees. Cumulative voting is not permitted. It is the intention of the proxy holders named in the enclosed proxy to vote the proxies received by them for the election of the nominees named below unless authorization to do so is withheld. If any nominee should become unavailable for election prior to the Annual Meeting, an event which currently is not anticipated by the Board, the proxies will be voted for the election of a substitute nominee or nominees proposed by the Board.

Richard A. Magnuson, Michael F. Foust, Laurence A. Chapman, Kathleen Earley, Ruann F. Ernst, Ph.D. and Dennis E. Singleton are all of our nominees for election to the Board. Each nominee has consented to be named in this Proxy Statement and to serve as a director if elected, and management has no reason to believe that any nominee will be unable to serve. The information below relating to the nominees for election as director has been furnished to the Company by the respective individuals.

Nominees for Election for a One-Year Term Expiring at the 2009 Annual Meeting

The following table sets forth the names and ages as of March 15, 2008 of the individuals who are our nominees for election as directors of the Company, all of whom are current directors of the Company:

Name	Age
Richard A. Magnuson	50
Michael F. Foust	52
Laurence A. Chapman	58
Kathleen Earley	56
Ruann F. Ernst, Ph.D.	61
Dennis E. Singleton	63

* Website addresses referred to in this Proxy Statement are not intended to function as hyperlinks, and the information contained on our website is not a part of this Proxy Statement.

The following are biographical summaries for our nominees for election as directors of the Company:

Richard A. Magnuson is the Chairman of our Board of Directors and served as Executive Chairman of our Board of Directors from our inception through 2006. Mr. Magnuson is a founder of, and since February 2001 has served as Chief Executive Officer of Global Innovation Partners (GI Partners), an international private equity fund manager which oversees the activities of GI Partners Funds I and II. From November 1999 until May 2007, Mr. Magnuson served as Executive Managing Director of CB Richard Ellis Investors, where he formed and managed the investments and activities of GI Partners Fund I. From 1994 through 1999, Mr. Magnuson held various positions with Nomura Securities, most recently as Deputy Managing Director of their London-based Principal Finance Group. From 1989 until 1994, Mr. Magnuson was a Director in the Investment Banking division of Merrill Lynch. Mr. Magnuson previously served as a Director of NYSE-listed Glenborough Realty Trust and is presently a Director of two private companies. Mr. Magnuson holds a Bachelor of Arts degree with honors from Dartmouth College and a Master of Business Administration degree from Stanford University Graduate School of Business.

Michael F. Foust has served as our Chief Executive Officer and as a Director since our inception. Mr. Foust is a founder of GI Partners and served as a managing director of GI Partner s advisor from its inception in February 2001 until our initial public offering. During his tenure at GI Partners, Mr. Foust directed technical property acquisitions and portfolio management. Mr. Foust has over 22 years of experience in institutional real estate investments and portfolio management. Prior to the founding of GI Partners, from 1999 to 2001, he was a senior director at CB Richard Ellis Investors. From 1995 to 1999, Mr. Foust was a Senior Vice President at CB Richard Ellis, where he managed regional asset services operations. During the period from 1985 to 1995, Mr. Foust held senior portfolio management and investment positions at UBS Asset Management, Karsten Realty Advisors, and Trammell Crow Company. Prior to his real estate career, from 1979 to 1985, Mr. Foust participated in the origination of two related international telecommunications companies, Consortium Communications International and Progressive Systems Inc. The companies provided message switching and turn-key networks for multinational corporations. Mr. Foust received a Bachelor of Arts degree *magna cum laude* from Harvard University and a Master of Business Administration degree from Harvard Business School.

Laurence A. Chapman served as Senior Vice President and Chief Financial Officer of Goodrich Corp. from 1999 to 2000. Mr. Chapman served as Senior Vice President and Chief Financial Officer of Rohr, Inc., a \$1.2 billion aerospace company, from 1994 until 1999, when Rohr, Inc. merged with Goodrich Corp. His responsibilities at both companies included accounting, treasury, tax, insurance, investor relations, financial planning and information technology functions. Prior to his service at Rohr, Inc., Mr. Chapman was employed at Westinghouse Electric Corporation from 1981 through 1994. From 1992 through 1994, Mr. Chapman was the Vice President and Treasurer of Westinghouse Electric Corporation where he was responsible for the financing activities of Westinghouse Electric Corporation and Westinghouse Credit Corp. His responsibilities included supervising corporate finance, cash and short-term funding, project finance, bank relations and international treasury. Mr. Chapman received a Bachelor of Commerce degree with Distinction from McGill University and a Master of Business Administration degree from Harvard Business School. Mr. Chapman is Chair of our Audit Committee and is a member of our Nominating and Corporate Governance Committee.

Kathleen Earley is President and Chief Operating Officer of TriZetto Group, Inc. From 1994 through September 2001, Ms. Earley was employed at AT&T Corporation. While at AT&T Corporation, Ms. Earley served as Senior Vice President of Enterprise Networking and Chief Marketing Officer, where she oversaw all AT&T Corporation business-related brand, image and advertising and marketing strategy. One of Ms. Earley s largest contributions was as President of AT&T Data & Internet Services, an \$8 billion business unit that provided Internet Protocol (IP), web hosting, data and managed network services. Under her leadership, AT&T s network became one of the largest Internet backbones in the industry. Prior to joining AT&T Corporation, Ms. Earley was employed by IBM Corporation for 17 years with positions in sales, marketing, planning and strategy development. Ms. Earley is currently a member of the board of directors of two public companies: Vignette Corp., and Switch & Data Facilities Company. Ms. Earley received a Bachelor of Science degree and a

Master of Business Administration degree, both from the University of California, Berkeley. Ms. Earley is Chair of our Nominating and Corporate Governance Committee and is a member of our Compensation Committee.

Ruann F. Ernst, Ph.D. served as Chief Executive Officer of Digital Island, Inc., an e-business delivery network company, from June 1998 through January 2002. Ms. Ernst was Chairperson of the Board of Digital Island from December 1999 through July 2001, when the company was acquired by Cable & Wireless, Plc. From 1988 through 1998, Ms. Ernst worked for Hewlett Packard Company, an electronics equipment and computer company, in various management positions, most recently as General Manager, Financial Services Business Unit and also worked as a Vice President for General Electric Information Services Company. Prior to her work in industry, Ms. Ernst served on the faculty of The Ohio State University, was Director of Medical Research and Computing and served as a Congressional Fellow. Ms. Ernst serves on the Board of Directors for IHS (IHS on NYSE) and privately held Ninth House Networks. She also serves on the Board of two non-profit entities: Kids Sports Stars (Azimuth Foundation) and The Ohio State University Foundation. Ms. Ernst received a Bachelor of Science, a Master of Science and a Ph.D. from The Ohio State University. Ms. Ernst is a member of our Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee.

Dennis E. Singleton was a founding partner of Spieker Partners, the predecessor of Spieker Properties, Inc., one of the largest owners and operators of commercial property on the west coast prior to its \$7.2 billion acquisition by Equity Office Properties Trust in 2001. Mr. Singleton served as Chief Financial Officer and Director of Spieker Properties, Inc. from 1993 to 1995, Chief Investment Officer and Director from 1995 to 1997 and Vice Chairman and Director from 1998 to 2001. During his tenure, Mr. Singleton was involved in identifying and analyzing strategic portfolio acquisition and operating opportunities and oversaw the acquisition and development of more than 20 million square feet of commercial property. From 2001 to present, Mr. Singleton has managed personal investments in real estate. Mr. Singleton received a Bachelor of Science degree from Lehigh University and a Master of Business Administration degree from Harvard Business School. Mr. Singleton is Chair of our Compensation Committee and is a member of our Audit Committee.

OUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF EACH OF MESSRS. MAGNUSON, FOUST, CHAPMAN AND SINGLETON AND MS. EARLEY AND ERNST TO SERVE ON OUR BOARD OF DIRECTORS UNTIL THE 2009 ANNUAL MEETING AND UNTIL THEIR RESPECTIVE SUCCESSORS ARE DULY ELECTED AND QUALIFY.

Executive Officers

The following table sets forth the names, ages as of March 15, 2008 and positions of our Chief Executive Officer, Chief Financial Officer and the other three most highly compensated officers of the Company, including our Chairman (the named executive officers):

Name	Age	Position
Michael F. Foust	52	Chief Executive Officer and Director (principal executive officer)
A. William Stein	54	Chief Financial Officer and Chief Investment Officer (principal financial officer)
Scott E. Peterson	46	Senior Vice President, Acquisitions
Christopher J. Crosby, Jr.	36	Senior Vice President, Sales and Technical Services
Richard A. Magnuson	50	Chairman of the Board

The following are biographical summaries for our executive officers other than Messrs. Magnuson and Foust, for whom biographical summaries can be found in the preceding section.

A. William Stein joined GI Partners as a consultant in April 2004 and became our Chief Financial Officer and Chief Investment Officer in July 2004. Mr. Stein has over 25 years of investment, financial and operating management experience in both large company environments and small, rapidly growing companies. Prior to

joining our Company, Mr. Stein provided turnaround management advice to both public and private companies. From 2000 to 2001, Mr. Stein served as Co-Head of VentureBank@PNC and Media and Communications Finance at The PNC Financial Services Group where he was responsible for directing the delivery of PNC's products and services to VentureBank's high technology and emerging growth client base. Before joining PNC, Mr. Stein was President and Chief Operating Officer of TriNet Corporate Realty Trust, a \$1.8 billion REIT that was acquired by Starwood Financial Trust (now called iStar Financial) in late 1999. Prior to being named President of TriNet, Mr. Stein was Executive Vice President, Chief Financial Officer and Secretary. TriNet's portfolio consisted of office, industrial and retail properties throughout the U.S. Before joining TriNet in 1995, Mr. Stein held a number of senior investment and financial management positions with Westinghouse Electric, Westinghouse Financial Services and Duquesne Light Company. Mr. Stein practiced law for eight years, specializing in financial transactions and litigation. Mr. Stein received a Bachelor of Arts degree from Princeton University, a Juris Doctor degree from the University of Pittsburgh and a Master of Science degree with Distinction from the Graduate School of Industrial Administration at Carnegie Mellon University.

Scott E. Peterson is our Senior Vice President responsible for acquisition activities. Mr. Peterson was a managing director of GI Partners from August 2002 until October 2004. While at GI Partners, Mr. Peterson was responsible for property acquisitions with an emphasis on technical properties. Mr. Peterson has over 20 years of real estate experience and was most recently a Senior Vice President with GIC Real Estate, the real estate investment entity for the Government of Singapore Investment Corporation, from May 1994 to August 2002. Previously, Mr. Peterson was active in investments, development and asset management with LaSalle Partners, a real estate services company and Trammell Crow Company, a real estate developer. Mr. Peterson received a Bachelor of Arts degree from Northwestern University, and a Master of Business Administration degree from Northwestern University.

Christopher J. Crosby, Jr. is our Senior Vice President responsible for our sales and technical service activities. In October 2004, Mr. Crosby became our Vice President of sales. From 2003 until joining our company in October 2004, Mr. Crosby had been a Managing Director of Proferian, LLC, a former service provider to GI Partners. Prior to our initial public offering, Mr. Crosby was responsible for leasing and sales within the GI Partners portfolio with an emphasis on technology-related leasing, including turn-key datacenter space. Mr. Crosby has over 15 years of technology and technology leasing experience. From 2001 to 2002, Mr. Crosby was a consultant for CRG West, LLC, an operating partner of The Carlyle Group formed in 2001 to oversee and enhance strategic telecom assets managed by Carlyle Realty Group. From 1992 to 2001, Mr. Crosby was active in sales, sales management and product development at Nortel Networks, a leading supplier of products and services that support the Internet and other public and private data, voice and multimedia communications networks. Mr. Crosby received a Bachelor of Science degree from the University of Texas at Austin.

Board Governance Documents

The Board maintains charters for all committees. In addition, the Board has adopted a written set of corporate governance guidelines, as well as a code of business conduct and ethics that applies to the Company's employees, officers and directors. To view our committee charters, corporate governance guidelines and code of business conduct and ethics, please visit our website at <http://www.digitalrealtytrust.com>. Each of these documents is also available in print to any stockholder who sends a written request to such effect to A. William Stein, Secretary, Digital Realty Trust, Inc., 560 Mission Street, Suite 2900, San Francisco, California 94105.

Independent Directors

New York Stock Exchange, or NYSE, listing standards require NYSE-listed companies to have a majority of independent board members and a nominating and corporate governance committee, compensation committee and audit committee each composed solely of independent directors. Under the NYSE listing standards, no director of a company qualifies as independent unless the board of directors of such company affirmatively

determines that the director has no material relationship with such company (either directly or as a partner, stockholder or officer of an organization that has a relationship with such company). In addition, the NYSE listing standards contain the following further restrictions upon a listed company's director independence: (i) a director who is an employee, or whose immediate family member is an executive officer, of such company is not independent until three years after the end of such employment relationship; (ii) a director who receives, or whose immediate family member receives, more than \$100,000 during any twelve-month period in direct compensation from such company, other than in director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), is not independent until three years after he or she last received more than \$100,000 in such compensation during any twelve-month period; (iii) a director who is affiliated with or employed by, or whose immediate family member is affiliated with or employed in a professional capacity by, a present or former internal or external auditor of such company is not independent until three years after the end of the affiliation or the employment or auditing relationship; (iv) a director who is employed, or whose immediate family member is employed, as an executive officer of another company where any of the listed company's present executives serve on the other company's compensation committee is not independent until three years after the end of such service or the employment relationship; and (v) a director who is an executive officer or an employee, or whose immediate family member is an executive officer, of another company that makes payments to, or receives payments from, the listed company for property or services in an amount which, in any single fiscal year, exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues, is not independent until three years after falling below such threshold. The Board by resolution has affirmatively determined that, based on the standards set forth in NYSE rules and our corporate governance documents, all nominees for election to the Board at the 2008 Annual Meeting are independent (the Independent Directors), except for Messrs. Magnuson and Foust.

Board Meetings

The Board held six meetings and the Independent Directors met in executive session five times during 2007. At each executive session of our Independent Directors, a presiding director is selected by a majority of the directors present. The number of meetings for each Board committee is set forth below under the heading Board Committees. During the year ended December 31, 2007, all of the directors attended at least 75% of the total number of meetings of the Board and of the committees on which they served. All of the directors attended the 2007 Annual Meeting and the Board expects all directors to attend the 2008 Annual Meeting barring unforeseen circumstances or unresolvable conflicts.

Board Committees

Audit Committee

The Audit Committee has been established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the Exchange Act). The function of the Audit Committee is to assist the Board with its oversight responsibilities regarding: (i) the integrity of our financial statements, (ii) our compliance with legal and regulatory requirements, (iii) the independent registered public accounting firm's qualifications and independence, and (iv) the performance of our internal audit function and independent registered public accounting firm. The Audit Committee selects, assists and meets with the independent registered public accounting firm, oversees each annual audit and quarterly review, establishes and maintains our internal audit controls and prepares the report that federal securities laws require be included in our annual Proxy Statement. The Audit Committee carries out its responsibilities in accordance with the terms of our Audit Committee Charter, which is located on our website at <http://www.digitalrealtytrust.com> and is available in print to any stockholder who requests it by writing to our Secretary, as provided for in Board Governance Documents. Mr. Chapman is Chair and Ms. Ernst and Mr. Singleton are members of the Audit Committee. The Board has determined that Mr. Chapman is an audit committee financial expert as defined by the Securities and Exchange Commission (SEC). The Audit Committee meets the NYSE composition requirements, including the

requirements dealing with financial literacy and financial sophistication. The Audit Committee is composed of Independent Directors under the current NYSE listing standards. Such directors also satisfy the independence requirements of Section 10A-3(m) of the Exchange Act and Rule 10A-3(b)(i). During 2007, the Audit Committee met four times.

Before the Company's independent registered public accounting firm is engaged by the Company or its subsidiaries to render audit or non-audit services, the Audit Committee is required to pre-approve the engagement. Audit Committee pre-approval of audit and non-audit services will not be required if the engagement for the services is entered into pursuant to pre-approval policies and procedures established by the Audit Committee regarding the Company's engagement of the independent registered public accounting firm, provided the policies and procedures are detailed as to the particular service, the Audit Committee is informed of each service provided and such policies and procedures do not include delegation of the Audit Committee's responsibilities under the Exchange Act to the Company's management. The Audit Committee may delegate to one or more designated members of the Audit Committee the authority to grant pre-approvals, provided such approvals are presented to the Audit Committee at a subsequent meeting. If the Audit Committee elects to establish pre-approval policies and procedures regarding non-audit services, the Audit Committee must be informed of each non-audit service provided by the independent registered public accounting firm. Audit Committee pre-approval of non-audit services (other than review and attest services) also will not be required if such services fall within available exceptions established by the SEC.

Information regarding the specific functions performed by the Audit Committee is set forth below in *Audit Matters* *Audit Committee Report*.

Compensation Committee

The Compensation Committee establishes, reviews, modifies and approves the compensation and benefits of our named executive officers, administers the First Amended and Restated Digital Realty Trust, Inc., Digital Services, Inc. and Digital Realty Trust, L.P. 2004 Incentive Award Plan, or the 2004 Incentive Award Plan, and any other incentive programs and produces an annual report on executive compensation for inclusion in our Proxy Statement. Our Compensation Committee Charter is located on our website at <http://www.digitalrealtytrust.com> and is available in print to any stockholder who requests it by writing to our Secretary, as provided for in *Board Governance Documents*. Mr. Singleton is Chair and Ms. Earley and Ms. Ernst are members of the Compensation Committee. During 2007, the Compensation Committee met seven times.

The Compensation Committee exercises all powers delegated to it by the Board of Directors related to compensation matters, including approval of incentive compensation and administration of benefit plans. The Compensation Committee has authority to grant awards under the Company's 2004 Incentive Award Plan. The Compensation Committee is primarily responsible for determining cash and non-cash compensation for our Chief Executive Officer, Chief Financial Officer and next three most highly compensated executive officers, including our Chairman.

In fulfilling its responsibilities, the Compensation Committee may delegate any or all of its responsibilities to a subcommittee of the Compensation Committee, except for:

the review and approval of compensation for our Chief Executive Officer and all other named executive officers;

the management or review of all annual bonus, long-term incentive compensation, stock option, employee pension or welfare benefit plans; or

any matters that involve executive compensation or any matters where the Compensation Committee has determined such compensation is intended to comply with Section 162(m) of the Code by virtue of being approved by a committee of outside directors or is intended to be exempt from Section 16(b) under the 1934 Act pursuant to Rule 16b-3 by virtue of being approved by a committee of non-employee directors.

To aid the Compensation Committee in making its determination, management provides recommendations annually to the Compensation Committee regarding the compensation of all named executive officers. Each named executive officer participates in an annual performance review either with the Board, in the case of Richard A. Magnuson, our Chairman, and Michael F. Foust, our Chief Executive Officer, or with Mr. Foust, in the case of all other named executive officers, to provide input about their contributions to our success for the period being assessed. The performance of our named executive officers is also reviewed annually by the Compensation Committee.

The Compensation Committee may retain compensation consultants to assist it in evaluating executive compensation and may retain counsel, accountants or other advisors, as it deems appropriate, at our expense. We and the Compensation Committee previously retained SMG Advisory Group LLC, a real estate advisory services company with expertise in providing consulting services to companies in the REIT industry. Affiliates of SMG Advisory Group also provided professional services to our Company, including certain accounting-related services, and have received market-based compensation with respect to these services.

In September 2005, SMG Advisory Group provided the Compensation Committee with market data on executive compensation and incentive award plan design consulting and made recommendations for an executive compensation program. In February and May 2007, SMG Advisory Group provided the Compensation Committee with market data on executive and director compensation and incentive award plan design consulting and made recommendations for a comprehensive compensation program.

In October 2007, the Compensation Committee retained the services of Watson Wyatt & Company, a human capital consulting firm, which we refer to as Watson Wyatt, to serve as the Compensation Committee's independent compensation consultant. Watson Wyatt was engaged to assist the Compensation Committee, among other things, in conducting and presenting the annual review of the total compensation packages for our executive officers, including base salary, annual and long term incentives and employment and severance and change in control provisions; assessing the current annual incentive plan; assessing the current potential value of long-term incentives for executives and modifying/designing a plan for 2008 and future awards; understanding trends and best practices to carry out the Compensation Committee's duties; aligning and testing performance-related pay; understanding stakeholder interests; and evaluating director pay.

Nominating and Corporate Governance Committee

The Company has a standing Nominating and Corporate Governance Committee, whose function is to assist the Board in discharging the Board's responsibilities regarding (i) the identification of qualified candidates to become Board members, (ii) the selection of nominees for election as directors, (iii) the selection of candidates to fill any vacancies on the Board, (iv) the development and recommendation to the Board of a set of corporate governance guidelines and principles applicable to the Company, and (v) oversight of the evaluation of the Board and management. Our Nominating and Corporate Governance Committee Charter is located on our website at <http://www.digitalrealtytrust.com> and is available in print to any stockholder who requests it by writing to our Secretary, as provided for in Board Governance Documents. Ms. Earley is Chair and Ms. Ernst and Mr. Chapman are members of the Nominating and Corporate Governance Committee; all are Independent Directors. During 2007, the Nominating and Corporate Governance Committee met twice. Further information regarding the Nominating and Corporate Governance Committee is set forth below in Qualifications of Director Nominees and Nominating and Corporate Governance Committee's Process for Considering Director Nominees.

Qualifications of Director Nominees

The Nominating and Corporate Governance Committee has not set forth minimum qualifications for Board nominees. However, pursuant to its charter, in identifying candidates to recommend for election to the Board, the Nominating and Corporate Governance Committee considers the following criteria:

- (i) personal and professional integrity, ethics and values;

- (ii) experience in corporate governance, such as an officer or former officer of a publicly held company;
- (iii) experience in the Company's industry;
- (iv) experience as a board member of another publicly held company;
- (v) academic expertise in an area of the Company's operations; and
- (vi) practical and mature business judgment, including ability to make independent analytical inquiries.

Nominating and Corporate Governance Committee's Process for Considering Director Nominees

The Nominating and Corporate Governance Committee, at least annually, evaluates the performance of each current director and considers the results of such evaluation when determining whether to recommend the nomination of such director for an additional term. At an appropriate time prior to each annual meeting at which directors are to be elected or reelected, the Nominating and Corporate Governance Committee recommends to the Board for nomination by the Board such candidates as the Nominating and Corporate Governance Committee, in the exercise of its judgment, has found to be well qualified and willing and available to serve.

At an appropriate time after a vacancy arises on the Board or a director advises the Board of his or her intention to resign, the Nominating and Corporate Governance Committee recommends to the Board for election by the Board to fill such vacancy, such prospective member of the Board as the Nominating and Corporate Governance Committee, in the exercise of its judgment, has found to be well qualified and willing and available to serve. In determining whether a prospective member is qualified to serve, the Nominating and Corporate Governance Committee will consider the factors listed above in Qualifications of Director Nominees.

The foregoing notwithstanding, if the Company is legally required by contract or otherwise to permit a third party to designate one or more of the director nominees to be elected (for example, pursuant to rights contained in our Articles Supplementary designating a class of preferred stock to elect two directors upon a dividend default), then the nomination or election of such directors will be governed by such requirements. Additionally, recommendations received from stockholders will be considered and are subject to the same criteria as are candidates nominated by the Nominating and Corporate Governance Committee.

Manner by which Stockholders May Recommend Director Nominees

The Nominating and Corporate Governance Committee will consider director nominees recommended by stockholders of the Company. All recommendations must be directed to Kathleen Earley, Chair of the Nominating and Corporate Governance Committee, care of A. William Stein, Secretary, Digital Realty Trust, Inc., 560 Mission Street, Suite 2900, San Francisco, California 94105. Recommendations for director nominees to be considered at the 2009 Annual Meeting must be received in writing not later than 5:00 P.M. Pacific Time on December 6, 2008 and not earlier than November 6, 2008. Each stockholder recommending a person as a director candidate must provide the Company with the following information for the Committee to determine whether the recommended director candidate is independent from the stockholder, or each member of the stockholder group, that has recommended the director candidate:

If the recommending stockholder or any member of the recommending stockholder group is a natural person, whether the recommended director candidate is the recommending stockholder, a member of the recommending stockholder group, or a member of the immediate family of the recommending stockholder or any member of the recommending stockholder group;

If the recommending stockholder or any member of the recommending stockholder group is an entity, whether the recommended director candidate or any immediate family member of the recommended director candidate is an employee of the recommending stockholder or any member of the recommending stockholder group or has been at any time during the current or preceding calendar year;

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Whether the recommended director candidate or any immediate family member of the recommended director candidate has accepted, directly or indirectly, any consulting, advisory, or other compensatory

fees from the recommending stockholder or any member of the group of recommending stockholders, or any of their respective affiliates during the current or preceding calendar year;

Whether the recommended director candidate is an executive officer, director (or person fulfilling similar functions) of the recommending stockholder or any member of the recommending stockholder group, or any of their respective affiliates; and

Whether the recommended director candidate controls the recommending stockholder or any member of the recommending stockholder group.

The recommending stockholder must also provide supplemental information that the Nominating and Corporate Governance Committee may request to determine whether the recommended director candidate (i) is qualified to serve on the Audit Committee, (ii) meets the standards of an Independent Director, and (iii) satisfies the standards for our directors set forth above in Qualifications of Director Nominees. In addition, the recommending stockholder must include the consent of the recommended director candidate in the information provided to the Company and the recommended director candidate must make himself or herself reasonably available to be interviewed by the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee will consider all recommended director candidates submitted to it in accordance with these established procedures, though it will only recommend to the Board as potential nominees those candidates it believes are most qualified. However, the Nominating and Corporate Governance Committee will not consider any director candidate if the candidate's candidacy or, if elected, board membership, would violate controlling state law or federal law.

Stockholder and Interested Party Communications with the Board

Stockholders and interested parties may send correspondence directed to the Board, care of Joshua A. Mills, General Counsel and Assistant Secretary, Digital Realty Trust, Inc., 560 Mission Street, Suite 2900, San Francisco, California 94105. Mr. Mills will review all correspondence addressed to the Board, or any individual Board member, for any inappropriate correspondence and correspondence more suitably directed to management. Mr. Mills will summarize all correspondence not forwarded to the Board and make the correspondence available to the Board for its review at the Board's request. Mr. Mills will forward stockholder communications to the Board prior to the next regularly scheduled meeting of the Board following the receipt of the communication as appropriate. Correspondence intended for our Independent Directors as a group should be addressed to the Company at the address above, Attention: Independent Directors.

ITEM 2 RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board has selected KPMG LLP as the Company's independent registered public accounting firm for the year ending December 31, 2008 and has further directed that management submit the selection of KPMG LLP for ratification by the stockholders at the Annual Meeting. KPMG LLP has audited the Company's financial statements since the Company's inception in 2004. A representative of KPMG LLP is expected to be present at the Annual Meeting and will have an opportunity to make a statement if he or she so desires and will be available to respond to appropriate questions.

Stockholder ratification of the selection of KPMG LLP as the Company's independent registered public accounting firm is not required by the Bylaws or otherwise. However, the Board is submitting the selection of KPMG LLP to the stockholders for ratification as a matter of corporate practice. If the stockholders fail to ratify the selection, the Audit Committee may reconsider whether or not to retain KPMG LLP in the future. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if the Audit Committee determines that such a change would be in the best interests of the Company.

The affirmative vote of a majority of the votes cast at the Annual Meeting is required to ratify the selection of KPMG LLP as our independent registered public accounting firm.

OUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR RATIFYING THE SELECTION OF KPMG LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE YEAR ENDING DECEMBER 31, 2008.

PRINCIPAL STOCKHOLDERS

The following table sets forth as of March 15, 2008 the beneficial ownership of shares of our Common Stock and shares of Common Stock into which units of limited partnership (units) in Digital Realty Trust, L.P., a Maryland limited partnership (our operating partnership), of which we are the sole general partner, are exchangeable for (i) each person who is the beneficial owner of 5% or more of the outstanding Common Stock and units, (ii) directors and named executive officers, and (iii) all directors and executive officers as a group. Each person named in the table has sole voting and investment power with respect to all of the shares of our Common Stock and units shown as beneficially owned by such person, except as otherwise set forth in the notes to the table. The extent to which a person holds shares of Common Stock as opposed to units is set forth in the footnotes below. Unless otherwise indicated, the address of each named person is care of Digital Realty Trust, Inc., 560 Mission Street, Suite 2900, San Francisco, California 94105.

Name of Beneficial Owner	Number of Shares and Units Beneficially Owned	Percent of All Shares ⁽¹⁾	Percent of All Shares and Units ⁽²⁾
The Vanguard Group, Inc. ⁽³⁾	4,177,587	6.4%	5.8%
Davis Selected Advisers, L.P. ⁽⁴⁾	3,289,887	5.0%	4.5%
Cambay Tele.com, LLC and Wave Exchange, LLC ⁽⁵⁾	4,660,157	6.6%	6.4%
Richard A. Magnuson ⁽⁶⁾	1,204,929	1.8%	1.7%
Michael F. Foust ⁽⁷⁾	161,809	*	*
Laurence A. Chapman	45,448	*	*
Kathleen Earley	7,448	*	*
Ruann F. Ernst	7,448	*	*
Dennis E. Singleton	7,448	*	*
A. William Stein ⁽⁸⁾	65,000	*	*
Scott E. Peterson ⁽⁹⁾	20,871	*	*
Christopher J. Crosby, Jr. ⁽¹⁰⁾	68,909	*	*
All directors and executive officers as a group (13 persons)	1,667,037	2.5%	2.3%

* Less than 1%.

- (1) Based on 65,467,470 shares of our Common Stock outstanding as of March 15, 2008. In addition, amounts listed for each individual assume that all units, including vested and unvested long-term incentive units, beneficially owned by such individual are exchanged for shares of our Common Stock, and amounts for all directors and officers as a group assume all vested and unvested long-term incentive units held by them are exchanged for shares of our Common Stock, but none of the units held by other persons are exchanged for shares of our Common Stock.
- (2) Based on a total of 72,315,436 shares of Common Stock and units, including vested long-term incentive units, outstanding as of March 15, 2008, comprising 65,467,470 shares of Common Stock and 6,847,966 units which may be exchanged for cash or shares of Common Stock under certain circumstances.
- (3) Based solely on information contained in an amended Schedule 13G filed by The Vanguard Group, Inc. with the U.S. Securities and Exchange Commission on February 14, 2008. The address of The Vanguard Group, Inc. is 100 Vanguard Boulevard, Malvern, Pennsylvania, 19355. The Vanguard Group, Inc. has sole voting power with respect to 52,653 shares, shared voting power with respect to zero shares, sole dispositive power with respect to 4,177,587 shares and shared dispositive power with respect to zero shares.
- (4) Based solely on information contained in an amended Schedule 13G filed by Davis Selected Advisers, L.P. with the U.S. Securities and Exchange Commission on February 13, 2008. The address of Davis Selected Advisers, L.P. is 2949 East Elvira Road, Suite 101, Tucson, Arizona, 85706. Davis Selected Advisers, L.P. has sole voting power with respect to 970,061 shares, shared voting power with respect to zero shares, sole dispositive power with respect to 3,289,887 shares and shared dispositive power with respect to zero shares.

- (5) Reflects the number of units that are owned by Cambay Tele.com, LLC and Wave Exchange, LLC, which are managed by a single management committee. The inclusion of Cambay Tele.com, LLC and Wave Exchange, LLC in the table above shall not be deemed to be an admission that such entities or their members are, for purposes of Section 13 or Section 16 of the Securities Exchange Act of 1934 or the rules and regulations thereunder, the beneficial owners of the shares that may be received by any of them upon exchange of their units. The address of Cambay Tele.com, LLC and Wave Exchange, LLC is care of The Cambay Group, Inc., 2999 Oak Road, Suite 400, Walnut Creek, California 94957.
- (6) Includes 808,149 vested long-term incentive units, 302,833 limited partnership units, and 93,947 stock options to purchase shares of our Common Stock, but excludes class C units.
- (7) Includes 19,648 vested and 66,074 unvested long-term incentive units, and 31,316 stock options to purchase shares of our Common Stock, but excludes class C units.
- (8) Includes 10,561 vested and 38,331 unvested long-term incentive units, and 16,108 stock options to purchase shares of our Common Stock, but excludes class C units.
- (9) Includes 1,355 vested and 19,516 unvested long-term incentive units, but excludes class C units.
- (10) Includes 5,613 vested and 36,477 unvested long-term incentive units and 26,819 stock options to purchase shares of our Common Stock, but excludes class C units.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This Compensation Discussion and Analysis section discusses the compensation policies and programs for our named executive officers, which consist of our Chief Executive Officer, our Chief Financial Officer and our three other most highly compensated executive officers, as determined under the rules of the SEC. Throughout this proxy statement, the individuals who served as our Chief Executive Officer and Chief Financial Officer, as well as the three other most highly compensated executive officers for the year ended December 31, 2007, including our Chairman, are referred to as the named executive officers.

Overview of Our Executive Compensation Program

Objectives of Our Executive Compensation Program

The Compensation Committee is responsible for establishing, modifying and approving the compensation program for our executive officers. The objective of our executive compensation program is to attract, retain and motivate talented executives who can help maximize stockholder value. We believe that a significant portion of the compensation paid to executive officers should be closely aligned with our performance on both a shorter-term and long-term basis. In order to achieve this objective, in addition to annual base salaries, the executive compensation program uses a combination of annual incentives through cash bonuses and long-term incentives through equity-based compensation. We use equity-based awards as long-term incentives because we view our company-wide performance and growth as the relevant long-term metric, while our annual cash awards can be targeted to reward the attainment of narrower, short-term performance objectives. The program is intended to encourage high performance, promote accountability and ensure that the interests of the executives are aligned with the interests of our stockholders by linking a significant portion of executive compensation directly to increases in stockholder value. We seek to provide total compensation to our executive officers that is comparable to total compensation paid by comparable REITs and other real estate companies in our peer group, as discussed in more detail below.

The following are our principal objectives in establishing compensation for executive officers:

Attract and retain individuals with superior ability, managerial talent and leadership capability;

Ensure that executive officer compensation is aligned with our corporate strategies, business objectives and the long-term interests of our stockholders;

Incentivize management to achieve key strategic and financial performance measures by linking incentive award opportunities to the achievement of performance goals in these areas; and

Enhance the officers' incentive to increase our stock price and maximize stockholder value, as well as promote retention of key executives, by providing a portion of total compensation opportunities for senior management in the form of direct ownership in our Company through equity awards, including awards of long-term incentive units in our operating partnership.

Elements of Compensation

The major elements of compensation for our named executive officers are (1) a base salary, intended to provide a stable annual income for each executive officer at a level consistent with such officer's individual contributions, (2) annual cash performance bonuses, intended to link each executive officer's compensation to our performance and to such officer's performance and (3) long-term compensation, which includes grants of long-term incentive units in our operating partnership and other equity-based compensation intended to encourage actions to maximize stockholder value. Each of these elements is discussed in more detail below.

Our named executive officers are also entitled to certain benefits upon a change in control of the Company, including severance benefits and full vesting of all unvested long-term incentive units and stock options held by the named executive officer. We provide these benefits to our named executive officers in order to give them the personal security and stability necessary for them to focus on the performance of their duties and responsibilities to us. These items are described below under Potential Payments upon Termination or Change in Control.

We believe that each of these elements plays an important role in our overall executive compensation program and together serve to achieve our compensation objectives. The Compensation Committee allocates total compensation between the cash components and equity compensation based on review of the practices of our peer group, while considering the balance among providing stability, short-term incentives and long-term incentives to align the interests of management with our stockholders. The percentage of salary and cash bonus (including annual cash incentive awards paid under our 2004 Incentive Award Plan) to total compensation ranged from 54.4% to 66.6% for our named executive officers and is set forth for each named executive officer in footnote 5 to our Summary Compensation Table below.

Determination of Compensation Awards

The Compensation Committee annually reviews and determines the total compensation to be paid to our named executive officers. Our management, after reviewing competitive market data and advice from compensation consultants engaged by the Compensation Committee and the Company, make recommendations regarding the compensation packages to be made to the officers. The Compensation Committee in its review of these recommendations and in establishing the total compensation for each of our named executive officers considered several factors, including each executive's roles and responsibilities, each executive's performance and achievement of individual goals established for such executive, any significant accomplishments of the executive, our financial and operating performance, and the competitive market data applicable to each executive's position and functional responsibilities.

Competitive Market Data and Compensation Consultant

In February 2007 and May 2007, the Compensation Committee reviewed the salary, bonus and equity compensation paid to our named executive officers and directors. In conducting this review, the Compensation Committee retained the services of SMG Advisory Group LLC, a real estate advisory services company with expertise in providing consulting services to companies in the REIT industry. Affiliates of SMG Advisory Group also provided professional services to our Company, including certain accounting-related services, and have received market-based compensation with respect to these services.

For its consulting services, SMG Advisory Group was instructed to review the Company's existing compensation program and employment agreements, provide current data with regard to industry trends, provide information regarding long-term compensation plan alternatives, identify a peer group and provide cash and equity incentive award information for the peer group, and to develop comprehensive recommendations and a detailed plan as to the design and implementation of an executive compensation program. SMG Advisory Group was also instructed to conduct an analysis of a competitive peer group of independent directors and make recommendations regarding appropriate compensation for our independent directors.

Peer Group Review

The Compensation Committee believes it is important to review total cash and long-term compensation levels against the fiftieth percentile of our peer group companies in order to ensure executive compensation is set at levels that will attract and motivate qualified executives in this important period of our growth while rewarding performance based on corporate objectives. However, the Compensation Committee has the discretion to set compensation levels above or below these targets and actual compensation for each executive officer may vary from these targets based on several factors, including the executive officer's experience level, tenure with

the Company, the difficulty in finding competitive market data applicable to certain executive positions and functional responsibilities, the performance of the executive officer and our annual and long-term performance.

The peer group used to review 2007 base salaries, bonus targets and long-term equity awards consisted of the following 18 companies: Alexandria Real Estate Equities, Inc., Arden Realty Group, Inc., BioMed Realty Trust, Brandywine Realty Trust, Corporate Office Properties Trust Inc., Crescent Real Estate Equities Company, First Potomac Realty Trust, Global Signal, Inc., Lexington Corporate Properties Trust, Maguire Properties, Inc., Parkway Properties, Inc., Pennsylvania Real Estate Investment Trust, PS Business Parks, Inc., Rayonier, Inc., SL Green Realty Corp., Spirit Finance Corporation, Trizec Properties, Inc. and Washington Real Estate Investment Trust. The Compensation Committee believed this group represented an appropriate group of comparable companies during the relevant timeframes based on their market capitalizations, number of employees and industries. In reviewing our Chairman's compensation, the following companies from our peer group were omitted due to a lack of comparable position for 2007: Alexandria Real Estate Equities, Inc., Brandywine Realty Trust, Corporate Office Properties Trust Inc., Crescent Real Estate Equities Company, First Potomac Realty Trust, Global Signal, Inc., Parkway Properties, Inc. and PS Business Parks, Inc.

In order to review 2007 base salaries, bonus targets and long-term incentive awards, we adjusted our 2006 peer group by replacing Bedford Property Investors, Inc., Catellus Development Corporation and American Financial Realty Trust with BioMed Realty Trust, Global Signal, Inc. and Rayonier, Inc. Bedford Property Investors, Inc. and Catellus Development Corporation were removed because they ceased to be publicly traded companies and American Financial Realty Trust was removed due to meaningful changes in executive personnel midway through the year. The three replacement companies were chosen on the advice of our compensation consultant as companies that most closely fit our peer group criteria.

Annual Performance Reviews

To aid the Compensation Committee in making its determination, management provides recommendations annually to the Compensation Committee regarding the compensation of all named executive officers. Each named executive officer participates in an annual performance review either with the Board, in the case of Richard A. Magnuson, our Chairman, and Michael F. Foust, our Chief Executive Officer, or with Mr. Foust, in the case of all other named executive officers, to provide input about their contributions to our success for the period being assessed. The performance of our named executive officers is also reviewed annually by the Compensation Committee.

Description of Individual Elements of Compensation

During the year ended December 31, 2007, compensation for our named executive officers was composed of base salary, annual performance-based cash bonuses and equity compensation awards.

Annual Base Salary

We provide named executive officers and other employees with base salary to compensate them for services rendered each year. Base salaries comprise the stable part of the compensation program that is not dependent on our performance. This compensation element is necessary to provide the financial certainty that our executives seek when they are considering whether to join or remain with our Company. In connection with our initial public offering, each of our named executive officers entered into employment agreements which set their annual base salaries, subject to adjustment by the Compensation Committee. Our Compensation Committee approved new base salaries and target bonuses for each of our named executive officers in February 2007, which the Company instituted in March 2007. These base salaries and target bonuses were based on the analysis by SMG Advisory Group of the compensation practices of companies in our peer group. The Compensation Committee also considered the performance of each of our named executive officers and their contributions to our overall

success. Based on their review, the Compensation Committee increased salaries of our named executive officers for 2007. The 2007 annual base salaries are set forth in the Executive Compensation Summary Compensation Table.

Annual Incentive Bonuses

Our annual incentive bonus program is structured to reward named executive officers based on our performance and the individual executive's contribution to that performance. Annual incentive bonuses are paid in cash if and to the extent performance objectives established by the Compensation Committee at the beginning of the year are achieved. The Compensation Committee believes that the payment of the annual incentive bonus in cash provides the incentive necessary to retain executive officers and reward them for short-term Company performance.

Each named executive officer's annual incentive bonus opportunity for 2007 was established by our Compensation Committee and is described in Executive Compensation Grants of Plan-Based Awards. The Company established target and maximum amounts, however the Committee retained discretion to award bonuses above or below these target and maximum amounts.

For 2007, based on the recommendations of Management, and review of the Company's business plan, the Compensation Committee established financial and operating goals and organizational development goals for each named executive officer. The financial and operating goals included funds from operations, or FFO, targets, financing objectives, acquisitions targets, leasing and marketing objectives and operations objectives. FFO is used by industry analysts and investors as a supplemental performance measure of a REIT. FFO represents net income (loss) available to common stockholders and unitholders (computed in accordance with U.S. GAAP), excluding gains (or losses) from sales of property, real estate related depreciation and amortization (excluding amortization of deferred financing costs) and after adjustments for unconsolidated partnerships and joint ventures. In excluding real estate related depreciation and amortization and gains and losses from property dispositions, FFO provides a performance measure that, when compared year over year, captures trends in occupancy rates, rental rates and operating costs.

The target and maximum levels of FFO established by the Compensation Committee were \$1.90 and \$1.95, respectively, per diluted share and unit and were equivalent to the midpoint and high end of the range of our initial guidance for 2007. These amounts were set by the Compensation Committee based on a number of factors, including expectations surrounding acquisitions and leasing assumptions, financing assumptions, earnings growth, general economic conditions, real estate and technology fundamentals and other specific circumstances facing the Company. Actual 2007 FFO was \$2.05 per diluted share and unit. The financing objective included many factors, including those related to corporate equity and debt offerings, secured financings and re-financings, management of the Company's revolving credit facility, management of the Company's debt-to-equity ratio and maintaining appropriate capital capacity to fund the Company's acquisition and redevelopment programs. The acquisitions target was set by the Compensation Committee for 2007 at \$75 million of vacant property for our redevelopment program and \$225 to \$325 million of income producing properties at an average cash capitalization rate of 8.25%. The company calculates cash capitalization rate by dividing the expected net operating income to be derived from the property by the total purchase price of the property. Net operating income represents rental revenue and tenant reimbursement revenue from the acquired property less rental property operating and maintenance, property taxes and insurance expense. The leasing objective was based on achieving certain leasing targets in 2007, together with a demonstration of close coordination between the leasing and asset management teams and the development of market awareness of and credibility for our company. Management met each of the objectives in 2007.

The organizational development goals for 2007 included the executive's leadership, development and motivation of employees to achieve high performance, the executive's fostering of cross-organizational teamwork and the cultivation of employee engagement and alignment with our company's core values. The operations objectives for 2007 included creating customer trust and growing our company's brands through the implementation of programs and processes with respect to infrastructure management, customer service, reliability and responsiveness. The operations objectives for 2007 also included meeting or exceeding property level operating budgets, the development and execution of policies and procedures and the creation of scalable departmental operating programs and customer facility solutions.

The specific financial and operating goals and organizational development goals for each named executive officer were established by the Compensation Committee based on their areas of responsibility. Mr. Magnuson's bonus was based 70% on financial and operating goals and 30% on organizational development goals. Mr. Foust's bonus was based 70% on financial and operating goals and 30% on organizational development goals. Mr. Stein's bonus was based 80% on financial and operating goals and 20% on organizational development goals. Mr. Peterson's bonus was based 90% on financial and operating goals and 10% on organizational development goals. Mr. Crosby's bonus was based 80% on financial and operating goals and 20% on organizational development goals.

The Compensation Committee, based in part on the recommendations of Management, determined each named executive officer's bonus based on the achievement of the established goals. For 2007, the Committee determined that all established goals had been achieved or exceeded. Accordingly, the Compensation Committee awarded each executive officer other than Mr. Stein their maximum bonus for 2007. For Mr. Stein, in addition to the factors described above, the Compensation Committee considered Mr. Stein's total base salary and annual incentive bonus target relative to the peer group and his overall performance, and determined to increase his annual incentive bonus for 2007 to 100% of his base salary.

Equity Incentive Compensation

We have historically granted to our executive officers stock options and long-term incentive units in our operating partnership under our 2004 Incentive Award Plan. We believe that a significant portion of the compensation paid to executive officers should be closely aligned with our performance on both a short-term and long-term basis. The Compensation Committee believes that, while our annual bonus program provides awards for positive short-term performance, equity participation creates a vital long-term partnership between executive officers and stockholders. The program is intended to encourage high performance, promote accountability and ensure that the interests of the executives are aligned with the interests of our stockholders by linking a significant portion of executive compensation directly to increases in stockholder value. We do not currently have a policy related to the timing of equity incentive compensation awards.

2007 Outperformance Awards

On May 2, 2007, the Compensation Committee, based on the recommendations of SMG Advisory Group, approved the grant to each of our named executive officers of an award of unvested class C profits interest units under our 2004 Incentive Award Plan. Awards of class C profits interest units were designed by the Compensation Committee and SMG Advisory Group to align our executive officers' interests with the long-term interests of our stockholders by providing our executive officers with the potential to receive long-term equity awards based on generating superior returns for our stockholders over 18 and 36-month measurement periods.

The class C profits interest units granted in 2007 reward executives to the extent we achieve a total stockholder return equal to at least 18% over an 18-month period or 36% over a 36-month period (or earlier upon a change in control of our Company). Initially, class C profits interest units will be subject to vesting and satisfaction of a performance condition. Class C profits interest units which do not satisfy the performance condition after the 36-month period will automatically be cancelled and forfeited by the executive. If we achieve

the requisite total stockholder return, 2007 class C profits interest units with a market value (based on the value of our common stock) equal to 8% of the excess stockholder value will satisfy the performance condition (subject to a \$17 million cap for the 18-month period and a \$40 million cap for the 36-month period). The excess stockholder value is allocated among recipients of the 2007 class C profits interest units based on their allocated percentage of the capped award pool. For more information on the 2007 class C profits interest units awards, including a further discussion of the calculation of excess stockholder value, see below under the heading Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table 2007 Outperformance Awards.

The table below sets forth the names, number of 2007 class C profits interest units awarded and award pool percentages with respect to the awards approved by the Compensation Committee on May 2, 2007 to our named executive officers:

Named Executive Officer	Class C Units	Award Pool Percentage
Michael F. Foust	112,608	15.00%
A. William Stein	56,304	7.50%
Scott E. Peterson	52,551	7.00%
Christopher J. Crosby, Jr.	65,688	8.75%
Richard A. Magnuson	112,608	15.00%

Except for accelerated vesting in the event of a change in control of our company, 60% of the 2007 class C profits interest units that satisfy the performance condition will vest at the end of the three year performance period ending on May 1, 2010 and an additional 1/60th of such class C profits interest units will vest on the date of each monthly anniversary thereafter, provided that the executive's service has not terminated prior to the applicable vesting date.

The Compensation Committee believes that the 2007 class C profits interest units awards closely align the interests of our executive officers with our performance and create a vital long-term partnership between our executive officers and stockholders by linking a significant portion of executive compensation directly to increases in stockholder value. In establishing the specific metrics for the plan, including the total stockholder return requirements, the periods over which stockholder returns would be measured, change in control terms, vesting, the percentage of excess stockholder value used in determining the value of the awards and the caps on the plan, the Compensation Committee considered the recommendations of the SMG Advisory Group, including their assessment of similar plans within our industry, the probable payout under the plan and the likelihood that the maximum payout would be achieved, the accounting treatment of the plan, the reasonableness, from a market perspective, of the terms of the awards and the benefits of the awards to stockholders.

2007 Long-Term Incentive Units Awards

The Compensation Committee believes that long-term incentive units are an effective incentive for executive officers in performance and retention, and closely align the interests of our executive officers with the long-term interests of our stockholders. Long-term incentive units may be issued to eligible participants for the performance of services to or for the benefit of our operating partnership. Long-term incentive units, other than class C profits interest units, whether vested or not, will receive the same quarterly per unit distributions as common units in our operating partnership, which equal per share distributions on our Common Stock. Initially, long-term incentive units will not have full parity with common units with respect to liquidating distributions. Upon the occurrence of specified events, long-term incentive units may achieve full parity with common units in our operating partnership for all purposes, and therefore accrete to an economic value for participants equivalent to our Common Stock on a one-for-one basis. If such parity is reached, vested long-term incentive units may be converted into an equal number of common units of our operating partnership at any time, and thereafter enjoy all the rights of common units of our operating partnership, including redemption rights. However, there are circumstances under which the long-term incentive units will not achieve full parity with common units of our

operating partnership. Until and unless such parity is reached, the value that a participant will realize for a given number of vested long-term incentive units will be less than the value of an equal number of shares of our common stock.

On May 2, 2007, the Compensation Committee approved an award of long-term incentive profits interest units in our operating partnership to certain of our named executive officers which are set forth below in the Executive Compensation Grants of Plan Based Awards table. Except for accelerated vesting in the event of a change in control of our company, long-term incentive units awarded in 2007 vest over five years, with 20% vesting after the first year and an additional 1/60th of such long-term incentive units vesting each month thereafter.

2007 Stock Options.

The Compensation Committee believes that options to purchase our common stock are an effective incentive for executive officers in performance and retention, and closely align the interests of our executive officers with the long-term interests of our stockholders. The executive officer or employee benefits only when our common share price rises above the price on the day of the award and if the executive remains employed during the vesting period.

On May 2, 2007, the Compensation Committee approved an award of stock options to each of our named executive officers which are set forth below in the Executive Compensation Grants of Plan Based Awards table. Except for accelerated vesting in the event of a change in control of our company, the stock options awarded in 2007 vest over five years, with 20% vesting after the first year and an additional 1/60th of such stock options vesting each month thereafter. Stock options are granted with an exercise price equal to the closing price of our common shares on the grant date.

2005 Outperformance Awards

On September 29, 2005, the Compensation Committee, based on the recommendations of SMG Advisory Group, approved the long-term, performance based equity compensation plan referred to as the 2005 Outperformance Plan. Awards under the 2005 Outperformance Plan, which were granted in the form of unvested class C profits interest units under our 2004 Incentive Award Plan, were designed by the Compensation Committee and the compensation consultant to align our executive officers' interests with the long-term interests of our stockholders by providing our executive officers with the potential to receive long-term equity awards based on generating superior returns for our stockholders over a three-year measurement period.

The 2005 class C profits interest units reward executives to the extent we achieve a 10% or greater compound annual total stockholder return over a 36-month period ending on September 29, 2008 (or earlier upon a change in control of our company). Initially, the 2005 class C profits interest units will be subject to vesting and satisfaction of a performance condition. Class C profits interest units which do not satisfy the performance condition after the 36-month period will automatically be cancelled and forfeited by the executive. If we achieve the requisite total stockholder return, class C profits interest units with a market value (based on the value of our common stock) equal to 7% of the excess stockholder value will satisfy the performance condition (subject to a \$40 million cap). The excess stockholder value is allocated among recipients of the 2005 class C profits interest units based on their allocated percentage of the capped award pool.

The table below sets forth the names, number of 2005 class C profits interest units awarded and award pool percentages with respect to the awards approved by the Compensation Committee on September 29, 2005 to our named executive officers:

Named Executive Officer	Class C Units	Award Pool Percentage
Michael F. Foust	250,000	18.75%
A. William Stein	166,667	12.50%
Scott E. Peterson	166,667	12.50%
Christopher J. Crosby, Jr.	80,000	6.00%
Richard A. Magnuson	333,333	25.00%

Except for accelerated vesting in the event of a change in control of our company, 60% of the 2005 class C profits interest units that satisfy the performance condition will vest at the end of the three year performance period ending on September 29, 2008 and an additional 1/60th of such class C profits interest units will vest on the date of each monthly anniversary thereafter, provided that the executive's service has not terminated prior to the applicable vesting date. For more information on the 2005 class C profits interest units awards, see below under the heading Narrative Disclosure to Summary Compensation Table and Grants of Plan Based Awards Table 2005 Outperformance Awards.

Employment Agreements

We seek to enter into employment agreements with our executive officers to help provide stability and security and encourage our executives to remain with us. In November 2006, the employment agreements that our Chairman, Chief Executive Officer and Chief Financial Officer entered into in connection with our initial public offering expired. In 2007, the Compensation Committee approved the terms of new employment agreements for these individuals, as well as for other executive officers in the Company, and we expect to enter into new employment agreements in 2008. We expect that these new employment agreements will contain severance and change in control benefits, among other things.

In connection with our initial public offering in 2004 we entered into employment agreements with Messrs. Peterson and Crosby, which are currently in effect and which provide that if the executive's employment is terminated by us without cause, subject to the executive's execution and non-revocation of a general release of claims, the executive will be entitled to receive severance payments. Mr. Peterson will be entitled to a lump-sum severance payment in an amount equal to 50% of the sum of his annual base salary as in effect on the date of termination plus his target annual bonus for the fiscal year in which the termination occurs. Mr. Crosby will be entitled to severance payments in the form of salary continuation for six months following the termination at a rate equal to his then current annual base salaries. The terms of these severance and change of control arrangements are described below in more detail under the caption Potential Payments upon Termination or Change in Control. We expect that Messrs. Peterson and Crosby will enter into new employment agreements in 2008 along with our other named executive officers.

Perquisites

We provide our named executive officers with perquisites and other personal benefits that we and the Compensation Committee believe are reasonable and consistent with our overall compensation program objectives to better enable us to attract and retain superior executives for key positions. The Compensation Committee periodically reviews the levels of perquisites and other personal benefits provided to named executive officers. In 2007, we provided the named executive officers other than Mr. Magnuson with life insurance, medical, dental, vision and disability plan benefits, for which our named executive officers are charged the same rates as all other employees, 401(k) matching funds and parking. We provided Mr. Magnuson with life insurance premiums and parking.

Tax Deductibility of Executive Compensation

Section 162(m) of the Internal Revenue Code disallows a tax deduction for any publicly held corporation for individual compensation of more than \$1.0 million in any taxable year to any named executive officers other than compensation that is performance-based under a plan that is approved by the stockholders and that meets certain other technical requirements. Despite the fact that our annual incentive bonuses and certain equity-based compensation awards are determined based on the evaluation of our performance and take into consideration certain financial and strategic goals, the Compensation Committee does not apply these factors on a strict formulaic basis. As a result, this compensation may not satisfy the requirements of Section 162(m). We believe that we qualify as a REIT under the Internal Revenue Code and generally are not subject to federal income taxes provided we distribute to our stockholders at least 100% of our taxable income each year. As a result, we do not expect that the payment of compensation that does not satisfy the requirements of Section 162(m) will have a material adverse federal income tax consequence to us, provided we continue to distribute at least 100% of our taxable income each year. In appropriate circumstances, the Compensation Committee therefore may elect to implement programs that recognize a full range of performance criteria important to our success and to ensure our executive officers are compensated in a manner consistent with our best interests and those of our stockholders, even where the compensation paid under such programs may not be deductible under Section 162(m).

Compensation Committee Report*

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management. Based on the review and discussions with management, the Compensation Committee recommends to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

COMPENSATION COMMITTEE OF OUR BOARD OF DIRECTORS

Dennis E. Singleton, Chair

Ruann F. Ernst, Ph.D.

Kathleen Earley

Compensation Committee Interlocks and Insider Participation

There are no Compensation Committee interlocks and none of our employees participates on the Compensation Committee.

* The material in this report is not soliciting material, and is not deemed filed with the SEC.

Executive Compensation

Summary Compensation Table

The following table summarizes the total compensation paid to or earned by each of the named executive officers for the years ended December 31, 2006 and 2007.

Name and Principal Position	Year	Salary (\$)	Stock Awards (\$) ⁽¹⁾	Option Awards (\$) ⁽²⁾	Non-Equity Incentive Plan Compensation (\$) ⁽³⁾	All Other Compensation (\$) ⁽⁴⁾	Total (\$) ⁽⁵⁾
Michael F. Foust, Chief Executive Officer	2007	\$ 508,333	\$ 547,223	\$ 40,525	\$ 762,500	\$ 50,052 ⁽⁶⁾	\$ 1,908,633
A. William Stein, Chief Financial Officer, Chief Investment Officer and Secretary	2007	356,667	310,947	30,413	356,700 ⁽⁷⁾	40,014 ⁽⁸⁾	1,094,741
Scott E. Peterson, Senior Vice President, Acquisitions	2006	312,500	292,182	30,413	312,500	41,825 ⁽⁹⁾	989,420
Christopher J. Crosby, Jr., Senior Vice President, Sales and Technical Services	2006	295,833	182,049	18,385	279,000	43,029	818,296
Richard A. Magnuson, Chairman	2007	241,667	272,025	63,779	420,900	38,118 ⁽¹⁰⁾	1,036,489
	2006	200,000	94,358	39,723	400,000	34,075	768,156
	2007	191,667	447,500	28,497	383,400	5,089 ⁽¹¹⁾	1,056,153
	2006	150,000	211,500	28,497	225,000	13,250	628,247

- (1) The amounts in this column represent the Company's non-cash compensation expense under Financial Accounting Standard No. 123(R), Share-Based Payments related to long-term incentive units and class C profits interest units awarded in 2007 and prior years. For a discussion of the valuation reflected in the Stock Awards column, refer to Note 10 to the Company's consolidated financial statements for the fiscal year ended December 31, 2007, included in the Company's annual report on Form 10-K for the year ended December 31, 2007.
- (2) The amounts in this column represent the Company's 2007 non-cash compensation expense under Financial Accounting Standard No. 123(R), Share-Based Payments related to stock options awarded in 2007 and prior years. For a discussion of the assumptions made in the valuation reflected in the Option Awards column, refer to Note 10 to the Company's consolidated financial statements for the fiscal year ended December 31, 2007, included in the Company's annual report on Form 10-K for the year ended December 31, 2007.
- (3) The amounts in this column represent performance-based cash incentive award payments that were earned during the specified year and paid in the following year.
- (4) The amounts in this column represent medical, dental, vision and disability insurance premiums, life insurance premiums, 401(k) matching funds, parking and distributions on unvested long-term incentive units, but excludes distributions paid on vested long-term incentive units.
- (5) Total salary and cash incentive awards paid in 2007 under our 2004 Incentive Award Plan constituted the following percentages of total compensation for each named executive officer:

Michael F. Foust	66.6%
A. William Stein	65.2%
Scott E. Peterson	63.2%
Christopher J. Crosby, Jr.	63.9%
Richard A. Magnuson	54.4%

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- (6) Includes \$9,833 for medical, dental, vision and disability insurance premiums, \$26,130 from distributions on unvested long-term incentive units, and other amounts related to parking, life insurance premiums and 401(k) matching funds.

- (7) See Compensation Discussion and Analysis Description of Individual Elements of Compensation Annual Incentive Bonuses for a discussion of Mr. Stein's actual bonus relative to his target bonus for 2007.
- (8) Includes \$11,881 for medical, dental, vision and disability insurance premiums, \$14,044 from distributions on unvested long-term incentive units, and other amounts related to parking, life insurance premiums and 401(k) matching funds.
- (9) Includes \$14,669 for medical, dental, vision and disability insurance premiums, \$13,067 from distributions on unvested long-term incentive units, and other amounts related to parking, life insurance premiums and 401(k) matching funds.
- (10) Includes \$14,669 for medical, dental, vision and disability insurance premiums, \$13,810 from distributions on unvested long-term incentive units, and other amounts related to parking, life insurance premiums and 401(k) matching funds.
- (11) Includes amounts related to parking and life insurance premiums.

Grants of Plan-Based Awards

The following table provides information concerning target payouts under plan-based awards granted or awarded during 2007 to each of our named executive officers.

Name	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards ⁽¹⁾			Estimated Future Payouts Under Equity Incentive Plan Awards		All Other Stock Awards: Number of Shares of Stock or Units ^(#) ⁽⁵⁾	All Other Option Awards: Number of Securities Underlying Options [#] ⁽⁶⁾	Exercise or Base Price of Option Awards ^(\$/Sh)	Grant Date Fair Value of Stock and Option Awards ^(\$) ⁽⁷⁾	
	Threshold ^(\$)	Target ^(\$)	Maximum ^(\$)	Threshold	Target ^(#) ⁽³⁾⁽⁴⁾					Maximum ^(#)
Michael F. Foust, Chief Executive Officer		\$ 525,000 ⁽²⁾	\$ 787,500		112,608		11,000	\$ 41.73	\$ 1,770,000	
A. William Stein, Chief Financial Officer, Chief Investment Officer and Secretary		180,000 ⁽²⁾	270,000		56,304		11,000	\$ 41.73	90,210	
Scott E. Peterson, Senior Vice President, Acquisitions		236,250 ⁽²⁾	315,000		52,551		11,000	\$ 41.73	885,000	
Christopher J. Crosby, Jr. Senior Vice President, Sales and Technical Services		425,000 ⁽²⁾	425,000		65,688	7,189	22,000	\$ 41.73	90,210	
Richard A. Magnuson, Chairman		300,000 ⁽²⁾	400,000		112,608				1,032,500	
									300,000	
									180,420	
									1,770,000	

- (1) Represents target cash incentive awards payable in 2008 based on 2007 performance. There were no minimum bonus award amounts. See the Summary Compensation Table under the Non-Equity Incentive Plan Compensation column for actual 2007 bonuses paid.
- (2) Represents target cash incentive awards based on amounts established for 2007. Actual cash incentive awards reflect salaries actually paid in 2007.
- (3) Represents class C profits interest units granted in 2007. For more information on the 2007 class C profits interest units awards, see below under the heading Narrative Disclosure to Summary Compensation Table and Grants of Plan Based Awards Table 2007 Outperformance Awards.
- (4) Pursuant to the 2007 class C profits interest unit awards, in the event that the value of an executive's allocated portion of the award pool that satisfies the performance condition equates to a number of class C profits interest units that is greater than the number of class C profits interest units awarded to the executive, we will make an additional payment to the executive in the form of a number of shares of our restricted stock equal to the difference. For more information on the 2007 class C profits interest units awards, see below under the heading Narrative Disclosure to Summary Compensation Table and Grants of Plan Based Awards Table 2007 Outperformance Awards.
- (5) Represents long-term incentive units in our Operating Partnership awarded in 2007. For more information about 2007 long-term incentive unit awards, see above under Compensation Discussion and Analysis Description of Individual Elements of Compensation 2007 Long-Term Incentive Unit Awards.
- (6) Represents stock options awarded in 2007.

(7) Represents the Company's non-cash compensation expense under Financial Accounting Standard No. 123(R), Share-Based Payments related to class C profits interest units, long-term incentive units and stock options awarded in 2007. For a discussion of the valuation reflected in this column, refer to Note 10 to the Company's consolidated financial statements for the fiscal year ended December 31, 2007 included in the Company's annual report on Form 10-K for the year ended December 31, 2007.

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

2007 Outperformance Awards

As described above under Compensation Discussion and Analysis Description of Individual Elements of Compensation 2007 Outperformance Awards, on May 2, 2007, the Compensation Committee of our Board of Directors approved the grant to each of our named executive officers of an award of class C profits interest units of our operating partnership, Digital Realty Trust, L.P. under our 2004 Incentive Award Plan. If the performance condition and the other vesting conditions are satisfied with respect to a class C profits interest unit, the class C profits interest units will be treated in the same manner as the existing long-term incentive units issued by our operating partnership. Initially, Class C profits interest units will not have full parity with common units with respect to liquidating distributions. Upon the occurrence of specified events, Class C profits interest units may achieve full parity with common units in our operating partnership for all purposes, and therefore accrete to an economic value for participants equivalent to our Common Stock on a one-for-one basis. If such parity is reached, vested Class C profits interest units may be converted into an equal number of common units of our operating partnership at any time, and thereafter enjoy all the rights of common units of our operating partnership, including redemption rights.

The class C profits interest units subject to each 2007 award will satisfy the performance condition based on the achievement of a total stockholder return (which we refer to as the performance condition) as measured on November 1, 2008 (which we refer to as the first measurement date) and May 1, 2010 (which we refer to as the second measurement date). If:

with respect to the first measurement date, we achieve a total stockholder return equal to at least 18% over a period commencing on May 2, 2007 and ending on November 1, 2008; and

with respect to the second measurement date, we achieve a total stockholder return equal to at least 36% over a period commencing on May 2, 2007 and ending on the earlier of May 1, 2010 and the date of a change in control of our company, the performance condition will be deemed satisfied with respect to a number of class C profits interest units that is based on the executive's allocated percentage of an aggregate performance award pool. For purposes of calculating the total stockholder return during this period, the initial value of our common stock will be equal to \$40.51 (which represents the five day trailing average of the closing prices of our common stock ending on May 1, 2007) and the ending value of our common stock will be based on the thirty day trailing average as of the applicable measurement date and will include an amount that would have been realized if all cash dividends paid during the performance period were reinvested in common stock on the applicable dividend payment date.

The aggregate amount of the performance award pool will be equal to 8% of the excess stockholder value created during the applicable performance period, but in no event will the amount of the pool exceed:

\$17 million for the first measurement date; or

\$40 million (less the amount of the performance award pool as of the first measurement date) for the second measurement date. Excess stockholder value is equal to the excess of:

the aggregate market value of the total number of shares of common stock and units outstanding at the end of the performance period, plus the cumulative value of dividends paid during the performance period (assuming reinvestment in our common stock), over

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an increase in the aggregate market value of the common stock and units as of May 1, 2007 of 18% with respect to the first measurement date and 36% with respect to the second measurement date, plus in each case a prorated increase in the aggregate market value of new shares of common stock and units issued by our company or our operating partnership during the performance period.

The first and second measurement dates may be accelerated as follows:

in the event that during any 60 consecutive calendar days ending prior to November 1, 2008 the performance award pool, if calculated on each trading day during such period, equals or exceeds \$17 million on each such trading day, the first measurement date will be accelerated to the last calendar day of the 60-day period; and

in the event that during any 60 consecutive calendar days ending prior to May 1, 2010, the performance award pool, if calculated on each trading day during such period, equals or exceeds \$40 million on each such trading day, the second measurement date will instead be accelerated to the last calendar day of the 60-day period.

Except in the event of a change in control of our company, 60% of the class C profits interest units that satisfy the performance condition will vest at the end of the three year performance period ending on May 1, 2010 and an additional 1/60th of such class C profits interest units will vest on the date of each monthly anniversary thereafter, provided that the executive's service has not terminated prior to the applicable vesting date. If, however, a change in control of our company occurs on or before April 30, 2010 and we achieve a total annual stockholder return (based on the price per share paid in the change in control transaction) equivalent to at least 36% (prorated to the date of the change of control), 100% of the class C profits interest units that satisfy the performance condition as of the change in control date will vest immediately prior to the change in control. In addition, if a change in control of our company occurs after the second measurement date and the executive remains a service provider, the class C profits interest units will fully vest immediately prior to the change in control.

If the executive's service is terminated due to death or disability (or without cause or for good reason if the executive's employment agreement defines cause or contemplates a good reason termination) prior to the end of the performance period or change in control date and we later satisfy the performance condition, a pro rata portion of the class C profits interest units will then vest based on the executive's length of service during the performance period (20% if the executive remained in service through May 1, 2008 and 1/60th on each subsequent monthly anniversary thereafter).

To the extent that any class C profits interest units fail to satisfy the performance condition at the end of the performance period (or the change in control date, if earlier), such class C profits interest units will automatically be cancelled and forfeited by the executive. In addition, any class C profits interest units which are not eligible for pro rata vesting in the event of a termination of the executive's employment due to death or disability (or without cause or for good reason, if applicable) will automatically be cancelled and forfeited upon a termination of the executive's employment.

In the event that the value of the executive's allocated portion of the award pool that satisfies the performance condition equates to a number of class C profits interest units that is greater than the number of class C profits interest units awarded to the executive, we will make an additional payment to the executive in the form of a number of shares of our restricted stock equal to the difference. Sixty percent of the shares of restricted stock will be vested at the time of issuance and 1/60th of such shares will vest on each monthly anniversary thereafter, subject to full accelerated vesting in the event of a subsequent change in control of our company. If, however, this additional payment is made in connection with a change in control of our company that satisfies the performance condition, all of the shares issued will be fully vested at the time of issuance. If the executive's service is terminated due to death or disability (or without cause or for good reason, if applicable) prior to the end of the performance period or change in control date, the executive will be entitled to receive a similar pro rata payment, based on his service during the performance period, in the form of shares of fully vested common stock rather than restricted stock, subject to compliance with applicable federal and state securities laws.

All determinations, interpretations and assumptions relating to the vesting and calculation of the awards under the class C profits interest units agreements will be made by the administrator of our First Amended and

Restated 2004 Incentive Award Plan (presently the Compensation Committee). In addition, the administrator may, in its discretion, adjust or modify the methodology for calculating the vesting of the awards (other than the executive's allocated percentage of the performance award pool) to account for events affecting the value of our common stock which the administrator of our Amended and Restated 2004 Incentive Award Plan does not consider indicative of our performance, such as the issuance of new common stock, stock repurchases, stock splits, issuances and/or exercises of stock grants or stock options, and similar events.

2005 Outperformance Awards

As described above under "Compensation Discussion and Analysis - Description of Individual Elements of Compensation - 2005 Outperformance Awards", on May 2, 2007, the Compensation Committee of our Board of Directors approved the grant to each of our named executive officers of an award of class C profits interest units of our operating partnership, Digital Realty Trust, L.P. under our 2004 Incentive Award Plan. Class C profits interest units which satisfy the performance condition will vest. If the performance condition and the other vesting conditions are satisfied with respect to a class C profits interest unit, the class C profits interest unit will be treated in the same manner as the existing long-term incentive units issued by our operating partnership.

Pursuant to the class C units agreements entered into in connection with these awards, the class C units subject to each award will vest based on the achievement of a 10% or greater compound annual total stockholder return (which we refer to as the "performance condition") combined with the executive's continued service with our Company or our operating partnership. If we achieve a compound annual total stockholder return equal to at least 10% over a period commencing on October 1, 2005 and ending on the earlier of September 30, 2008 and the date of a change in control of our Company, the performance condition will be deemed satisfied with respect to a number of class C units that is based on the executive's allocated percentage of an aggregate performance award pool. For purposes of calculating the total stockholder return during this period, the initial value of our common stock will be equal to \$17.89 (which represents the five day trailing average of the closing prices of our common stock ending on September 30, 2005) and the ending value of our common stock will be based on the five day trailing average at the end of the performance period and will include an amount that would have been realized if all cash dividends paid during the performance period were reinvested in common stock on the applicable dividend payment date. Unvested class C units do not receive quarterly distributions until the end of the performance period, at which point the number of class C units that have satisfied the performance condition will receive quarterly distributions.

The aggregate amount of the 2005 performance award pool is equal to 7% of the "excess stockholder value" created during the applicable performance period, but in no event will the amount of the pool exceed the lesser of \$40,000,000 or the value of 2.5% of the total number of shares of our common stock and limited partnership units of our operating partnership at the end of the performance period. Under the class C units agreements, "excess stockholder value" is equal to the excess of (x) the aggregate market value of the total number of shares of common stock and units outstanding at the end of the performance period, plus the cumulative value of dividends paid during the performance period (assuming reinvestment in our common stock), over (y) the aggregate market value of the common stock and units as of October 1, 2005 earning a compound annual rate of return equal to 10% during the performance period, plus the aggregate market value of new shares of common stock and units issued by our Company or our operating partnership during the performance period earning a compound annual rate of return equal to 10% from the date of issue through the end of the performance period.

Absent an earlier change in control of our Company, 60% of the class C units that satisfy the performance condition will vest at the end of the three-year performance period and an additional 1/60th of such class C units will vest on the date of each monthly anniversary thereafter, provided that the executive's service has not terminated prior to the applicable vesting date. If, however, a change in control of our Company occurs before September 30, 2008 and we achieve a compound annual total stockholder return (based on the price per share paid in the change in control transaction) equivalent to at least 10% during the period commencing on October 1, 2005 and ending on the date of the change in control, 100% of the class C units that satisfy the performance

condition as of the change in control date will vest immediately prior to the change in control. In addition, if a change in control of our Company occurs after the performance condition has been satisfied and the executive remains a service provider, the class C units will fully vest immediately prior to the change in control.

If the executive's service is terminated due to death or disability or by us without cause (or by the executive for good reason if the executive's employment agreement contemplates a good reason termination) prior to the end of the performance period or change in control date and we later satisfy the performance condition, a pro rata portion of the class C units will then vest based on the executive's length of service during the performance period (20% if the executive remained in service through September 30, 2006 and 1/60th for each subsequent month of service thereafter).

To the extent that any class C units fail to satisfy the performance condition at the end of the performance period (or the change in control date, if earlier), such class C units will automatically be cancelled and forfeited by the executive. In addition, any class C units which are not eligible for pro rata vesting in the event of a termination of the executive's employment due to death or disability or by us without cause (or by the executive for good reason, if applicable) will automatically be cancelled and forfeited upon a termination of the executive's employment.

In the event that the value of the executive's allocated portion of the award pool that satisfies the performance condition equates to a number of class C units that is greater than the number of class C units awarded to the executive, we will make an additional payment to the executive in the form of a number of shares of our restricted stock equal to the difference. Sixty percent of the shares of restricted stock will be vested at the time of issuance and 1/60th of such shares will vest on each monthly anniversary thereafter, subject to full accelerated vesting in the event of a subsequent change in control of our Company. If, however, this additional payment is made in connection with a change in control of our Company that satisfies the performance condition, all of the shares issued will be fully vested at the time of issuance. If the executive's service is terminated due to death or disability or by us without cause (or by the executive for good reason, if applicable) prior to the end of the performance period or change in control date, the executive will be entitled to receive a similar pro rata payment, based on his service during the performance period, in the form of shares of fully vested common stock rather than restricted stock.

All determinations, interpretations and assumptions relating to the vesting and calculation of the awards under the class C units agreements will be made by the administrator of our 2004 Incentive Award Plan (presently the Compensation Committee). In addition, the administrator may, in its discretion, adjust or modify the methodology for calculating the vesting of the awards (other than the executive's allocated percentage of the performance award pool) to account for events affecting the value of our common stock which the administrator of our 2004 Incentive Award Plan does not consider indicative of our performance, such as the issuance of new common stock, stock repurchases, stock splits, issuances and/or exercises of stock grants or stock options, and similar events.

Employment Agreements

The employment agreements for Messrs. Magnuson, Foust and Stein expired by their terms in November 2006. The employment agreements with Messrs. Peterson and Crosby remain in effect. We expect that we will enter into new employment agreements with each of our named executive officers in 2008, including Messrs. Peterson and Crosby.

In addition to the compensation disclosed above, the employment agreements with Messrs. Peterson and Crosby provide that their employment with us is at-will and may be terminated by either them or us upon 30 days' advance written notice.

The employment agreements of Messrs. Peterson and Crosby provide severance benefits in connection with a termination without cause, and in the case of Mr. Peterson, a change in control, as described below under

Potential Payments upon Termination or Change in Control. We expect that the new employment agreements we enter into with our named executive officers will contain severance and change in control benefits. The employment agreements of Messrs. Peterson and Crosby also contain standard confidentiality provisions which apply indefinitely and non-solicitation provisions which will apply during the term of the executive's employment and for a six-month period thereafter.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

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 (#) ⁽¹⁾	Market Value of Shares or Units of Stock That Have Not Vested (\$) ⁽²⁾	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) ⁽³⁾	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) ⁽⁴⁾
Michael F. Foust, Chief Executive Officer	31,316	31,316 11,000		\$ 12.00 41.73	10/28/14 05/02/17	22,357	\$ 857,838	362,608	\$ 7,500,000
A. William Stein, Chief Financial Officer, Chief Investment Officer and Secretary	16,108	17,134 11,000		12.00 41.73	10/28/14 05/02/17	12,016	461,054	222,971	5,000,000
Scott E. Peterson, Senior Vice President, Acquisitions		20,204 11,000		12.00 41.73	10/28/14 05/02/17	11,180	428,977	219,218	5,000,000
Christopher J. Crosby, Jr.	15,153	15,153		12.00	10/28/14	13,577	520,949	145,688	2,400,000
Richard A. Magnuson, Chairman	10,000	29,167 22,000 31,316		20.37 41.73	11/08/15 05/02/17			445,941	10,000,000

- (1) Represents long-term incentive units in our Operating Partnership. Twenty percent of the long-term incentive units vest on the first anniversary of the date of grant, and 1/60 of such long-term incentive units vest each month thereafter until all are vested.
- (2) Based on the closing market price of our common stock on December 31, 2007 (the last trading day of the 2007 fiscal year) of \$38.37 per share.
- (3) Represents class C units in our Operating Partnership granted in 2005 and 2007 and described above under Compensation Discussion and Analysis Description of Individual Elements of Compensation 2005 Outperformance Awards, and 2007 Outperformance Awards. The vesting of the class C units depends on satisfaction of the performance condition and the other factors described under Compensation Discussion and Analysis Description of Individual Elements of Compensation 2005 Outperformance Awards.
- (4) Represents the maximum payout value for the class C units issued in 2005, and zero payout value for the class C units issued in 2007, assuming in each case the measurement date for determining satisfaction of the applicable performance condition was December 31, 2007.

Option Exercises And Stock Vested

The following table discloses the number of options exercised by our named executive officers during 2007, and the value realized by these officers on exercise. The following table also discloses the number of long-term incentive units which vested during 2007, and the value realized by these officers on vesting. No class C profits interest units vested during 2007.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$) ⁽¹⁾	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$) ⁽²⁾
Michael F. Foust, Chief Executive Officer			8,130	\$ 314,567
A. William Stein, Chief Financial Officer, Chief Investment Officer and Secretary			4,370	169,087
Scott E. Peterson, Senior Vice President, Acquisitions	20,204	\$ 584,375	4,064	157,244
Christopher J. Crosby, Jr., Senior Vice President, Sales and Technical Services			2,322	89,841
Richard A. Magnuson, Chairman				

- (1) Value realized on exercise of stock options is calculated based on the difference between the per share closing market price of our common stock on the date of exercise and the exercise price of such options.
- (2) Value realized on vesting of long-term incentive units is calculated based on the per share closing market price of our common stock on the vesting dates of such units and assumes those units were exchanged for common stock and sold on that date.

Potential Payments upon Termination or Change in Control

Our named executive officers are entitled to certain benefits upon a change in control of the Company, including that all unvested long-term incentive units and stock options held by them will become fully vested and exercisable upon a change in control, even absent a termination of employment. In addition, class C units will vest to the extent that specified performance targets are satisfied at the time of the change in control.

The employment agreements of Messrs. Peterson and Crosby provide that if the executive's employment is terminated by us without cause, subject to the executive's execution and non-revocation of a general release of claims, the executive will be entitled to receive severance payments. Mr. Peterson will be entitled to a lump-sum severance payment in an amount equal to 50% of the sum of his annual base salary as in effect on the date of termination plus his target annual bonus for the fiscal year in which the termination occurs. Mr. Crosby will be entitled to severance payments in the form of salary continuation for six months following the termination at a rate equal to his then current annual base salary.

As used in Mr. Crosby's agreement, "cause" may be determined in the reasonable discretion of the Company, and includes:

a material failure by the executive to exercise a reasonable level of skill and efficiency in performing his duties or responsibilities;

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misconduct by the executive which injures the general reputation of the Company or its subsidiaries or affiliates, or interferes with contracts or operations of the Company or its subsidiaries or affiliates;

the executive's conviction of, or entry by such executive of a guilty or no contest plea to, a felony or any crime involving moral turpitude;

fraud, misrepresentation, or breach of trust by the executive in the course of his employment which adversely affects us or our subsidiaries or affiliates;

the executive's willful and gross misconduct in the performance of his duties that results in economic or other injury to us or our subsidiaries or affiliates;

a material breach by the executive of his covenants set forth in his employment agreement; or

a material breach by the executive of any of his obligations set forth in his employment agreement.

As used in Mr. Peterson's agreement, "cause" may be determined in the reasonable discretion of the Company, and includes:

willful and gross misconduct by the executive which materially injures the general reputation of the Company or its subsidiaries or affiliates, or interferes with contracts or operations of the Company or its subsidiaries or affiliates;

the executive's conviction of, or entry of a guilty or no contest plea to, a felony or any crime involving moral turpitude;

fraud, misrepresentation, or breach of trust by the executive in the course of his employment which adversely affects the Company or its subsidiaries or affiliates;

willful and gross misconduct by the executive in the performance of his duties that results in economic or other injury to the Company or its subsidiaries or affiliates;

a material breach by the executive of his covenants set forth in his employment agreement; or

a material breach by the executive of any of his obligations set forth in his employment agreement.

In the case of Mr. Peterson, if he is terminated on or within one year after a "change in control" (as defined below) of our Company, the amount of his severance payment will be equal to 100% of the sum of his annual base salary as in effect on the date of termination plus the greater of his target annual bonus for the fiscal year in which the termination occurs or the annual base salary paid or payable to him by us for the fiscal year immediately preceding the fiscal year in which the termination occurs.

As used in Mr. Peterson's employment agreement, "change in control" means the occurrence of any of the following events:

the acquisition, directly or indirectly, by any person or group of beneficial ownership of securities entitled to vote generally in the election of directors (referred to as voting securities) that represent 35% or more of the combined voting power of our then outstanding voting securities, subject to certain exceptions;

individuals who, as of the date of the closing of our initial public offering constitute the Board cease for any reason to constitute at least a majority of the Board, provided that any individual becoming a director subsequent to the date of the agreement whose election

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by our stockholders, or nomination for election by the Board, was approved by a vote of at least a majority of the directors then comprising the incumbent Board will be considered as though such individual were a member of the incumbent Board;

our consummation (whether directly or indirectly through one or more intermediaries) of a merger, consolidation, reorganization, or business combination or a sale or other disposition of all or substantially all of our assets or the acquisition of assets or stock of another entity, in each case, other than a transaction;

which results in our voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the

Company or the person that, as a result of the transaction, controls, directly or indirectly, us or owns, directly or indirectly, all or substantially all of our assets or otherwise succeeds to our business) directly or indirectly, at least a majority of the combined voting power of the successor entity's outstanding voting securities immediately after the transaction, and

after which no person or group, other than Global Innovation Partners, LLC or CALPERS, or any affiliate thereof, beneficially owns voting securities representing 35% or more of the combined voting power of the successor entity; or

approval by our stockholders of our liquidation or dissolution.

The following table sets forth an estimate of the payments to be made to our named executive officers in the event any of the terminations described above or a change in control occurs, assuming that the triggering event took place on December 31, 2007.

Name	Without Cause (\$)	Death or Disability (\$)	Change of Control (\$)
Michael F. Foust, Chief Executive Officer			
Unvested Stock Options			\$ 825,803
Unvested Profits Interest Units			857,838
Class C Units		\$ 3,375,000	7,500,000
A. William Stein, Chief Financial Officer, Chief Investment Officer and Secretary			
Unvested Stock Options			451,824
Unvested Profits Interest Units			461,054
Class C Units		2,250,000	5,000,000
Scott E. Peterson, Senior Vice President, Acquisitions			
Severance Payment	\$ 275,625		627,500
Unvested Stock Options			532,779
Unvested Profits Interest Units			428,977
Class C Units		2,250,000	5,000,000
Christopher J. Crosby, Jr. Senior Vice President, Sales and Technical Services			
Severance Payment	125,000		
Unvested Stock Options			894,603
Unvested Profits Interest Units			520,949
Class C Units		1,080,000	2,400,000
Richard A. Magnuson, Chairman			
Unvested Stock Options			825,803
Unvested Profits Interest Units			
Class C Units		4,500,000	\$ 10,000,000

2008 Salary and Bonus Targets

In February 2008 the Compensation Committee set the following salary and bonus target amounts for each of our named executive officers. The 2008 salaries were instituted in March 2008.

Name	2008 Salary	Bonus Target	Maximum Bonus
Michael F. Foust	\$ 546,000	100%	150%
A. William Stein	374,400	75%	100%
Scott E. Peterson	327,600	75%	100%
Christopher J. Crosby	260,000	50%*	50%*
Richard A. Magnuson	208,000	150%	200%

* Bonus target for Chris Crosby is equal to 50% of base salary plus a commission based on leasing results, up to a maximum of \$300,000. For 2008, based on the recommendations of management, and review of the Company's business plan, the Compensation Committee established financial and operating goals and organizational development goals for each named executive officer. The financial and operating goals include funds from operations, or FFO, targets, financing objectives, acquisitions targets, leasing and marketing objectives and operations objectives. For the purpose of determining bonuses, the compensation committee may adjust FFO to exclude profits, losses or expenses which the Compensation Committee determined to be non-recurring to give a more accurate picture of our annual performance.

The organizational development goals for 2008 include the executive's leadership, development and motivation of employees to achieve high performance, the executive's fostering of cross-organizational teamwork and the cultivation of employee engagement and alignment with our company's core values. The operations objectives for 2008 include creating customer trust and growing our company's brands through the implementation of programs and processes with respect to infrastructure management, customer service, reliability and responsiveness. The operations objectives for 2008 also include meeting or exceeding property level operating budgets, the development and execution of policies and procedures and the creation of scalable departmental operating programs and customer facility solutions.

The specific financial and operating goals and organizational development goals for each named executive officer were established by the Compensation Committee based on their areas of responsibility. Mr. Magnuson's bonus will be based 70% on financial and operating goals and 30% on organizational development goals. Mr. Foust's bonus will be based 70% on financial and operating goals and 30% on organizational development goals. Mr. Stein's bonus will be based 80% on financial and operating goals and 20% on organizational development goals. Mr. Peterson's bonus will be based 90% on financial and operating goals and 10% on organizational development goals. Mr. Crosby's bonus will be based 80% on financial and operating goals and 20% on organizational development goals.

NON-EMPLOYEE DIRECTOR COMPENSATION

We use a combination of cash and equity-based incentive compensation to attract and retain qualified non-employee director candidates to serve on our Board. In setting non-employee director compensation, we consider the significant amount of time that directors spend in fulfilling their duties to our Company as well as the skill level we require of members of our Board.

Compensation of Directors

Each of our directors who is not an employee of our Company or any of our subsidiaries receives an annual fee of \$25,000 for services as a director and receives \$1,500 for each meeting attended in person and \$750 for each meeting attended telephonically. Directors who serve on the Audit, Nominating and Corporate Governance and/or Compensation Committees receive a fee of \$1,000 for each committee meeting attended in person and \$750 for each committee meeting attended telephonically. The Director who serves as the chair of the Audit Committee receives an additional annual retainer of \$15,000; the Director who serves as the chair of the Compensation Committee receives an additional annual retainer of \$7,500; and the Director who serves as the chair of the Nominating and Corporate Governance Committee receives an additional annual retainer of \$5,000.

Directors who are also our employees or employees of any of our subsidiaries do not receive compensation for their services as directors.

Our 2004 Incentive Award Plan provides for formula grants of long-term incentive units to non-employee directors. Each person who was a non-employee director as of the date of the pricing of our initial public offering (the pricing date) was granted 6,448 fully vested long-term incentive units on that date. Pursuant to the terms of the 2004 Incentive Award Plan, each person who was a non-employee director as of the pricing date will automatically be granted 1,000 long-term incentive units on the date of each annual meeting of stockholders after the date of our initial public offering at which the director is re-elected to our board of directors, commencing with the third annual meeting after the date of our initial public offering. Pursuant to the terms of the 2004 Incentive Award Plan, each person who is initially elected to our board of directors after the pricing date and who is a non-employee director at the time of his or her initial election will automatically be granted (i) 6,448 fully vested long-term incentive units on the date of the initial election, and (ii) 1,000 long-term incentive units on the date of each annual meeting of stockholders after the initial election at which the director is re-elected to our board of directors, commencing with the third annual meeting after the initial election. If a non-employee director does not qualify as an accredited investor within the meaning of Regulation D of the Securities Act of 1933, as amended, on the date of any grant of long-term incentive units to the director, then he or she will not receive a grant of long-term incentive units, and instead will automatically be granted an equivalent number of shares of our common stock at a per share purchase price equal to the par value of the stock, and subject to the same vesting schedule as would have applied to the corresponding grant of long-term incentive units. All initial grants of long-term incentive units awarded to non-employee directors as described above will be vested in full as of the date of grant. Subject to the director's continued directorship, all subsequent annual grants to non-employee directors will vest with respect to 20% of the long-term incentive units subject thereto on the first anniversary of the date of grant and with respect to an additional 1/60th of the long-term incentive units subject thereto on each monthly anniversary thereafter.

The table below summarizes the compensation we paid to non-employee directors for the year ended December 31, 2007.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) ⁽¹⁾	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified		Total (\$)
					Deferred Compensation Earnings	All Other Compensation (\$) ⁽²⁾	
Laurence A. Chapman	\$ 53,750	\$ 5,564			N/A	\$ 883	\$ 60,197
Kathleen Earley	42,500	5,564			N/A	883	48,947
Ruann F. Ernst, Ph.D.	41,000	5,564			N/A	883	47,447
Dennis E. Singleton	46,500	5,564			N/A	883	52,947

(1) The amounts in this column represent the Company's non-cash compensation expense under Financial Accounting Standard No. 123(R), Shared-Based Payments related to long-term incentive units awarded in

2007. For a discussion of the valuation reflected in the Stock Awards column, refer to Note 10 to the Company's consolidated financial statements for the fiscal year ended December 31, 2007, included in the Company's annual report on Form 10-K for the year ended December 31, 2007.

- (2) Reflects distributions on unvested long-term incentive units. Excludes distributions on vested long-term incentive units.

EQUITY COMPENSATION PLAN TABLE

The following table provides information with respect to shares of our Common Stock that may be issued under our existing equity compensation plan.

Equity Compensation Plan Information⁽¹⁾

	(a)	(b)	(c)	(d)
Plan Category	Number of shares of Common Stock to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options⁽²⁾	Number of shares of Restricted Common Stock and Common Stock issuable upon redemption of outstanding long-term incentive units and class C units⁽³⁾	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a) and (c))⁽⁴⁾
Equity Compensation plans approved by stockholders	1,158,600	\$ 27.86	3,110,200	4,154,137
Equity Compensation plans not approved by stockholders	N/A	N/A	N/A	N/A

(1) Information as of December 31, 2007.

(2) The weighted-average remaining term is 8.22 years.

(3) The number of unvested full-value awards is 2,167,777.

(4) Includes shares available for future restricted stock grants and shares issuable upon redemption of long-term incentive units available to be granted under the 2004 Incentive Award Plan.

AUDIT MATTERS

Audit Committee Report*

The Audit Committee assists the Board of Directors (the Board) of Digital Realty Trust, Inc. (the Company) with its oversight responsibilities regarding the Company's financial reporting process. The Company's management is responsible for the preparation, presentation and integrity of the Company's financial statements as well as the Company's financial reporting process, accounting policies, internal audit function, internal control over financial reporting and disclosure controls and procedures. The independent registered public accounting firm is responsible for performing an audit of the Company's financial statements and its internal control over financial reporting and for reviewing the Company's quarterly financial statements.

The Audit Committee has reviewed and discussed the Company's audited consolidated financial statements for the year ended December 31, 2007 with the Company's management and with KPMG LLP, the Company's independent registered public accounting firm. The Audit Committee discussed with KPMG LLP the overall scope of and plans for the audit by KPMG LLP. The Audit Committee regularly meets with KPMG LLP, with and without management present, to discuss the results of its examination, its evaluation of the Company's internal control over financial reporting, and the overall quality of the Company's financial reporting. In the performance of their oversight function, the members of the Audit Committee necessarily relied upon the information, opinions, reports and statements presented to them by the management of the Company and by KPMG LLP. The Audit Committee has also discussed with KPMG LLP the matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees). The Audit Committee has received and reviewed the written disclosures and the letter from KPMG LLP required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees) and has discussed with KPMG LLP its independence.

Based on the reviews and discussions referred to above, the Audit Committee recommended to the Board that the audited consolidated financial statements referred to above be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2007 for filing with the Securities and Exchange Commission.

AUDIT COMMITTEE OF OUR BOARD OF DIRECTORS

Laurence A. Chapman, Chair

Ruann F. Ernst, Ph.D.

Dennis E. Singleton

* The material in this report is not soliciting material, is not deemed filed with the SEC, and is not incorporated by reference in any filing of the Company under the Act or the Exchange Act, whether made before or after the date of this Proxy Statement and irrespective of any general incorporation language in such filing.

Independent Registered Public Accounting Firm

The following summarizes the fees incurred for KPMG LLP's services for the years ended December 31, 2007 and 2006:

	2007	2006
Audit Fees ⁽¹⁾	\$ 1,410,815	\$ 1,793,252
Audit-Related Fees ⁽²⁾	171,000	90,000
All Other Fees ⁽³⁾		499,060
 Total Fees	 \$ 1,581,815	 \$ 2,382,312

- (1) Audit Fees are the aggregate fees billed by KPMG LLP for professional services rendered in connection with the Company's common and preferred stock offerings, audits of statements of revenue and certain expenses for acquired properties, reviews of the Company's quarterly financial statements, and audits of the Company's annual financial statements.
- (2) Audit-related fees include fees relating to audits of separate financial statements for certain properties which were required by lenders for such properties and other audit services related to lender requirements.
- (3) All other fees are fees related to due diligence assistance services provided in connection with the acquisition of certain properties. All audit, audit-related and other services provided by KPMG LLP were pre-approved by the Audit Committee.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

200 Paul Avenue and 1100 Space Park Drive Contribution Agreement

In connection with the consummation of our initial public offering, our operating partnership entered into a contribution agreement with San Francisco Wave Exchange, LLC, Santa Clara Wave Exchange, LLC and Exchange Colocation, LLC, referred to below as the eXchange parties, pursuant to which the eXchange parties contributed their interests in 200 Paul Avenue, 1100 Space Park Drive, the eXchange colocation business and other specified assets and liabilities to the operating partnership in exchange for cash, units and the assumption of debt.

Under the eXchange parties' contribution agreement, we agreed to indemnify each eXchange party against adverse tax consequences in the event our operating partnership directly or indirectly, sells, exchanges or otherwise disposes of (whether by way of merger, sale of assets or otherwise) in a taxable transaction any interest in 200 Paul Avenue or 1100 Space Park Drive until the earlier of November 3, 2013 and the date on which these contributors hold less than 25% of the units issued to them in the formation transactions consummated concurrently with our initial public offering. These tax indemnities do not apply to the disposition of a restricted property pursuant to a transaction described in Section 721, 1031 or 1033 of the Code, or other applicable non-recognition provision under the Code.

Under the eXchange parties' contribution agreement, we also agreed to make \$17.8 million of indebtedness available for guaranty by these parties until the earlier of November 3, 2013 and the date on which these contributors or certain transferees hold less than 25% of the units issued to them in the formation transactions consummated concurrently with our initial public offering.

Right of First Offer Agreements

We have a right of first offer agreement with respect to a property in Frankfurt, Germany which is currently owned by GI Partners, a private equity fund for which Richard Magnuson, our Chairman, serves as chief executive officer. Pursuant to the agreement, we have the right to make the first offer to purchase the property if GI Partners decides to sell it. If we make an offer that is rejected, GI Partners may sell the property, but only to a third party within 180 days thereafter, on terms that are better than the terms of our offer or the unsolicited offer that we elected not to match. Any purchase by us of this property may be paid by us with units, with each unit valued at the then-fair market value of a share of our Common Stock, or in cash. The right of first offer agreements will expire on the earlier of December 31, 2009, upon the completion of the dissolution of GI Partners or the date on which GI Partners no longer owns the property.

Registration Rights

We have granted those persons who received units in the formation transactions, including Cambay Tele.com, LLC and Wave Exchange, LLC (affiliates of the eXchange parties), certain registration rights with respect to the shares of our Common Stock that may be acquired by them in connection with the exercise of the redemption/exchange rights under the partnership agreement of our operating partnership. These registration rights require us to use our commercially reasonable efforts to keep effective a "shelf" registration statement covering all such shares of Common Stock. In addition, Cambay Tele.com, LLC and Wave Exchange, LLC have the right, on one occasion, to require us to undertake a "demand" registration.

Linc Facility Services Agreements

In April 2005, we entered into two agreements with Linc Facility Services, LLC, or LFS, on a "cost plus" basis, primarily for personnel providing for operations and maintenance repairs of the mechanical, electrical, plumbing and general building service systems of five of our properties. Under the first agreement, LFS performed services for us at 600 West Seventh Street. Under the second agreement, LFS performed services for

us at 200 Paul Avenue, 1100 Space Park and 150 South First Street. Each of these contracts was for an initial term of two years and will be automatically renewed unless terminated. In January 2005, we entered into a contract with Linc Facility Services, LLC primarily for HVAC maintenance services for 11830 Webb Chapel Road. In 2004, we also entered into two contracts with Linc Facility Services, LLC primarily for HVAC maintenance services for 2323 Bryan Street. We paid a total of approximately \$0.6 million to LFS under these agreements in 2007. As of December 31, 2007, all of the contracts have expired and have not been renewed.

LFS and Linc Facility Services, LLC and Linc Services, LLC belong to The Linc Group, in which GI Partners has owned a majority interest since late 2003. Richard Magnuson, our Chairman, serves as a director to The Linc Group.

tel(x) Agreements

In December 2006, we entered into ten leases with tel(x), in which tel(x) provides enhanced meet-me-room services to customers. tel(x) was acquired by GI Partners Fund II, LLP in November 2006. Richard Magnuson, our Chairman, is also the chief executive officer of the advisor to GI Partners Fund II, LLP. Our consolidated statements of operations include rental revenues of approximately \$13.9 million from tel(x) for the year ended December 31, 2007. In connection with the lease agreements, we entered into an operating agreement with tel(x), effective as of December 1, 2006, with respect to joint sales and marketing efforts, designation of representatives to manage the national relationship between us and tel(x) and future meet-me-room facilities. Under the operating agreement, tel(x) has a sixty-day option to enter into a meet-me-room lease for certain future meet-me-room buildings acquired by us or any buildings currently owned by us that are converted into a meet-me-room building.

We also entered into a referral agreement with tel(x), effective as of December 1, 2006, with respect to referral fees arising out of potential future lease agreements for rentable space in buildings covered by the meet-me-room lease agreements. Additionally, we have the right to purchase approximately 10% or 1.6 million shares of tel(x) preferred stock. The purchase price would be calculated as GI Partners Fund II, LLP's initial cost plus a 12% per annum return. We have the right to purchase, at market, a pro-rata share of any follow on tel(x) equity transactions to prevent dilution to our option to acquire approximately 10%. The option to purchase the preferred stock will expire in November 2008.

CB Richard Ellis Investors

Richard Magnuson, our Chairman, was an employee of CB Richard Ellis Investors during 2007.

The Company engaged affiliates of CB Richard Ellis Investors for real estate services in 2007. The following table presents fees incurred by the Company earned by affiliates of CB Richard Ellis Investors, for the year ended December 31, 2007 (in thousands):

Lease commissions	\$ 841
Property management fees and other	1,488
Total	\$ 2,329

Indemnification Agreements

We have entered into indemnification agreements with all of our named executive officers and other executive officers and with each of our directors that obligate us to indemnify them to the maximum extent permitted by Maryland law. The indemnification agreements provide that:

If a director or executive officer is a party or is threatened to be made a party to any proceeding, other than a proceeding by or in the right of our Company, by reason of such director's or executive officer's

status as a director, officer or employee of our Company, we must indemnify such director or executive officer for all expenses and liabilities actually and reasonably incurred by him or her, or on his or her behalf, unless it has been established that:

the act or omission of the director or executive officer was material to the matter giving rise to the proceeding and was committed in bad faith or was the result of active and deliberate dishonesty;

the director or executive officer actually received an improper personal benefit in money, property or other services; or

with respect to any criminal action or proceeding, the director or executive officer had reasonable cause to believe that his or her conduct was unlawful.

If a director or executive officer is a party or is threatened to be made a party to any proceeding by or in the right of our Company to procure a judgment in our Company's favor by reason of such director's or executive officer's status as a director, officer or employee of our Company, we must indemnify such director or executive officer for all expenses and liabilities actually and reasonably incurred by him or her, or on his or her behalf, unless it has been established that:

the act or omission of the director or executive officer was material to the matter giving rise to the proceeding and was committed in bad faith or was the result of active and deliberate dishonesty; or

the director or executive officer actually received an improper personal benefit in money, property or other services; provided, however, that we will have no obligation to indemnify such director or executive officer for all expenses and liabilities actually and reasonably incurred by him or her, or on his or her behalf, if it has been adjudged that such director or executive officer is liable to us with respect to such proceeding.

Upon application of a director or executive officer of our Company to a court of appropriate jurisdiction, the court may order indemnification of such director or executive officer if:

the court determines that such director or executive officer is entitled to indemnification under the applicable section of the Maryland General Corporation Law (the "MGCL"), in which case the director or executive officer shall be entitled to recover from us the expenses of securing such indemnification; or

the court determines that such director or executive officer is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not the director or executive officer has met the standards of conduct set forth in the applicable section of the MGCL or has been adjudged liable for receipt of an improper personal benefit under the applicable section of the MGCL;

provided, however, that our indemnification obligations to such director or executive officer will be limited to the expenses actually and reasonably incurred by him or her, or on his or her behalf, in connection with any proceeding by or in the right of our Company or in which the officer or director shall have been adjudged liable for receipt of an improper personal benefit under the applicable section of the MGCL.

Notwithstanding, and without limiting, any other provisions of the agreements, if a director or executive officer is a party or is threatened to be made a party to any proceeding by reason of such director's or executive officer's status as a director, officer or employee of our Company, and such director or executive officer is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such proceeding, we must indemnify such director or executive officer for all expenses actually and reasonably incurred by him or her, or on his or her behalf, in connection with each successfully resolved claim, issue or matter,

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including any claim, issue or matter in such a proceeding that is terminated by dismissal, with or without prejudice.

We must pay all indemnifiable expenses in advance of the final disposition of any proceeding if the director or executive officer furnishes us with a written affirmation of the director's or executive officer's good faith belief that the standard of conduct necessary for indemnification by our Company has been met and a written undertaking to reimburse us if a court of competent jurisdiction determines that the director or executive officer is not entitled to indemnification.

We must pay all indemnifiable expenses to the director or executive officer within 20 calendar days following the date the director or executive officer submits proof of the expenses to us.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended (the "Act"), may be permitted to directors, officers or persons controlling the registrant pursuant to the foregoing provisions, the registrant has been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Act and is therefore unenforceable.

ANNUAL REPORT ON FORM 10-K

Stockholders may obtain without charge a copy of the Company's Annual Report on Form 10-K, including financial statements and financial statement schedules, required to be filed with the SEC pursuant to the Exchange Act for the fiscal year ended December 31, 2007, by downloading the report from the Investor Relations section of the Company's Internet site at www.digitalrealtytrust.com; or by writing to Investor Relations, Digital Realty Trust, Inc., 560 Mission Street, Suite 2900, San Francisco, California 94105.

OTHER MATTERS

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires the Company's executive officers and directors, and persons who own more than 10% of a registered class of the Company's equity securities (Reporting Persons), to file reports of ownership and changes in ownership with the SEC. Reporting Persons are required by SEC regulations to furnish the Company with copies of all forms they file pursuant to Section 16(a). Based solely on its review of the copies of such reports received by it, and written representations from certain Reporting Persons that no other reports were required for those persons, the Company believes that, during the year ended December 31, 2007, the Reporting Persons met all applicable Section 16(a) filing requirements, except that Form 4s filed on behalf of Mr. Foust and Mr. Peterson on November 23, 2007 were amended on November 28, 2007 in order to correct the underreporting of the number of long-term incentive units that were converted to common units and subsequently redeemed for common stock, and on May 7, 2007, Form 4s were filed on behalf of Mr. Stein and Ms. Jacobs on the third rather than the second business day after the reported transactions, which related to the acquisition of class C units, stock options and, in the case of Ms. Jacobs, long-term incentive units.

Stockholder Proposals and Nominations

Pursuant to Rule 14a-8 under the Exchange Act, stockholders may present proper proposals for inclusion in the Company's Proxy Statement and for consideration at the Company's 2009 annual meeting. To be eligible for inclusion in the Company's 2009 Proxy Statement, your proposal must be received in writing not later than December 6, 2008 and must otherwise comply with Rule 14a-8 under the Exchange Act. While the Board will consider stockholder proposals, the Company reserves the right to omit from the Company's Proxy Statement stockholder proposals that it is not required to include under the Exchange Act, including Rule 14a-8 of the Exchange Act.

In addition, our Bylaws contain an advance notice provision with respect to matters to be brought before an annual meeting, including nominations, whether or not included in the Company's Proxy Statement. If you would like to nominate a director or bring any other business before the stockholders at the 2009 Annual Meeting, you must comply with the procedures contained in our Bylaws, including notifying the Company in writing in a timely manner, and such business must otherwise be a proper matter for action by our stockholders. To be timely under our current Bylaws, the notice must be delivered to our Secretary at our principal executive office at 560 Mission Street, Suite 2900, San Francisco, California 94105 not earlier than November 6, 2008 and not later than 5:00 P.M. Pacific Time, on December 6, 2008. In the event that the date of the 2009 Annual Meeting is advanced or delayed by more than 30 days from the first anniversary of the date of the 2008 Annual Meeting, notice by the stockholder to be timely must be delivered not earlier than the 150th day prior to the date of the meeting and not later than 5:00 P.M., Pacific Time, on the later of the 120th day prior to the date of the meeting or the 10th day following the date of the first public announcement of the meeting.

Our Bylaws provide that nominations of individuals for election to the Board and the proposal of business to be considered by our stockholders may be made at an annual meeting pursuant to the Company's notice of meeting, by or at the direction of the Board or by any stockholder of the Company who was a stockholder of record both at the time of giving of notice provided for in our Bylaws and at the time of the annual meeting, who is entitled to vote at the meeting and who complied with the notice procedures set forth in our Bylaws. A stockholder's notice regarding a director nomination shall set forth

as to each individual whom the stockholder proposes to nominate for election or reelection as a director,

the name, age, business address and residence address of such individual,

the class, series and number of any shares of stock of the Company that are beneficially owned by such individual,

the date such shares were acquired and the investment intent of such acquisition and

all other information relating to such individual that is required to be disclosed in solicitations of proxies for election of directors in an election contest (even if an election contest is not involved), or is otherwise required, in each case pursuant to Regulation 14A (or any successor provision) under the Exchange Act and the rules thereunder (including such individual's written consent to being named in the Proxy Statement as a nominee and to serving as a director if elected);

as to any other business that the stockholder proposes to bring before the meeting, a description of the business desired to be brought before the meeting, the reasons for proposing such business at the meeting and any material interest in such business of such stockholder and any Stockholder Associated Person (as defined below), individually or in the aggregate, including any anticipated benefit to the stockholder and the Stockholder Associated Person therefrom;

as to the stockholder giving the notice and any Stockholder Associated Person,

the class series and number of all shares of stock of the Company which are owned by such stockholder and such Stockholder Associated Person and the nominee holder for, and number of, shares owned beneficially but not of record by such stockholder and by such Stockholder Associated Person and

the name and address of such stockholder, as they appear on the Company's stock ledger and current name and address, if different, and of such Stockholder Associated Person; and

to the extent known by the stockholder giving the notice, the name and address of any other stockholder supporting the nominee for election or reelection as a director or the proposal of other business on the date of such stockholder's notice.
Stockholder Associated Person of any stockholder means

any person controlling, directly or indirectly, or acting in concert with, such stockholder,

any beneficial owner of shares of stock of the Company owned of record or beneficially by such stockholder and

any person controlling, controlled by or under the common control with such Stockholder Associated Person.

Any director nominations received from stockholders will be evaluated in the same manner that nominees suggested by Board members, management or other parties are evaluated.

You may write to the Secretary of the Company at our principal executive office, 560 Mission Street, Suite 2900, San Francisco, California 94105, to deliver the notices discussed above and for a copy of the relevant Bylaw provisions regarding the requirements for making stockholder proposals and nominating director candidates.

Householding of Proxy Materials

The SEC has adopted rules that permit companies and intermediaries (such as banks and brokers) to satisfy the delivery requirements for proxy statements and annual reports with respect to two or more stockholders sharing the same address by delivering a single proxy statement addressed to those stockholders. This process, which is commonly referred to as householding, potentially means extra convenience for stockholders and cost savings for companies.

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This year, a number of brokers with account holders who are our stockholders will be householding the Company's proxy materials. A single proxy statement will be delivered to multiple stockholders sharing an

address unless contrary instructions have been received from the impacted stockholders. Once you have received notice from your broker that they will be householding communications to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate Proxy Statement and annual report, please notify your broker, direct your written request to Investor Relations, Digital Realty Trust, Inc., 560 Mission Street, Suite 2900, San Francisco, California 94105, or contact Investor Relations by telephone at (415) 738-6500. Stockholders who currently receive multiple copies of the Proxy Statement at their address and would like to request householding of their communications should contact their broker.

By Order of Our Board of Directors

A. William Stein

Chief Financial Officer, Chief Investment Officer and Secretary

April 5, 2008

ANNUAL MEETING OF STOCKHOLDERS OF

DIGITAL REALTY TRUST, INC.

May 5, 2008

Please date, sign and mail

your proxy card in the

envelope provided as soon

as possible.

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

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Each proposal below has been proposed by the Company.

The Board of Directors recommends a vote FOR each proposal listed below.

PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN

BLUE OR BLACK INK AS SHOWN HERE x

- | | |
|---|---|
| <p>1. ELECTION OF DIRECTORS FOR A ONE-YEAR TERM EXPIRING AT THE 2009 ANNUAL MEETING OF STOCKHOLDERS AND UNTIL THEIR SUCCESSORS ARE DULY ELECTED AND QUALIFY. The following are the Company's nominees for election as directors of the Company:</p> <p>FOR ALL NOMINEES</p> <p>WITHHOLD AUTHORITY</p> <p>FOR ALL NOMINEES</p> <p>FOR ALL EXCEPT</p> | <p>2. RATIFYING THE SELECTION OF KPMG LLP AS THE COMPANY'S INDEPENDENT AUDITORS FOR THE YEAR ENDED DECEMBER 31, 2008.</p> <p>3. TO VOTE AND OTHERWISE REPRESENT THE UNDERSIGNED ON ANY OTHER MATTER THAT MAY PROPERLY COME BEFORE THE MEETING OR ANY ADJOURNMENT OR POSTPONEMENT THEREOF IN THE DISCRETION OF THE PROXY HOLDER.</p> |
| | <p>FOR AGAINST ABSTAIN</p> <p>.. </p> |
| | <p>NOMINEES:</p> <p>.. Richard A. Magnuson</p> <p>.. Michael F. Foust</p> <p>.. Laurence A. Chapman</p> <p>.. Kathleen Earley</p> <p>.. Ruann F. Ernst, Ph.D.</p> <p>.. Dennis E. Singleton</p> |

(See instructions below)

INSTRUCTION: To withhold authority to vote for any

THE VOTES ENTITLED TO BE CAST BY THE

individual nominee(s), mark **FOR ALL EXCEPT** and fill in **UNDERSIGNED WILL BE CAST AS DIRECTED. IF THIS** the circle next to each such nominee, as shown here:

PROXY IS PROPERLY EXECUTED BUT NO DIRECTION IS

GIVEN WITH RESPECT TO ANY PARTICULAR MATTER,

THE VOTES ENTITLED TO BE CAST BY THE
UNDERSIGNED WILL BE CAST FOR EACH OF THE
NOMINEES FOR DIRECTOR AND FOR THE
RATIFICATION OF THE SELECTION OF KPMG LLP AS
THE COMPANY S INDEPENDENT AUDITORS FOR THE
YEAR ENDED DECEMBER 31, 2008. THE VOTES ENTITLED
TO BE CAST BY THE UNDERSIGNED WILL BE CAST IN
THE DISCRETION OF THE PROXY HOLDER ON ANY
OTHER MATTER THAT MAY PROPERLY COME BEFORE
THE MEETING OR ANY ADJOURNMENT OR
POSTPONEMENT THEREOF.

CHECK HERE ONLY IF YOU PLAN TO
ATTEND THE MEETING IN PERSON.

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 Stockholder:

Date:

Signature of Stockholder:

Date:

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.

PROXY

DIGITAL REALTY TRUST, INC.

2008 ANNUAL MEETING OF STOCKHOLDERS

MAY 5, 2008

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned, as record owner of the shares of Digital Realty Trust, Inc. (the Company) described on the reverse side, hereby appoints Michael F. Foust and A. William Stein, and each of them, as Proxies of the undersigned with the full power of substitution, to attend the 2008 Annual Meeting of Stockholders (the 2008 Annual Meeting) to be held on Monday, May 5, 2008 at 10:00 a.m., local time, at 560 Mission Street, 20th Floor (The Market Room), San Francisco, California, or any adjournment or postponement thereof, to cast on behalf of the undersigned all votes that the undersigned is entitled to cast at such meeting and otherwise to represent the undersigned at the meeting with all powers possessed by the undersigned if personally present at the meeting. The undersigned hereby acknowledges receipt of the Notice of Annual Meeting of Stockholders and of the accompanying Proxy Statement, each of which is hereby incorporated by reference, and revokes any proxy heretofore given with respect to such meeting.

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

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ANNUAL MEETING OF STOCKHOLDERS OF

DIGITAL REALTY TRUST, INC.

May 5, 2008

PROXY VOTING INSTRUCTIONS

MAIL - Date, sign and mail your proxy card in the envelope provided as soon as possible.

COMPANY NUMBER

- OR -

INTERNET - Access www.voteproxy.com and follow the on-screen instructions. Have your proxy card available when you access the web page.

ACCOUNT NUMBER

- OR -

IN PERSON - You may vote your shares in person by attending the Annual Meeting.

You may enter your voting instructions at 1-800-PROXIES or www.voteproxy.com up until 11:59 PM

Eastern Time the day before the cut-off or meeting date.

1 Please detach along perforated line and mail in the envelope provided **IF** you are not authorizing your proxy via telephone or the Internet. 1

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Each proposal below has been proposed by the Company.

The Board of Directors recommends a vote FOR each proposal listed below.

PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN

BLUE OR BLACK INK AS SHOWN HERE x

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- | | | |
|---|--|--|
| <p>1. ELECTION OF DIRECTORS FOR A ONE-YEAR TERM EXPIRING AT THE 2009 ANNUAL MEETING OF STOCKHOLDERS AND UNTIL THEIR SUCCESSORS ARE DULY ELECTED AND QUALIFY. The following are the Company's nominees for election as directors of the Company:</p> <p>FOR ALL NOMINEES</p> <p>WITHHOLD AUTHORITY</p> <p>FOR ALL NOMINEES</p> <p>FOR ALL EXCEPT</p> <p>(See instructions below)</p> | <p>NOMINEES:</p> <p><input type="checkbox"/> Richard A. Magnuson</p> <p><input type="checkbox"/> Michael F. Foust</p> <p><input type="checkbox"/> Laurence A. Chapman</p> <p><input type="checkbox"/> Kathleen Earley</p> <p><input type="checkbox"/> Ruann F. Ernst, Ph.D.</p> <p><input type="checkbox"/> Dennis E. Singleton</p> | <p>2. RATIFYING THE SELECTION OF KPMG LLP AS THE COMPANY'S INDEPENDENT AUDITORS FOR THE YEAR ENDED DECEMBER 31, 2008.</p> <p>FOR AGAINST ABSTAIN</p> <p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p> <p>3. TO VOTE AND OTHERWISE REPRESENT THE UNDERSIGNED ON ANY OTHER MATTER THAT MAY PROPERLY COME BEFORE THE MEETING OR ANY ADJOURNMENT OR POSTPONEMENT THEREOF IN THE DISCRETION OF THE PROXY HOLDER.</p> |
|---|--|--|

INSTRUCTION: To withhold authority to vote for any individual nominee(s), mark **FOR ALL EXCEPT** and fill in the circle next to each such nominee, as shown here:

THE VOTES ENTITLED TO BE CAST BY THE UNDERSIGNED WILL BE CAST AS DIRECTED. IF THIS PROXY IS PROPERLY EXECUTED BUT NO DIRECTION IS GIVEN WITH RESPECT TO ANY PARTICULAR MATTER, THE VOTES ENTITLED TO BE CAST BY THE UNDERSIGNED WILL BE CAST FOR EACH OF THE NOMINEES FOR DIRECTOR AND FOR THE RATIFICATION OF THE SELECTION OF KPMG LLP AS THE COMPANY'S INDEPENDENT AUDITORS FOR THE YEAR ENDED DECEMBER 31, 2008. THE VOTES ENTITLED TO BE CAST BY THE UNDERSIGNED WILL BE CAST IN THE DISCRETION OF THE PROXY HOLDER ON ANY OTHER MATTER THAT MAY PROPERLY COME BEFORE THE MEETING OR ANY ADJOURNMENT OR POSTPONEMENT THEREOF.

CHECK HERE ONLY IF YOU PLAN TO ATTEND THE MEETING IN PERSON.

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 Stockholder: _____ Date: _____ Signature of Stockholder: _____ 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.