HUNGARIAN TELECOMMUNICATIONS CO LTD
Form 20-F
May 09, 2003

As filed with the Securities and Exchange Commission on May 9, 2003

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Form 20-F

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2002

Commission file number 1-14540

MAGYAR TÁVKÖZLÉSI RT.

(Exact Name of Registrant as Specified in Its Charter)

HUNGARIAN TELECOMMUNICATIONS CO. LTD.

(Translation of Registrant s Name Into English)

Hungary
(Jurisdiction of Incorporation or Organization)

Budapest, 1013, Krisztina krt. 55, Hungary
(Address of Principal Executive Offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act

Title of each class	*Name of each exchange on which registered*

American Depositary Shares, each representing five Ordinary Shares	New York Stock Exchange
Ordinary Shares	New York Stock Exchange*

Securities registered or to be registered pursuant to Section 12(g) of the Act

NONE

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act

NONE

(Title of Class)

Indicate the number of outstanding shares of each of the issuer s classes of capital or common stock as of the close of the period covered by the annual report:

Ordinary Shares 1,042,811,600

nominal value HUF 100 per share

(as of December 31, 2002)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES ý NO o

Indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 ý Item 18 o

*Not for trading, but only in connection with the registration of American Depositary Shares.

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PART I

Certain Defined Terms and Conventions

In this annual report, the terms Matáv , the Group and the Company refer to Matáv Rt. and its direct and indirect subsidiaries as a group; the term Westel refers to Westel Mobil Távközlési Rt.; the term Westel 0660 refers to Westel Rádiótelefon Kft. and the term MakTel refers to Makedonski Telekommunikacii AD. The Company owns 100 percent of each of the Westel companies. In this annual report, the term Minister refers to the Minister heading the Ministry of Informatics and Communications, to whom the rights of the Prime Minister Office were transferred as of May 27, 2002. The rights belonging to the Prime Minister Office belonged to the Ministry of Transport, Telecommunications and Water Management prior to June 1, 2000.

Totals in tables may be affected by rounding. Segment revenue and operating expense figures included in this annual report do not give effect to intersegment eliminations.

Forward-looking Statements May Not Be Accurate

The Company may from time to time make written or oral forward-looking statements. Written forward-looking statements appear in documents the Company files with the Securities and Exchange Commission, including this annual report, reports to shareholders and other communications. The U.S. Private Securities Litigation Reform Act of 1995 contains a safe harbor for forward-looking statements. Factors identified in filings with the Commission may cause actual results to differ materially from a forward-looking statement made by Matáv or on its behalf. Readers should also consider the information contained in Item 3, Key Information -Risk Factors and Item 5, Operating and Financial Review and Prospects , as well as the information contained in the Company s periodic filings with the Securities and Exchange Commission for further discussion of the risks and uncertainties that may cause such differences to occur. The Company s forward-looking statements speak only as of the date they are made, and the Company does not have an obligation to update or revise them, whether as a result of new information, future events or otherwise.

PART I

ITEM 1 IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2 OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3 **KEY INFORMATION**

SELECTED FINANCIAL DATA

This selected consolidated financial and statistical data should be read together with the consolidated financial statements, including the accompanying notes, included in this annual report. Matáv derived the financial data from Matáv s consolidated financial statements as of and for the years ended December 31, 1998, 1999, 2000, 2001 and 2002 and the accompanying notes, which PricewaterhouseCoopers Könyvvizsgáló és Gazdasági Tanácsadó Kft., Matáv s independent accountants, have audited. This consolidated financial data is qualified by reference to Matáv s consolidated financial statements and accompanying notes, which the Company has prepared in accordance with International Financial Reporting Standards (IFRS). IFRS differs from U.S. Generally Accepted Accounting Principles (GAAP). For a discussion of the principal differences between IFRS and U.S. GAAP as they relate to the Company, see Note 32 to the consolidated financial statements.

	Year ended December 31,					
	1998	**1999**	**2000 (3)**	**2001 (3)**	**2002**	**2002**
	HUF	**HUF**	**HUF**	**HUF**	**HUF**	**U.S.$(1)**
	(in millions, except per share amounts)					
Consolidated Income Statement Data:						
Amounts in accordance with IFRS						
Revenues	318,060	384,932	445,945	547,735	590,585	2,623
Operating profit	96,109	121,131	96,091	119,400	122,240	543
Net income	58,337	78,632	66,652	82,560	68,128	303
Net income per share(2)	56.24	75.81	64.27	79.61	65.66	0.29
Diluted net income per share(2)	56.24	75.52	63.97	79.61	65.66	0.29
Amounts in accordance with U.S. GAAP						
Revenues	318,342	385,306	461,537	550,900	592,294	2,631
Operating profit	96,346	121,460	90,456	120,144	132,585	589
Net income	58,564	78,721	64,508	82,231	78,153	347
Net income per share(2)	56.46	75.89	62.20	79.30	75.32	0.33
Diluted net income per share(2)	56.46	75.61	61.91	79.30	75.32	0.33
Consolidated Balance Sheet Data:						
Amounts in accordance with IFRS						
Total assets	549,540	647,870	954,424	1,104,196	1,077,451	4,785
Net assets	269,380	350,591	638,509	508,469	575,580	2,556
Capital stock	103,728	103,728	103,736	103,736	104,281	463
Total shareholders equity	257,245	327,579	637,281	460,300	516,144	2,292
Amounts in accordance with U.S. GAAP						
Total assets	549,149	647,239	962,379	1,114,742	1,096,006	4,868
Net assets	256,918	338,260	624,168	490,084	566,913	2,518
Total shareholders equity	244,783	315,248	622,941	445,167	511,036	2,270

	Year ended December 31,				
	1998	1999	2000	2001	2002
Other data:					
Weighted average number of shares					
Basic	1,037	1,037	1,037	1,037	1,038
Diluted	1,037	1,041	1,042	1,037	1,038

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(1) Translated into U.S. dollars at the official closing rate of the National Bank of Hungary on December 31, 2002 of U.S. dollar 1.00 HUF 225.16. These translations are unaudited and presented for convenience purposes only.

(2) Net income per share under IFRS and net income per share under U.S. GAAP are calculated by dividing net income by the weighted average number of shares outstanding during each period.

(3) In December 2001 the Company acquired 49 percent of the common shares of Westel and Westel 0660 (the Westels) from Deutsche Telekom AG. The Company is controlled by Deutsche Telekom AG so this was a transaction between parties under common control. The financial statements have been restated as if the Westels were wholly owned subsidiaries of Matáv since March 23, 2000, the date when Deutsche Telekom AG acquired 49 percent of the Westels.

Dividends

The following table sets forth the dividend per Matáv ordinary share for the years 1998, 1999, 2000, 2001 and 2002. The table shows the dividend amounts in Hungarian Forints, together with U.S. dollar equivalents, for each of the years indicated.

	Dividend Paid Per Ordinary Share	
	HUF	**U.S.$(1)**
Year		
1998	8	0.0365
1999	9	0.0356
2000	10	0.0351
2001	11	0.0394
2002	18	0.0799

(1) Translated into U.S. dollars at the official closing rate of the National Bank of Hungary on December 31, 2002 of U.S. dollar 1.00 = HUF 225.16, December 31, 2001 of U.S. dollar 1.00 = HUF 279.03, on December 31, 2000 of U.S. dollar 1.00 HUF 284.73, on December 31, 1999 of U.S. dollar 1.00 = HUF 252.52 and on December 31, 1998 of U.S. dollar 1.00 = HUF 219.03.

Exchange Rate Information

The National Bank of Hungary sets the official rate of exchange for Hungarian Forints. Until December 31, 1998, the rate was based on a basket of currencies consisting of 30 percent U.S. dollars and 70 percent Deutsche marks. On January 1, 1999, the National Bank of Hungary replaced the Deutsche mark with the Euro to change the currency basket to 30 percent U.S. dollars and 70 percent Euros. On January 1, 2000, the National Bank of Hungary removed the U.S. dollars from the basket and based the Hungarian Forint solely on the Euro.

On March 12, 1995, the National Bank of Hungary announced a crawling peg system for devaluing the Hungarian Forint against a basket of foreign currencies. Under the crawling peg devaluation regime, the Hungarian Forint was devalued each day by a fixed percentage rather than intermittently. The National Bank of Hungary determined and announced in advance the monthly rate of devaluation.

On any given day, the actual exchange rate of the Hungarian Forint against the basket of currencies may vary from the rate the National Bank of Hungary has announced. Before May 4, 2001, the National Bank of Hungary had stated a policy of intervening in the foreign currency market if the actual exchange rate moves more than 2.25 percent above or below the announced rate. On May 4, 2001, the National Bank of Hungary announced that it has widened this intervention band significantly to 15 percent above or below the announced rate. The move was explained as a step towards convergence with the European Union exchange rate regime and as an effective tool to fight inflation. Matáv s exposure to risks from exchange rate fluctuations has increased as a result of this band widening because the National Bank of Hungary is less likely to act to stabilize the value of the Hungarian Forint during periods of exchange rate volatility.

The National Bank of Hungary has devalued the Hungarian Forint continuously in recent years. The monthly devaluation rate was reduced from 1.2 percent on January 1, 1996 to 1.1 percent in April 1997 and to 1.0 percent in August 1997. The National Bank of Hungary announced further cuts to the crawling peg, decreasing it to 0.9 percent in January 1998, 0.8 percent in June 1998, 0.7 percent in October 1998, 0.6 percent in January 1999, 0.5 percent in July 1999, 0.4 percent in October 1999, 0.3 percent in April 2000 and 0.2 percent in April 2001. In October 2001, the crawling peg system ceased to exist. The middle of the intervention band was set at 276.1 HUF/EUR.

The following tables set forth, for the periods and dates indicated, the period-end, average, high and low official rates set by the National Bank of Hungary for Hungarian Forints per U.S.$1.00, DM1.00 and EUR1.00, respectively. The Company makes no representation that the Hungarian Forint amounts referred to in this annual report could have been or could be converted into any currency at any particular rate or at all.

	Exchange Rates (amounts in HUF/U.S.$)			
	Period-End	**Average(1)**	**High**	**Low**
Year				
1998	219.03	214.45	227.07	203.24
1999	252.52	237.30	252.63	212.31
2000	284.73	282.27	318.71	245.57
2001	279.03	286.54	304.06	271.35
2002	225.16	258.00	283.98	225.16
2002				
October	244.67	248.18	252.39	244.67
November	239.01	237.63	242.80	233.59
December	225.16	231.87	238.75	225.16
2003				
January	225.49	226.03	231.74	222.03
February	226.33	227.53	229.73	224.59
March	227.02	227.25	232.60	222.15

(1) The average of the exchange rates on each business day during the relevant period.

	Exchange Rates (amounts in HUF/DM)				
	Period-End	**Average(1)**	**High**	**Low**	
Year			600,000		$ 600,000
Stuart B. Brown	$	225,000	$	225,000	
Daryl H. Mechem	$	200,000	$	200,000	
Jeffrey F. Phelan	$	200,000		N/A	N/A
Michael J. Ruen	$	200,000	$	200,000	

In early 2010, we established performance objectives for our executives that were intended to serve as guidelines for our determination regarding the actual bonuses to be paid to these executives. Included among these performance objectives were (1) earnings objectives that were consistent for all executives based on funds from operations, or FFO, which is one of the most significant financial measures that we report to investors, and adjusted funds from operations, or AFFO, per diluted share targets for our company, (2) strategic or departmental objectives that were focused on the primary areas of responsibility for each executive and (3) individual leadership objectives. The 2010 strategic, departmental and individual leadership objectives for each of our executives were based on the following:

Named Executive Officer	**Strategic/Departmental and Individual Leadership Objectives**
Philip L. Hawkins	Objectives relating to balance sheet management (including annual fixed charge coverage, leverage ratio and credit facility renegotiation), operations (including net operating income and occupancy), volume of acquisitions and the executive s overall leadership and success in implementing specific organizational changes;
Stuart B. Brown	Objectives relating to balance sheet management (including annual fixed charge coverage and leverage ratio), refinancing activity, capital availability, corporate communications, property management and accounting and the executive s departmental leadership;
Daryl H. Mechem	Objectives relating to our net operating income, occupancy and maintenance capital expenditures within the Western Region, volume of acquisitions and the executive s leadership of the Western Region;
Jeffrey F. Phelan	Objectives relating to leasing activity and acquisitions in the California Region, our national development/value-add activities and the executive s leadership of the California Region; and

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Named Executive Officer	Strategic/Departmental and Individual Leadership Objectives
Michael J. Ruen	Objectives relating to our net operating income, occupancy and maintenance capital expenditures within the Eastern Region, net operating income from development assets, volume of acquisitions and the executive s leadership of the Eastern Region.

Although we did identify specific performance objectives and assign relative weightings to each of the various performance objectives, they were not designed to be applied, and were not applied, in a predetermined, formulaic manner to determine actual bonuses. Consistent with the intended design, in determining actual bonuses, we reviewed executive performance on a holistic basis taking into account the various business changes and other unforeseen developments that occurred during the year as opposed to a strictly line-by-line comparison of actual performance compared to the specific predetermined performance objectives. In reviewing executive performance, the compensation committee considered, among others, the following aspects of our overall performance during 2010:

FFO, excluding impairment losses, acquisition costs and debt modification costs, of $0.39 per diluted share for 2010, compared to the objective of $0.40 per diluted share that we had established. For these purposes, FFO per diluted share, excluding impairment losses, acquisition costs and debt modification costs, was calculated by excluding impairment losses of $12.0 million, acquisition costs of $1.2 million and debt modification costs of $1.1 million from our FFO per diluted share for 2010. Our FFO per diluted share is calculated in the manner described in our annual report on Form 10-K for the year ended December 31, 2010. AFFO per diluted share that was below the internal performance objective originally established was also considered.

Our maintenance of a strong balance sheet, with a fixed charge coverage ratio and leverage ratio that were consistent with the internal performance objectives originally established and our success refinancing our credit facility, managing our debt maturities and establishing and issuing equity through our at-the-market equity offering program.

Our operating performance based on net operating income generated from our portfolio and percentage occupancy, both of which were generally lower than the internal performance objectives originally established for the entire portfolio. Performance in the Eastern Region and, to a lesser degree, the Western Region, was generally below the internal performance objectives originally established while actual maintenance capital expenditures compared favorably to the internal performance objectives originally established. Performance with respect to development properties was also generally below the internal performance objectives originally established.

Our acquisition activity during 2010, which exceeded our internal performance objectives.

Based on this holistic review of executive performance taking into account business conditions and developments during the year, the compensation committee generally determined to pay annual cash incentive bonuses that were below target with individual differences based on our executives relative performance compared to their objectives, as described above, in light of business conditions and developments during the year. The following are the target and actual annual cash incentive bonuses for each of our executives for 2010 and the percentages of the target annual cash incentive bonuses that were paid:

Named Executive Officer	2010 Target Bonus	2010 Actual Bonus	Percentage Payout
Philip L. Hawkins	$ 600,000	$ 510,000	85%
Stuart B. Brown	$ 225,000	$ 205,000	91%
Daryl H. Mechem	$ 200,000	$ 165,000	83%
Jeffrey F. Phelan	$ 200,000	$ 155,000	78%
Michael J. Ruen	$ 200,000	$ 155,000	78%

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Long-Term Equity Incentive Compensation

We grant long-term equity incentive awards in the form of restricted stock, LTIP units in our operating partnership and stock options to executives as part of our total compensation package. During 2010, there were two primary components of our long-term equity incentive awards: an annual grant program and a multi-year program.

Annual Grant Program

Under the annual grant program, our executives are eligible to receive annual grants of long-term equity incentive compensation. We determine our annual grants based on a dollar value, with 80% being paid in the form of restricted stock or LTIP units and 20% being paid in the form of stock options. Our annual grant program is intended to reward our executives with long-term compensation for annual performance. The primary objectives of this program are to incent our executives to achieve annual performance goals, further align the interests of our executives with our stockholders over the longer term and serve as a retention tool for our executives. We use a mix of restricted stock/LTIP units and stock options in order to provide an appropriate blend of downside risk and upside potential at the time of the initial award and in the future as our stock price may change. We use restricted stock or LTIP units for the majority of our long-term equity incentive compensation because we believe that these full value awards provide the best alignment with our stockholders by fully reflecting the total return we provide to our stockholders, including dividends or other distributions as well as potential future increases or decreases in our stock price. We use ten-year stock options for a portion of our long-term equity incentive compensation in order to incentivize and reward our executives for increases our stock price over the long term.

Similar to annual cash incentive bonuses, the employment agreements that we entered into with each of our executives provide for minimum target values for our annual grants. The terms of their respective employment agreements provided for the following minimum target values for annual grants: Mr. Hawkins $1,150,000; Mr. Brown $325,000; Mr. Mechem $450,000; Mr. Phelan $450,000; and Mr. Ruen $450,000. The commitments in these employment agreements related to minimum target values; however, we have discretion to establish the criteria that must be met for the annual grants to be awarded and may grant awards with actual values above or below the target level based on our assessment of performance in order to fully motivate and reward our executives. These employment agreements also specify that the vesting of these awards must occur in equal annual installments over no more than five years.

In February 2010, we established target values for the annual grants for each of our executives. Similar to base salary and annual cash incentive bonus targets, we maintained the levels of our executives target values for the annual grants for 2010 at 2009 levels and established Mr. Phelan s target value to equal the target value set for Messrs. Mechem and Ruen. For 2010, our decisions regarding the amount of the target values was also based on the compensation committee s analysis of competitive market compensation data in mid-2009 and its conclusion that the amount of the target values for annual grants for our executives did not need to increase in order to remain competitive.

The following table sets forth the target values of the annual grants for each of our executives for 2010 and 2009:

Named Executive Officer	**2010 Target Value**	**2009 Target Value**	**Percentage Change**
Philip L. Hawkins	$ 1,150,000	$ 1,150,000	
Stuart B. Brown	$ 325,000	$ 325,000	
Daryl H. Mechem	$ 450,000	$ 450,000	
Jeffrey F. Phelan	$ 450,000	N/A	N/A
Michael J. Ruen	$ 450,000	$ 450,000	

In early 2010, we established a number of performance objectives for our executives that were intended to serve as guidelines for our determination regarding the actual grants to be made to these executives. These

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performance objectives were the same performance objectives that we used in connection with the determination of annual cash bonuses, and they were evaluated in substantially the same manner for purposes of determining actual equity grants for 2010.

Based on the compensation committee s holistic review of executive performance taking into account business conditions and developments during the year, the compensation committee generally determined to grant annual long-term equity incentive awards with values that were below target with individual differences based on our executives relative performance compared to their objectives, as described above, in light of business conditions and developments during the year. The following are the target and actual values of the annual equity awards for each of our executives for 2010 and the percentages of the target value that were awarded:

Named Executive Officer	2010 Target Value	2010 Actual Value	Percentage Granted
Philip L. Hawkins	$ 1,150,000	$ 980,000	85%
Stuart B. Brown	$ 325,000	$ 290,000	89%
Daryl H. Mechem	$ 450,000	$ 395,000	88%
Jeffrey F. Phelan	$ 450,000	$ 350,000	78%
Michael J. Ruen	$ 450,000	$ 360,000	80%

For each executive officer, 80% of the annual grant was made in the form of restricted stock or LTIP units, at the election of the executive, and 20% was made in the form of stock options. For purposes of determining the annual grants, we valued restricted stock and LTIP units based on, and set the exercise price of the stock options at, $5.55, which was the closing stock price of our common stock on February 3, 2011, the date the awards were approved. The stock options have a ten-year term and were valued at $1.66 per share based on Black-Scholes valuation data provided by our management. Each of these annual equity awards vests over four years with 25% vesting on each of the first four anniversaries of January 1, 2011.

The following table sets forth the terms of the equity awards actually made to our executives in 2011 with respect to 2010:

Named Executive Officer	LTIP Units (# of units)	Stock Options (# of shares)	Stock Options Exercise Price
Philip L. Hawkins	141,261	118,072	$ 5.55
Stuart B. Brown	41,802	34,940	$ 5.55
Daryl H. Mechem	56,937	47,590	$ 5.55
Jeffrey F. Phelan	50,450	42,169	$ 5.55
Michael J. Ruen	51,892	43,373	$ 5.55

Multi-Year Outperformance Program

On January 11, 2010, the compensation committee adopted the DCT Industrial Trust Inc. Multi-Year Outperformance Program, or the Outperformance Program, which is a long-term incentive compensation program, and granted awards under the program to certain officers and senior executives for 2010.

The 2010 awards entitle participants to receive shares of our common stock with a maximum value of $10 million based on our absolute and relative total return to stockholders during the three-year performance period beginning on December 31, 2009. Half of the awards are based on our absolute total return to stockholders during the performance period and the other half are based on our relative total return to stockholders during the performance period compared to the performance of the MSCI US REIT Index during the same period. The calculation of the awards is based on the following table (provided that the aggregate award values set forth below will be pro-rated between the percentages set forth below to reflect actual performance that falls between the specific percentages set forth below and the aggregate award value under the relative total return metric may not exceed the greater of (1) $500,000 or (2) 50% of the excess total return generated as a result of our outperformance above the MSCI US REIT Index):

Absolute Total Return		Relative Total Return	
Percentage Per Year, Compounded Annually	Aggregate Award Value	Percentage of MSCI US REIT Index	Aggregate Award Value
<8%	$0	<100%	$0
8%	$500,000	100%	$500,000
9%	$1,000,000	102.5%	$1,000,000
10%	$1,500,000	105%	$1,500,000
11%	$2,000,000	107.5%	$2,000,000
12%	$2,500,000	110%	$2,500,000
13%	$3,000,000	112.5%	$3,000,000
14%	$3,500,000	115%	$3,500,000
15%	$4,000,000	117.5%	$4,000,000
16%	$4,500,000	120%	$4,500,000
= or > 17%	$5,000,000	= or > 122.5%	$5,000,000

Each participant s award is designated as a specified percentage of the aggregate award value earned during the performance period, and participants are also entitled to a share of any unallocated portion of the aggregate award value. At the end of the performance period, the compensation committee will calculate the aggregate award value earned, and each participant will be issued shares of our common stock as of the end of the performance period with a value equal to that participant s share of the aggregate award value. Half of the shares of common stock issued will be fully vested upon issuance and the remaining half will vest on the first anniversary of the end of the performance period based on continued employment. We may also permit participants to elect to receive their awards in the form of LTIP units or other equivalent forms of equity in lieu of shares of common stock.

In the event of a change-in-control (as determined for purposes of the Outperformance Program) during a performance period, the performance period will be shortened to end on the date of the change-in-control and participants awards will be based on performance through that date. In such a case, the aggregate award value will be the larger of (i) a pro rated amount of the aggregate award value earned based on the portion of the performance period that actually elapsed or (ii) the aggregate award value that would have been earned if our annual percentage return to stockholders was calculated based on the aggregate total return actually achieved during such performance period, but assumed that such return had been generated over the full three-year performance period. Any shares of common stock earned upon a change-in-control will be fully vested upon issuance. In the event of a change-in-control after a performance period has ended, all unvested awards issued under the Outperformance Program for such performance period will fully vest.

If a participant s employment is terminated before the end of a performance period as a result of death or disability, or is terminated by us without cause or by the participant for good reason, in each case as determined under the Outperformance Program, the participant s award will be calculated in the same manner as if a change-in-control occurred on the date of termination and any shares of common stock that are earned will be fully vested upon such date of termination. If such a termination occurs after the end of a performance period, then all of the participant s unvested awards for such performance period will fully vest. If a participant is terminated for any other reason, the participant will forfeit all unearned awards and unvested shares granted under the Outperformance Program.

On January 11, 2010, the compensation committee granted our named executives, with the exception of Mr. Phelan, awards under the Outperformance Program for 2010. On April 1, 2010, the compensation committee granted Mr. Phelan an award under the Outperformance Program for 2010 in connection with his hiring. The committee granted 2010 awards with the following participation percentages under the Outperformance Program to the following executives: Mr. Hawkins (18%); Mr. Brown (12%); Mr. Mechem (12%); Mr. Phelan (12%); and Mr. Ruen (12%).

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Our previous outperformance program, the DCT Industrial Trust Inc. 2006 Outperformance Program, which was adopted in December 2006, was terminated early in the fourth quarter of 2009. No awards were earned under the 2006 Outperformance Program. The three-year performance period for that program was scheduled to expire on December 15, 2009, with service required through December 2011 for full vesting of the awards.

Currently, based on its overall review of our executive compensation programs, the compensation committee has discontinued use of the Outperformance Program on a prospective basis (i.e., the 2010 awards will remain outstanding, but the compensation committee does not expect to issue awards under the Outperformance Program with respect to the three-year performance period beginning on December 31, 2010 as it had originally anticipated).

LTIP Units

In 2006, we established a program under our Second Amended and Restated 2006 Long-Term Incentive Plan, or the 2006 Plan, for the grant of other equity-based awards, valued by reference to shares of our common stock, consisting of equity interests in our operating partnership which we refer to as long-term incentive units or LTIP units. LTIP units are a separate class of units of limited partnership interest in our operating partnership. LTIP units, which can be granted either as free-standing awards or together with other awards under the 2006 Plan are valued by reference to the value of our common stock, and may be subject to such conditions and restrictions as the compensation committee may determine, including continued employment or service, computation of financial metrics and/or achievement of pre-established performance goals and objectives. If applicable conditions and/or restrictions are not attained, participants will forfeit their LTIP units. Generally, LTIP unit awards, whether vested or unvested, entitle the holder to receive distributions from our operating partnership that are equivalent to the dividends and distributions that would be made with respect to the number of shares of our common stock underlying the LTIP unit award, though receipt of such distributions may be delayed or made contingent on vesting.

LTIP units are structured as profits interests for U.S. federal income tax purposes, and we do not expect the grant, vesting or conversion of LTIP units into common units to produce a tax deduction for us. As profits interests, LTIP units initially will not have full parity, on a per-unit basis, with common units with respect to liquidating distributions. Upon the occurrence of specified events, LTIP units can over time achieve full parity with common units and therefore accrete to an economic value for the participant equivalent to common units. This accretion to parity is driven, in part, by partnership tax rules and is based on the book capital account associated with LTIP units for tax purposes. Generally, the book capital account associated with LTIP units when they are initially issued is zero, while the book capital account associated with common units is equal on a per unit basis to the price per share of our common stock. Economic parity is reached when the book capital account of the LTIP units has grown, through special allocations of unrealized or realized gain, to be equal to that of an equal number of common units. Events that allow such special allocations under the partnership agreement and applicable federal tax regulations include: (1) our issuance of common stock, (2) the issuance by our operating partnership of common or other partnership units, (3) our repurchases of significant amounts of common stock for cash, and (4) the redemption by our operating partnership of common units for cash, in each case so long as the price of our common stock at the time is higher than the price on the date on which the LTIP units were initially issued. If such parity is achieved, LTIP units may be converted, subject to the satisfaction of applicable vesting conditions, on a one-for-one basis into common units, which in turn are redeemable by the holder for cash or, at our election, shares of our common stock on a one-for-one basis. However, there are circumstances under which LTIP units will not achieve parity with common units, and until such parity is reached, the value that a participant in the program could realize for a given number of LTIP units will be less than the value of an equal number of shares of our common stock and may be zero. Ordinarily, we anticipate that each LTIP unit awarded will be equivalent to an award of one share of common stock reserved under our 2006 Plan, thereby reducing the number of shares of common stock available for subsequent awards of stock options, shares of restricted stock, phantom shares, dividend equivalent rights and other equity-based awards on a one-for-one basis. However, the compensation committee has the authority to determine the number of shares of common stock underlying an award of LTIP units in light of all applicable circumstances, including performance-based

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vesting conditions, operating partnership capital account allocations, to the extent set forth in the limited partnership agreement for our operating partnership, the Internal Revenue Code or applicable regulations, value accretion factors or conversion ratios.

LTIP units are designed to offer executives the same long-term incentive as shares of restricted stock, while allowing them to enjoy the more favorable U.S. federal income tax treatment available for profits interests. More specifically, one key disadvantage of restricted stock is that executives are generally taxed on the full market value of a grant at the time of vesting, even if they choose to hold the stock. As a result, executives often need to sell a portion of their vested shares upon vesting to pay taxes on their restricted stock awards from prior years, which may limit an executive s ability to increase his or her equity ownership over the long term. Conversely, an executive would generally be taxed only when he or she chooses to liquidate his or her LTIP units. Therefore, an executive who wishes to hold his or her equity awards for the long term can do so in a more tax-efficient manner with LTIP units. In light of the trade-offs between increased tax efficiency and incremental economic risk involved in LTIP units as compared to restricted stock, it is generally our policy to allow eligible executives a choice between restricted stock and LTIP units on a one-for-one basis for their equity-based incentive compensation awards. We believe that the use of LTIP units (1) enhances our equity-based compensation package overall, (2) advances the goal of promoting long-term equity ownership by executives, (3) has no adverse impact on dilution as compared to restricted stock, and (4) further aligns the interests of our executives with the interests of our stockholders. We also believe that these benefits outweigh the loss of the U.S. federal income tax business-expense deduction from the issuance of LTIP units, as compared to restricted stock.

Stock Ownership Guidelines

In order to complement our long-term equity incentive compensation program and further align the interests of our executives with those of our stockholders, our board of directors adopted stock ownership guidelines that apply to our executives. See Executive and Director Compensation Director and Officer Stock Ownership Guidelines below for a summary of these guidelines.

Equity Award Grant Policy

In 2007, we adopted an equity award grant policy in order to formalize our approach regarding the timing and pricing of equity awards made to the executives and all other employees. Under this policy, generally, equity awards will only be made to existing employees on an annual basis or in connection with a promotion or other extraordinary event. The amount of annual awards will be determined at a pre-scheduled meeting of the compensation committee that is expected to be held in January or February of each year. Shares of restricted stock, LTIP units or other full-value awards granted as part of the annual awards will be denominated in dollars and will be priced based on the closing price of our common stock on the date of the meeting at which they were approved. Stock options granted as part of the annual awards will either be denominated in shares or dollars, will have an exercise price per share equal to the closing price of our common stock on the date of the meeting at which they were approved and, if denominated in dollars, will be for the number of shares determined using the formula approved by the compensation committee at the time of the grants. Promotional or extraordinary grants will be granted and priced on a quarterly basis on the third trading day following each of our quarterly earnings releases.

2011 Pay for Performance Changes

Based on its review of our executive compensation programs, the compensation committee has made changes to the structure of our executive compensation programs to further our compensation objectives, including, in particular, our objectives of creating and maintaining a performance-driven organization, aligning the interests of our executives and stockholders and motivating our executives to manage our business to meet our short- and long-term objectives. The following are the primary changes made by the compensation committee:

- 2011 annual cash incentive bonuses and annual grants of long-term equity incentive compensation will be linked in a more formulaic manner to the achievement of specific, objectively measurable goals; and

- as noted above, use of the Outperformance Plan has been discontinued on a prospective basis.

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For 2011, we have restructured the objectives for our annual cash incentive bonuses and annual grants of long-term equity incentive compensation and the manner in which these objectives are linked to the determination of the annual bonuses to be paid and annual grants to be made. The table set forth below describes the objectives that we have established for each of our executives and the percentage of that executive s annual cash incentive bonus and annual grant of long-term equity incentive compensation that will be linked to the achievement of each objective. For each of our executives, the objectives and percentages are the same for annual cash incentive bonuses and annual grants of long-term equity incentive compensation.

Objectives	Hawkins	Brown	Mechem	Phelan	Ruen
FFO(1)	30.0%	40.0%	25.0%	25.0%	25.0%
Net operating income(2)	22.5%	15.0%	25.0%	20.0%	25.0%
Acquisition volume(3)	22.5%	15.0%	30.0%	35.0%	30.0%
Individualized objectives	25.0%	30.0%	20.0%	20.0%	20.0%
Total	100%	100%	100%	100%	100%

(1) Represents FFO per diluted share, excluding gains, impairments, acquisition costs and debt retirement costs.

(2) Represents net operating income, excluding new acquisitions and adjusted for dispositions. For Messrs. Hawkins and Brown, this objective is based on net operating income for all properties. For Messrs. Mechem, Phelan and Ruen, this objective relates to net operating income for properties in each executive s region.

(3) Acquisition volume is based on the unlevered investment in acquisitions closed during 2011. For Messrs. Hawkins and Brown, this objective is based on company-wide acquisition volume. For Messrs. Mechem, Phelan and Ruen, 15% of annual bonuses and grants is based on company-wide acquisition volume and the remaining amount (15% for Messrs. Mechem and Ruen and 20% for Mr. Phelan) is based on acquisitions sourced in each executive s region.

We selected these specific objectives because FFO and net operating income are two of the most significant financial measures that we report to investors and use to evaluate our ongoing performance and the completion of acquisitions, consistent with our investment criteria, during 2011 is one of our key strategic goals for the year.

For each of these objectives, we have established five different levels of performance pursuant to which executives may earn from 0-200% of the target amount of the portion of the annual cash incentive bonus attributable to that objective or from 50-150% of the target value of the portion of the annual grant of long-term equity incentive compensation attributable to that objective. The structure of these performance levels is set forth in the table below.

Program	Minimum	Threshold	Target	High	Maximum
Annual cash incentive bonus program	0%	50%	100%	150%	200%
Long-term equity incentive program	50%	75%	100%	125%	150%

(1) Maximum represents amount earned for performance at or above the maximum. For each objective, the maximums are set at levels of performance that are considered a significant stretch and have a low probability of being achieved. Minimum represents amount earned for performance at or below the minimum. For each objective, the minimums are set at levels of performance that are considered highly probable of achievement. To the extent performance falls between two of the categories above, the amount earned will be determined by linear interpolation between the amounts for the two categories.

The compensation committee has retained negative discretion with respect to our annual cash incentive bonus and our annual grants of long-term equity incentive compensation and, accordingly, may choose to award executives an annual bonus or annual equity grant that is less than they would have earned based on a formulaic application of the objectives described above.

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For 2011, we have also discontinued the use of the Outperformance Program on a prospective basis. After a review of overall executive compensation by F.W. Cook, the compensation committee concluded that the annual grants of long-term equity incentive compensation under the restructured program, which include stock options, which only have value to the extent the value of our common stock increases, and have multi-year vesting, which aligns our executives incentives with the long-term performance of our common stock, provided appropriate long-term equity incentives for our executives. Accordingly, the compensation committee currently does not expect to grant awards under the Outperformance Program or a similar multi-year performance-based equity incentive program in 2011 or future years. The awards that were granted in 2010 will remain outstanding and may be earned based on our performance over the three-year performance period ending December 31, 2012.

Employment Agreements

We have employment agreements with each of our executives. We entered into employment agreements with Messrs. Hawkins, Brown, Mechem and Ruen in October 2009, which superseded their previous employment agreements with us. On March 31, 2010, we entered into an employment agreement with Mr. Phelan in connection with his hiring. For Messrs. Hawkins, Brown, Mechem and Ruen, the employment agreements, among other things, provide for severance payments generally equal to a multiple of salary and bonus plus acceleration of all time-based vesting on equity awards and continuation of coverage under our group health plan for a period of time in the event of a termination of employment by us without cause or by an executive for good reason. In return, each of these executives has agreed to non-compete, non-solicitation, non-interference and confidentiality provisions. With respect to Mr. Phelan, in the event of a termination of employment by us without cause or by an executive for good reason, the employment agreement, among other things, permits Mr. Phelan to offer to enter into a one-year consulting agreement with us on pre-negotiated terms, including non-compete, non-solicitation and confidentiality provisions that apply during the term. We then have the option to either enter into the agreement and, among other things, pay the pre-negotiated compensation to Mr. Phelan during the term or refuse Mr. Phelan s offer and provide him with severance payments generally equal to a multiple of salary and bonus plus acceleration of all time-based vesting on equity awards and continuation of coverage under our group health plan for a period of time. For Mr. Phelan, in the event that the termination occurs within 12 months after a change-in-control, we have agreed to provide him with severance payments regardless of whether he has offered to enter into the consulting agreement. For each of our executives, we believe that because the severance level and/or terms of any continuing consulting agreement are negotiated up front, it makes it easier for us to terminate these executives without the need for protracted negotiations over severance. We also believe that providing pre-negotiated severance benefits for these executives in the event they are terminated without cause or terminate their employment for good reason following a change-in-control helps to further align the interests of our executives and our stockholders in the event of a potentially attractive proposed change-in-control transaction following which one or more of our executives may be expected to be terminated. See Executive and Director Compensation Potential Payments Upon Termination or Change-in-Control for a summary of the employment agreements.

Broad-Based Benefits

All full-time employees, including our executives, may participate in our health and welfare benefit programs, including medical, dental and vision care coverage, disability insurance and life insurance, and our 401(k) plan.

Executive Compensation Process

Information regarding our processes and procedures for considering and determining the compensation of our executives, including the role of any executive officers, is described below under Executive and Director Compensation Executive and Director Compensation Process.

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Summary of Executive Compensation

The following table sets forth certain information with respect to compensation paid for 2010, 2009 and 2008 to each of our named executive officers.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary	Bonus	Stock Award(s) ($)(1)	Option Awards ($)(1)	All Other Compensation	Total
Philip L. Hawkins	2010	$ 600,000	$ 510,000	$ 1,119,765	$ 204,275	$	$ 2,434,040
	2009	600,000	480,000	566,569	159,105		1,805,674
President and Chief Executive Officer	2008	600,000	400,000	859,302	248,213		2,107,515
Stuart B. Brown	2010	265,000	205,000	436,181	57,729		963,910
	2009	265,000	180,000	196,410	55,156		696,566
Chief Financial Officer	2008	265,000	180,000	242,851	70,147		757,998
Daryl H. Mechem	2010	260,000	165,000	524,011	79,933		1,028,944
	2009	260,000	160,000	264,397	74,249		758,646
Managing Director, West Region	2008	260,000	140,000	261,524	75,543		737,067
Jeffrey F. Phelan	2010	195,000	155,000	1,156,081			1,506,081
Managing Director,							
California and President of DCT Development							
Michael J. Ruen	2010	260,000	155,000	524,011	79,933		1,018,944
	2009	260,000	160,000	220,000	58,339		698,339
Managing Director, East Region	2008	260,000	100,000	336,253	97,127		793,380

(1) Amounts for 2008, 2009 and 2010 are based on the aggregate grant date fair value of stock awards and option awards granted in the fiscal year the years ended December 31, 2008, 2009 and 2010 respectively, in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation Stock Compensation, or ASC Topic 718, disregarding the estimate of forfeitures. The assumptions we used for calculating the grant date fair values, except for the awards made to our named executive officers under the Outperformance Program, are set forth in note 12 to our consolidated financial statements included in our annual report on Form 10-K for the fiscal year ended December 31, 2010. The fair values for the awards issued to our named executive officers, except Mr. Phelan, under the Outperformance Program were determined by a lattice-binomial option-pricing model based on a Monte Carlo simulation using a common stock volatility factor of 88%, a MSCI US REIT Index volatility factor of 61% and a risk-free interest rate of 1.53%. The fair values for the award issued to Mr. Phelan under the Outperformance Program was determined by a lattice-binomial option-pricing model based on a Monte Carlo simulation using a common stock volatility factor of 92%, a MSCI US REIT Index volatility factor of 63% and a risk-free interest rate of 1.50%. These amounts for 2010 include the following amounts relating to the awards made to our named executive officers under the Outperformance Program: Mr. Hawkins $311,738; Mr. Brown $207,825; Mr. Mechem $207,825; Mr. Phelan--$198,149; and Mr. Ruen $207,825. The maximum payouts under the Outperformance Program for each of the named executive officers would be as follows: Mr. Hawkins $1,800,000; Mr. Brown $1,200,000; Mr. Mechem $1,200,000; Mr. Phelan $1,200,000; and Mr. Ruen $1,200,000.

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Grants of Plan-Based Awards

The following table sets forth certain information with respect to grants of plan-based awards for the year ended December 31, 2010 to our named executive officers.

2010 GRANTS OF PLAN-BASED AWARDS

			Estimated Future Payouts Under Equity Incentive Plan Awards(1)						
Name	Grant Date	Approval Date	Threshold ($)	Target ($)	Maximum ($)	All Other Stock Awards: Number of Shares of Stock or Units (#)(2)	All Other Stock Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($)
Philip L. Hawkins	01/11/10	01/11/10	N/A	$ 516,664	$ 1,800,000				$ 311,738
	02/11/10	02/11/10					148,921	$ 4.56	204,275
	02/25/10	02/11/10(3)				181,579			808,027
Stuart B. Brown	01/11/10	01/11/10	N/A	344,443	1,200,000				207,825
	02/11/10	02/11/10					42,086	4.56	57,729
	02/25/10	02/11/10(3)				51,316			228,356
Daryl H. Mechem	01/11/10	01/11/10	N/A	344,443	1,200,000				207,825
	02/11/10	02/11/10					58,273	4.56	79,933
	02/25/10	02/11/10(3)				71,053			316,186
Jeffrey F. Phelan	03/31/10	03/22/10				191,204			957,932
	04/01/10	03/22/10	N/A	344,443	1,200,000				198,149
Michael J. Ruen	01/11/10	01/11/10	N/A	344,443	1,200,000				207,825
	02/11/10	02/11/10					58,273	4.56	79,933
	02/25/10	02/11/10(3)				71,053			316,186

(1) Represents awards made under the Outperformance Program. Under this program, awards will be paid to each executive in shares of our common stock with a value equal to that executive s award. We may also permit executives to receive their award in the form of LTIP units or other equivalent forms of equity in lieu of common stock. Awards under this program for each executive may range from $0 to the maximum amount set forth in the table. Accordingly, the Threshold($) subcolumn is not applicable. Also, because there is no established target amount under this program, the amount reported under the Target($) subcolumn represents the amount that the executives would have earned, including their unallocated percentage, if our performance for the three-year performance period under the program continued at the same annualized rate as we experienced from January 1, 2010 through December 31, 2010. Any unallocated portion of our Outperformance Program at the end of the performance period will be reallocated on a pro rata basis among the program s participants, including our named executive officers. As of December 31, 2010, 98% of the Outperformance Program was allocated to participants.

(2) All awards were grants of LTIP units and were made under the 2006 Plan.

(3) In order to enable our named executive officers to elect to receive some or all of their awards in the form of LTIP units, the grant date for the awards occurred after the approval of the awards. The total number of LTIP units granted were based on the dollar value of the awards approved on February 11, 2010, and the closing price of our common stock on the New York Stock Exchange on February 11, 2010.

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Discussion of Summary Compensation and Grants of Plan-Based Awards Tables

Our executive compensation policies and practices, pursuant to which the compensation set forth in the Summary Compensation Table and the 2010 Grants of Plan-Based Awards Table was paid or awarded, are described above under Compensation Discussion and Analysis. A summary of certain material terms of our compensation plans and arrangements is set forth below.

In 2010, we granted equity awards to our named executive officers under the 2006 Plan, as described in the 2010 Grants of Plan-Based Awards table. Each stock option granted has a term of ten-years from its grant date. Generally, to the extent vested, each stock option is exercisable during the term of the option while the grantee maintains a service relationship with us and for a period of three months thereafter, unless such termination is upon death or disability, in which case the grantee may continue to exercise the stock option for a period of one year thereafter. Each of the equity awards granted in 2010 vests over four years with 25% vesting on January 1, 2011 and 25% on each January 1st thereafter based on continued employment; provided that vesting of each is also subject to acceleration in connection with a change-in-control as described below under Potential Payments Upon Termination or Change-in-Control. Generally, we pay distributions and dividends to holders of all LTIP units and shares of restricted stock, whether vested or not, at the same rate per share as the dividends per share paid to our common stockholders. The terms of the LTIP units are described above under Compensation Discussion and Analysis Long-Term Equity Incentive Compensation LTIP Units.

In 2010, we also granted awards to our named executive officers under the Outperformance Program. The terms of the awards are described above under Compensation Discussion and Analysis Long-Term Equity Incentive Compensation Multi-Year Outperformance Program.

The terms of employment agreements that we have entered into with our executives are described below under Potential Payments Upon Termination or Change-in-Control.

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Outstanding Equity Awards

The following table sets forth certain information with respect to outstanding equity awards at December 31, 2010, with respect to our named executive officers.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END 2010

	Option Awards				Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)(1)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Awards That Have Not Vested (#)(2)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Awards That Have Not Vested ($)(2)
Philip L. Hawkins	160,558	40,140(3)	$ 11.46	01/11/2017				
	179,687	179,688(4)	8.64	02/11/2018				
	75,000	225,000(5)	3.41	02/10/2019				
		148,921(6)	4.56	02/11/2020				
					225,397(7)	$ 1,196,858		
					16,056(8)	85,257		
					53,241(9)	282,710		
					131,965(11)	700,734		
					181,579(12)	964,184		
							97,300	$ 516,664
Stuart B. Brown	34,904	8,726(3)	11.46	01/11/2017				
	50,781	50,782(4)	8.64	02/11/2018				
	26,000	78,000(5)	3.41	02/10/2019				
		42,086(6)	4.56	02/11/2020				
					25,555(10)	135,697		
					3,491(8)	18,537		
					15,047(9)	79,900		
					45,748(11)	242,922		
					51,316(12)	272,488		
							64,867	344,443
Daryl H. Mechem	31,414	7,853(3)	11.46	01/11/2017				
	54,687	54,688(4)	8.64	02/11/2018				
	35,000	105,000(5)	3.41	02/10/2019				
		58,273(6)	4.56	02/11/2020				
					3,141(8)	16,679		
					16,204(9)	86,043		
					61,584(11)	327,011		
					71,053(12)	377,291		
							64,867	344,443
Jeffrey F. Phelan					191,204(13)	1,015,293		
							64,867	344,443
Michael J. Ruen	38,394	9,599(3)	11.46	01/11/2017				
	70,312	70,313(4)	8.64	02/11/2018				
	27,500	82,500(5)	3.41	02/10/2019				

	58,273[6]	4.56	02/11/2020				
				3,839[8]	20,385		
				20,833[9]	110,623		
				48,387[11]	256,935		
				71,053[12]	377,291		
						64,867	344,443

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(1) Based on a price of $5.31 per share/unit, which was the closing price on the New York Stock Exchange of one share of our common stock on December 31, 2010. Assumes that the value of LTIP units on a per unit basis is equal to the per share value of our common stock.

(2) The number and market or payout value of equity incentive plan awards is based on the amount that the executives would have earned under our Outperformance Program, including their unallocated percentage, if our performance for the three-year performance period under the program continued at the same annualized rate as we experienced from January 1, 2010 through December 31, 2010. The terms of our Outperformance Program, including the vesting terms, are described above under Compensation Discussion and Analysis Long-Term Equity Incentive Compensation Multi-Year Outperformance Program.

(3) Represents the unvested portion of stock options to purchase the following number of shares of common stock, which were granted on January 11, 2007 under the 2006 Plan: Mr. Hawkins 200,698 shares; Mr. Brown 43,630 shares; Mr. Mechem 39,267 shares; and Mr. Ruen 47,993 shares. The total number of shares originally subject to the stock options were subject to vesting over five years with 20% vesting on October 10, 2007, and 20% on each October 10 thereafter based on continued employment.

(4) Represents the unvested portion of stock options to purchase the following number of shares of common stock, which were granted on February 11, 2008 under the 2006 Plan: Mr. Hawkins 359,375 shares; Mr. Brown 101,563 shares; Mr. Mechem 109,375 shares; and Mr. Ruen 140,625 shares. The total number of shares originally subject to the stock options were subject to vesting over four years with 25% vesting on January 1, 2009, and 25% on January 1 of each of the following three years based on continued employment.

(5) Represents the unvested portion of stock options to purchase the following number of shares of common stock, which were granted on February 10, 2009 under the 2006 Plan: Mr. Hawkins 300,000 shares; Mr. Brown 104,000 shares; Mr. Mechem 140,000 shares; and Mr. Ruen 110,000 shares. The total number of shares originally subject to the stock options were subject to vesting over four years with 25% vesting on January 1, 2010, and 25% on January 1 of each of the following three years based on continued employment.

(6) Represents the unvested portion of stock options to purchase the following number of shares of common stock, which were granted on February 11, 2010 under the 2006 Plan: Mr. Hawkins 148,921 shares; Mr. Brown 42,086 shares; Mr. Mechem 58,273 shares; and Mr. Ruen 58,273 shares. The total number of shares originally subject to the stock options were subject to vesting over four years with 25% vesting on January 1, 2011, and 25% on January 1 of each of the following three years based on continued employment.

(7) Represents the unvested portion of 450,795 LTIP units granted on October 25, 2006 that were subject to vesting as follows: 25% on August 1, 2009, 25% on August 1, 2010, and 50% on August 1, 2011 based on continued employment.

(8) Represents the unvested portion of the following equity awards that were granted on February 13, 2007, under the 2006 Plan: Mr. Hawkins 80,279 LTIP units; Mr. Brown 17,452 shares of restricted stock; Mr. Mechem 15,707 LTIP units; and Mr. Ruen 19,197 LTIP units. The total number of LTIP units or shares of restricted stock originally granted were subject to vesting over five years with 20% vesting on October 10, 2007, and 20% on October 10 of each of the following four years based on continued employment.

(9) Represents the unvested portion of the following equity awards that were granted on February 22, 2008, under the 2006 Plan: Mr. Hawkins 106,481 LTIP units; Mr. Brown 30,093 LTIP units; Mr. Mechem 32,407 LTIP units; and Mr. Ruen 41,667 LTIP units. The total number of LTIP units or shares of restricted stock originally granted were subject to vesting over four years with 25% vesting on January 1, 2009, and 25% on January 1 of each of the following three years based on continued employment.

(10) Represents the unvested portion of 51,111 LTIP units granted on October 25, 2006 that were subject to vesting as follows: 25% on October 10, 2009, 25% on October 10, 2010, and 50% on October 10, 2011 based on continued employment.

(11) Represents the unvested portion of the following equity awards that were granted on February 25, 2009, under the 2006 Plan: Mr. Hawkins 175,953 LTIP units; Mr. Brown 60,997 LTIP units; Mr. Mechem 82,111 LTIP units; and Mr. Ruen 64,516 shares of restricted stock. The total number of LTIP units or shares of restricted stock originally granted were subject to vesting over four years with 25% vesting on January 1, 2010, and 25% on January 1 of each of the following three years based on continued employment.

(12) Represents the unvested portion of the following equity awards that were granted on February 25, 2010 under the 2006 Plan: Mr. Hawkins 181,579 LTIP units; Mr. Brown 51,316 LTIP units; Mr. Mechem 71,053 LTIP units; and Mr. Ruen 71,053 LTIP units. The total number of LTIP units originally granted were subject to vesting over four years with 25% vesting on January 1, 2011, and 25% on January 1 of each of the following three years based on continued employment.

(13) Represents 191,204 LTIP units granted on March 31, 2010 that vest 25% on March 30, 2013, 25% on March 30, 2014, and 50% on March 30, 2015 based on continued employment.

Option Exercises and Stock Vested

The following table sets forth the aggregate number of options to purchase shares of our common stock exercised by our named executive officers in 2010 and the aggregate number of shares of common stock and LTIP units that vested in 2010. The value realized on exercise is the product of (1) the closing price on the New York Stock Exchange of a share of common stock on the date of exercise minus the exercise price, multiplied by (2) the number of shares of common stock underlying exercised options. The value realized on vesting is the product of (1) the closing price on the New York Stock Exchange of a share of common stock on the vesting date (or, if there were no reported sales on such date, the most recent previous date on which there were reported sales), multiplied by (2) the number of shares/LTIP units vesting.

2010 OPTION EXERCISES AND STOCK VESTED

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)(1)
Philip L. Hawkins		$	199,363	$ 961,685
Stuart B. Brown			39,040	194,029
Daryl H. Mechem			31,771	159,113
Jeffrey F. Phelan				
Michael J. Ruen			30,386	152,077

(1) Based on the closing price on the New York Stock Exchange of one share of our common stock on the vesting dates for the shares of common stock and LTIP units that vested in 2010.

Potential Payments Upon Termination or Change-in-Control

On October 9, 2009, we entered into employment agreements with each of Mr. Hawkins, Mr. Brown, Mr. Mechem and Mr. Ruen. On March 31, 2010, we also entered into an employment agreement with Mr. Phelan. Under the employment agreements, Mr. Hawkins serves as our Chief Executive Officer and a director; Mr. Brown serves as our Chief Financial Officer; Mr. Mechem serves as our Managing Director, West Region, Mr. Phelan serves as our Managing Director, California and President of DCT Development and Mr. Ruen serves as our Managing Director, East Region. The employment agreements all have a three-year term. The following is a description of the material terms of our employment agreements with our named executive officers.

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Philip L. Hawkins

Mr. Hawkins employment agreement provides for an annual salary of at least $600,000, annual cash bonuses with a target cash bonus of at least 100% of Mr. Hawkins annual salary for the applicable fiscal year and annual equity awards with a target value of at least $1,150,000; provided that the amount of the actual cash bonuses paid and the value of the actual equity awards granted will be made by us, in our sole discretion, based on such factors relating to the performance of Mr. Hawkins or DCT Industrial Trust as we deem relevant and, in each case, may be more or less than the target amount. If Mr. Hawkins is terminated for any reason, under the employment agreement he will be subject to the following continuing obligations after termination: (1) noncompetition with us for one year (unless employment is terminated (i) upon or after termination of the term of employment or (ii) by us without cause or Mr. Hawkins for good reason in connection with or within 18 months after a change-in-control, in which case the noncompetition provision will not extend beyond termination of employment); (2) nonsolicitation and non-hiring of our employees for one year; (3) non-interference with our business for one year; (4) nondisparagement of us for one year; and (5) cooperation with us in connection with future claims or investigations. The employment agreement also provides for the following payments and benefits to Mr. Hawkins in connection with the termination of his employment with us or if we experience a change-in-control:

Change-in-control without termination. Upon a change-in-control while Mr. Hawkins is employed by us that occurs during or after the expiration of the term of employment under the agreement, all of Mr. Hawkins outstanding unvested equity awards subject to time-based vesting conditions will fully vest upon a change-in-control; provided that any performance-based vesting conditions applicable to such awards will continue to apply in accordance with their terms.

Termination without cause or for good reason. If Mr. Hawkins employment is terminated by us without cause or by Mr. Hawkins for good reason during the term of employment or within 18 months after a change-in-control that occurs during the term of employment or thereafter, Mr. Hawkins will receive (1) annual salary, cash bonus and other benefits earned and accrued under the agreement prior to the termination of employment, (2) a lump sum payment equal to the sum of (i) two times annual salary plus (ii) two times the greater of the target cash bonus for the year of termination or the average of actual cash bonuses for the two years preceding the year of termination and (3) a pro-rata cash bonus for the year in which Mr. Hawkins employment was terminated based on the target annual cash bonus. Mr. Hawkins will also continue to receive his medical and welfare benefits for two years, and all of his outstanding unvested equity awards subject to time-based vesting conditions will fully vest; provided that any performance-based vesting conditions applicable to such awards will continue to apply in accordance with their terms. Mr. Hawkins receipt of these payments and benefits (other than the annual salary, cash bonus and other benefits earned and accrued under the agreement prior to the termination of employment) in connection with a termination without cause or for good reason is subject to his execution of a general release of claims with us.

Termination upon death or disability. If Mr. Hawkins employment is terminated by us upon Mr. Hawkins death or disability, Mr. Hawkins will receive (1) annual salary, cash bonus and other benefits earned and accrued under the agreement prior to the termination of employment and (2) a pro-rata cash bonus for the year in which Mr. Hawkins employment was terminated based on the target annual cash bonus. In addition, all of Mr. Hawkins outstanding unvested equity awards subject to time-based vesting conditions will fully vest; provided that any performance-based vesting conditions applicable to such awards will continue to apply in accordance with their terms. Mr. Hawkins receipt of these payments and benefits (other than the annual salary, cash bonus and other benefits earned and accrued under the agreement prior to the termination of employment) in connection with a termination upon disability is subject to his execution of a general release of claims with us.

Additionally, under the employment agreement, in the event that any payment or benefit constitutes an excess parachute payment under Section 280G of the Internal Revenue Code subject to an excise tax, Mr. Hawkins is entitled to receive a tax gross-up payment in an amount sufficient to put him in the same after-tax position (assuming the highest possible applicable tax rates applied) that he would have been in if such payment or benefit did not constitute an excess parachute payment.

Stuart B. Brown

Mr. Brown s agreement provides for an annual salary of at least $265,000, annual cash bonuses with a target cash bonus of at least $225,000 and annual equity awards with a target value of at least $325,000; provided that the amount of the actual cash bonuses paid and the value of the actual equity awards granted will be made by us, in our sole discretion, based on such factors relating to the performance of Mr. Brown or DCT Industrial Trust as we deem relevant and, in each case, may be more or less than the target amount. If Mr. Brown is terminated for any reason, under the employment agreement he will be subject to the following continuing obligations after termination: (1) noncompetition with us for one year (unless employment is terminated (i) upon or after termination of the term of employment or (ii) by us without cause or Mr. Brown for good reason in connection with or within 18 months after a change-in-control, in which case the noncompetition provision will not extend beyond termination of employment); (2) nonsolicitation and non-hiring of our employees for one year; (3) non-interference with our business for one year; (4) nondisparagement of us for one year; and (5) cooperation with us in connection with future claims or investigations. The employment agreement also provides for the following payments and benefits to Mr. Brown in connection with the termination of his employment with us or if we experience a change-in-control:

Change-in-control without termination. Upon a change-in-control while Mr. Brown is employed by us that occurs during or after the expiration of the term of employment under the agreement, all of Mr. Brown s outstanding unvested equity awards subject to time-based vesting conditions will fully vest upon a change-in-control; provided that any performance-based vesting conditions applicable to such awards will continue to apply in accordance with their terms.

Termination without cause or for good reason. If Mr. Brown s employment is terminated by us without cause or by Mr. Brown for good reason during the term of employment or within 12 months after a change-in-control that occurs during the term of employment or thereafter, Mr. Brown will receive (1) annual salary, cash bonus and other benefits earned and accrued under the agreement prior to the termination of employment, (2) a lump sum payment equal to the sum of (i) one times (or, in the event of a termination within 12 months after a change-in-control, two times) annual salary plus (ii) one times (or, in the event of a termination within 12 months after a change-in-control, two times) the greater of the target cash bonus for the year of termination or the average of actual cash bonuses for the two years preceding the year of termination and (3) a pro-rata cash bonus for the year in which Mr. Brown s employment was terminated based on the target annual cash bonus. Mr. Brown will also continue to receive his medical and welfare benefits for two years, and all of his outstanding unvested equity awards subject to time-based vesting conditions will fully vest; provided that any performance-based vesting conditions applicable to such awards will continue to apply in accordance with their terms. Mr. Brown s receipt of these payments and benefits (other than the annual salary, cash bonus and other benefits earned and accrued under the agreement prior to the termination of employment) in connection with a termination without cause or for good reason is subject to his execution of a general release of claims with us.

Termination upon death or disability. If Mr. Brown s employment is terminated by us upon Mr. Brown s death or disability, Mr. Brown will receive (1) annual salary, cash bonus and other benefits earned and accrued under the agreement prior to the termination of employment and (2) a pro-rata cash bonus for the year in which Mr. Brown s employment was terminated based on the target annual cash bonus. In addition, all of Mr. Brown s outstanding unvested equity awards subject to time-based vesting conditions will fully vest; provided that any performance-based vesting conditions applicable to such awards will continue to apply in accordance with their terms. Mr. Brown s receipt of these payments and benefits (other than the annual salary, cash bonus and other benefits earned and accrued under the agreement prior to the termination of employment) in connection with a termination upon disability is subject to his execution of a general release of claims with us.

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Additionally, under the employment agreement, in the event that any payment or benefit constitutes an excess parachute payment under Section 280G of the Internal Revenue Code subject to an excise tax, Mr. Brown is entitled to receive a tax gross-up payment in an amount sufficient to put him in the same after-tax position (assuming the highest possible applicable tax rates applied) that he would have been in if such payment or benefit did not constitute an excess parachute payment.

Daryl H. Mechem

Mr. Mechem s agreement provides for an annual salary of at least $260,000, annual cash bonuses with a target cash bonus of at least $200,000 and annual equity awards with a target value of at least $450,000; provided that the amount of the actual cash bonuses paid and the value of the actual equity awards granted will be made by us, in our sole discretion, based on such factors relating to the performance of Mr. Mechem or DCT Industrial Trust as we deem relevant and, in each case, may be more or less than the target amount. If Mr. Mechem is terminated for any reason, under the employment agreement he will be subject to the following continuing obligations after termination: (1) noncompetition with us for one year, or, if employment is terminated by us without cause or Mr. Mechem for good reason, six months, (unless employment is terminated (i) upon or after termination of the term of employment or (ii) by us without cause or Mr. Mechem for good reason in connection with or within 18 months after a change-in-control, in which case the noncompetition provision will not extend beyond termination of employment); (2) nonsolicitation and non-hiring of our employees for one year; (3) non-interference with our business for one year; (4) nondisparagement of us for one year; and (5) cooperation with us in connection with future claims or investigations. The employment agreement also provides for the following payments and benefits to Mr. Mechem in connection with the termination of his employment with us or if we experience a change-in-control:

Change-in-control without termination. Upon a change-in-control while Mr. Mechem is employed by us that occurs during or after the expiration of the term of employment under the agreement, all of Mr. Mechem s outstanding unvested equity awards subject to time-based vesting conditions will fully vest upon a change-in-control; provided that any performance-based vesting conditions applicable to such awards will continue to apply in accordance with their terms.

Termination without cause or for good reason. If Mr. Mechem s employment is terminated by us without cause or by Mr. Mechem for good reason during the term of employment or within 12 months after a change-in-control that occurs during the term of employment or thereafter, Mr. Mechem will receive (1) annual salary, cash bonus and other benefits earned and accrued under the agreement prior to the termination of employment, (2) a lump sum payment equal to the sum of (i) one times (or, in the event of a termination within 12 months after a change-in-control, two times) annual salary plus (ii) one times (or, in the event of a termination within 12 months after a change-in-control, two times) the greater of the target cash bonus for the year of termination or the average of actual cash bonuses for the two years preceding the year of termination and (3) a pro-rata cash bonus for the year in which Mr. Mechem s employment was terminated based on the target annual cash bonus. Mr. Mechem will also continue to receive his medical and welfare benefits for two years, and all of his outstanding unvested equity awards subject to time-based vesting conditions will fully vest; provided that any performance-based vesting conditions applicable to such awards will continue to apply in accordance with their terms. Mr. Mechem s receipt of these payments and benefits (other than the annual salary, cash bonus and other benefits earned and accrued under the agreement prior to the termination of employment) in connection with a termination without cause or for good reason is subject to his execution of a general release of claims with us.

Termination upon death or disability. If Mr. Mechem s employment is terminated by us upon Mr. Mechem s death or disability, Mr. Mechem will receive (1) annual salary, cash bonus and other benefits earned and accrued under the agreement prior to the termination of employment and (2) a pro-rata cash bonus for the year in which Mr. Mechem s employment was terminated based on the target annual cash bonus. In addition, all of Mr. Mechem s outstanding unvested equity awards subject to time-based vesting conditions will fully vest; provided that any performance-based vesting conditions applicable to such awards will continue to apply in accordance with their terms. Mr. Mechem s receipt of these payments and benefits (other than the annual salary, cash bonus and other benefits earned and accrued under the agreement prior to the termination of employment) in connection with a termination upon disability is subject to his execution of a general release of claims with us.

Under the employment agreement, in the event that any payment or benefit constitutes an excess parachute payment under Section 280G of the Internal Revenue Code subject to an excise tax, Mr. Mechem is not entitled to receive a tax gross-up payment.

Jeffrey F. Phelan

Mr. Phelan s agreement provides for an annual salary of at least \$260,000, annual cash bonuses with a target cash bonus of at least \$200,000 and annual equity awards with a target value of at least \$450,000; provided that the amount of the actual cash bonuses paid and the value of the actual equity awards granted will be made by us, in our sole discretion, based on such factors relating to the performance of Mr. Phelan or DCT Industrial Trust as we deem relevant and, in each case, may be more or less than the target amount. If Mr. Phelan is terminated for any reason, under the employment agreement he will be subject to the following continuing obligations after termination: (1) nonsolicitation of our employees for one year; (2) nondisparagement of us for one year; and (3) cooperation with us in connection with future claims or investigations. The employment agreement also provides for the following payments and benefits to Mr. Phelan in connection with the termination of his employment with us or if we experience a change-in-control:

Change-in-control without termination. Upon a change-in-control while Mr. Phelan is employed by us that occurs during or after the expiration of the term of employment under the agreement, all of Mr. Phelan s outstanding unvested equity awards subject to time-based vesting conditions will fully vest upon a change-in-control; provided that any performance-based vesting conditions applicable to such awards will continue to apply in accordance with their terms.

Termination without cause or for good reason. If Mr. Phelan s employment is terminated by us without cause or by Mr. Phelan for good reason during the term of employment or within 12 months after a change-in-control that occurs during the term of employment or thereafter (a Qualified Termination), Mr. Phelan will receive (1) annual salary, cash bonus and other benefits earned and accrued under the agreement prior to the termination of employment, and (2) a pro-rata cash bonus for the year in which Mr. Phelan s employment was terminated based on the target annual cash bonus.

Additionally, upon a Qualified Termination, Mr. Phelan may offer to enter into a one-year consulting agreement with us on pre-negotiated terms (the Consulting Agreement). Under the Consulting Agreement, Mr. Phelan would agree to consult with us for up to 10 hours per month and would be subject to non-competition provisions during the term. In exchange, we would (1) pay Mr. Phelan an annual fee equal to 5% of his full-time consulting rate, which equals the sum of (i) his annual salary prior to the termination of his employment plus (ii) the greater of his target cash bonus for the year of the termination of his employment or the average of actual cash bonuses for the two years preceding the year of the termination of his employment, (2) provide Mr. Phelan with continued medical and welfare benefits for 18 months and (3) permit Mr. Phelan to continue vesting in his equity awards subject to time-based vesting. In addition, if Mr. Phelan fully performed under the Consulting Agreement, then at the end of the term, he would be entitled to (1) a bonus equal to the sum of (i) his full-time consulting rate plus (ii) an amount equal to the cost to us of providing Mr. Phelan six months of coverage under the group health plans based on the rates paid by us immediately prior to the termination of his employment and (2) full acceleration of time-based vesting on all of his outstanding unvested equity awards.

If we reject Mr. Phelan s offer to enter into the Consulting Agreement or, regardless of whether Mr. Phelan offered to enter into the Consulting Agreement, if the Qualified Termination occurred within 12 months after a change-in-control, then Mr. Phelan will also receive (1) a lump sum payment equal to the sum of (i) one times (or, in the event of a termination within 12 months after a change-in-control, two times) annual salary plus (ii) one times (or, in the event of a termination within 12 months after a change-in-control, two times) the greater of the target cash bonus for the year of termination or the average of actual cash bonuses for the two years preceding the year of termination and (2) a cash payment equal to the cost to us of providing Mr. Phelan six months of coverage under the group health plans based on the rates paid by us immediately prior to the termination. Mr. Phelan will also continue to receive his medical and welfare benefits for 18 months, and all of his outstanding unvested equity awards subject to time-based vesting conditions will fully vest; provided that any performance-based vesting conditions applicable to such awards will continue to apply in accordance with their terms. Mr. Phelan s receipt of these payments and benefits (other than the annual salary, cash bonus and other benefits earned and accrued under the agreement prior to the termination of employment) in connection with a termination without cause or for good reason is subject to his execution of a general release of claims with us.

Termination upon death or disability. If Mr. Phelan s employment is terminated by us upon Mr. Phelan s death or disability, Mr. Phelan will receive (1) annual salary, cash bonus and other benefits earned and accrued under the agreement prior to the termination of employment and (2) a pro-rata cash bonus for the year in which Mr. Phelan s employment was terminated based on the target annual cash bonus. In addition, all of Mr. Phelan s outstanding unvested equity awards subject to time-based vesting conditions will fully vest; provided that any performance-based vesting conditions applicable to such awards will continue to apply in accordance with their terms. Mr. Phelan s receipt of these payments and benefits (other than the annual salary, cash bonus and other benefits earned and accrued under the agreement prior to the termination of employment) in connection with a termination upon disability is subject to his execution of a general release of claims with us.

Under the employment agreement, in the event that any payment or benefit constitutes an excess parachute payment under Section 280G of the Internal Revenue Code subject to an excise tax, Mr. Phelan is not entitled to receive a tax gross-up payment.

Michael J. Ruen

Mr. Ruen s agreement provides for an annual salary of at least $260,000, annual cash bonuses with a target cash bonus of at least $200,000 and annual equity awards with a target value of at least $450,000; provided that the amount of the actual cash bonuses paid and the value of the actual equity awards granted will be made by us, in our sole discretion, based on such factors relating to the performance of Mr. Ruen or DCT Industrial Trust as we deem relevant and, in each case, may be more or less than the target amount. If Mr. Ruen is terminated for any reason, under the employment agreement he will be subject to the following continuing obligations after termination: (1) noncompetition with us for one year, or, if employment is terminated by us without cause or Mr. Ruen for good reason, six months, (unless employment is terminated (i) upon or after termination of the term of employment or (ii) by us without cause or Mr. Ruen for good reason in connection with or within 18 months after a change-in-control, in which case the noncompetition provision will not extend beyond termination of employment); (2) nonsolicitation and non-hiring of our employees for one year; (3) non-interference with our business for one year; (4) nondisparagement of us for one year; and (5) cooperation with us in connection with future claims or investigations. The employment agreement also provides for the following payments and benefits to Mr. Ruen in connection with the termination of his employment with us or if we experience a change-in-control:

Change-in-control without termination. Upon a change-in-control while Mr. Ruen is employed by us that occurs during or after the expiration of the term of employment under the agreement, all of Mr. Ruen s outstanding unvested equity awards subject to time-based vesting conditions will fully vest upon a change-in-control; provided that any performance-based vesting conditions applicable to such awards will continue to apply in accordance with their terms.

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Termination without cause or for good reason. If Mr. Ruen s employment is terminated by us without cause or by Mr. Ruen for good reason during the term of employment or within 12 months after a change-in-control that occurs during the term of employment or thereafter, Mr. Ruen will receive (1) annual salary, cash bonus and other benefits earned and accrued under the agreement prior to the termination of employment, (2) a lump sum payment equal to the sum of (i) one times (or, in the event of a termination within 12 months after a change-in-control, one and one half times) annual salary plus (ii) one times (or, in the event of a termination within 12 months after a change-in-control, one and one half times) the greater of the target cash bonus for the year of termination or the average of actual cash bonuses for the two years preceding the year of termination and (3) a pro-rata cash bonus for the year in which Mr. Ruen s employment was terminated based on the target annual cash bonus. Mr. Ruen will also continue to receive his medical and welfare benefits for one year (or, in the event of a termination within 12 months after a change-in-control, one and one half years), and all of his outstanding unvested equity awards subject to time-based vesting conditions will fully vest; provided that any performance-based vesting conditions applicable to such awards will continue to apply in accordance with their terms. Mr. Ruen s receipt of these payments and benefits (other than the annual salary, cash bonus and other benefits earned and accrued under the agreement prior to the termination of employment) in connection with a termination without cause or for good reason is subject to his execution of a general release of claims with us.

Termination upon death or disability. If Mr. Ruen s employment is terminated by us upon Mr. Ruen s death or disability, Mr. Ruen will receive (1) annual salary, cash bonus and other benefits earned and accrued under the agreement prior to the termination of employment and (2) a pro-rata cash bonus for the year in which Mr. Ruen s employment was terminated based on the target annual cash bonus. In addition, all of Mr. Ruen s outstanding unvested equity awards subject to time-based vesting conditions will fully vest; provided that any performance-based vesting conditions applicable to such awards will continue to apply in accordance with their terms. Mr. Ruen s receipt of these payments and benefits (other than the annual salary, cash bonus and other benefits earned and accrued under the agreement prior to the termination of employment) in connection with a termination upon disability is subject to his execution of a general release of claims with us.

Under the employment agreement, in the event that any payment or benefit constitutes an excess parachute payment under Section 280G of the Internal Revenue Code subject to an excise tax, Mr. Ruen is not entitled to receive a tax gross-up payment.

The terms cause, good reason and change-in-control are specifically defined in the agreements of Mr. Hawkins, Mr. Brown, Mr. Mechem, Mr. Phelan and Mr. Ruen.

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The following tables set forth the amounts that would have been paid to our named executive officers in the event of a termination by us without cause or by the executive for good reason other than in connection with a change-in-control; upon death or disability; upon a change-in-control without termination and upon a termination by us without cause or by the executive for good reason in connection with a change-in-control occurring, in each case, as of December 31, 2010:

Philip L. Hawkins

Payments Upon Termination	Without Cause/For Good Reason	Death/ Disability	Change-in-Control (No Termination)	Change-in-Control (Termination Without Cause/ For Good Reason)
Bonus	$ 600,000	$ 600,000	$	$ 600,000
Cash Severance	2,400,000			2,400,000
Restricted Stock & LTIP Units Vesting(1)	3,229,743	3,229,743	3,229,743	3,229,743
Stock Option Vesting(2)	539,191	539,191	539,191	539,191
Outperformance Program(3)	168,845	168,845	172,221	172,221
Benefits Continuation(4)	18,615			18,615
Excise Tax Gross-Up(5)				1,165,246
Total	**$ 6,956,394**	**$ 4,537,779**	**$ 3,941,155**	**$ 8,125,016**

Stuart B. Brown

Payments Upon Termination	Without Cause/For Good Reason	Death/ Disability	Change-in-Control (No Termination)	Change-in-Control (Termination Without Cause/ For Good Reason)
Bonus	$ 225,000	$ 225,000	$	$ 225,000
Cash Severance	490,000			980,000
Restricted Stock & LTIP Units Vesting(1)	749,544	749,544	749,544	749,544
Stock Option Vesting(2)	179,765	179,765	179,765	179,765
Outperformance Program(3)	112,563	112,563	114,814	114,814
Benefits Continuation(4)	18,615			18,615
Excise Tax Gross-Up(5)				468,469
Total	**$ 1,775,487**	**$ 1,266,872**	**$ 1,044,123**	**$ 2,736,207**

Daryl H. Mechem

Payments Upon Termination	Without Cause/For Good Reason	Death/ Disability	Change-in-Control (No Termination)	Change-in-Control (Termination Without Cause/ For Good Reason)
Bonus	$ 200,000	$ 200,000	$	$ 200,000
Cash Severance	460,000			920,000
Restricted Stock & LTIP Units Vesting(1)	807,024	807,024	807,024	807,024
Stock Option Vesting(2)	238,705	238,705	238,705	238,705

Outperformance Program[3]	112,563	112,563	114,814	114,814
Benefits Continuation[4]	18,615			18,615
Total	**$ 1,836,907**	**$ 1,358,292**	**$ 1,160,543**	**$ 2,299,158**

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Jeffrey F. Phelan

Payments Upon Termination	Without Cause/For Good Reason[(6)]	Death/ Disability	Change-in-Control (No Termination)	Change-in-Control (Termination Without Cause/ For Good Reason)
Bonus	$ 200,000	$ 200,000	$	$ 200,000
Cash Severance	460,000			920,000
Restricted Stock & LTIP Units Vesting[(1)]	1,015,293	1,015,293	1,015,293	1,015,293
Stock Option Vesting[(2)]				
Outperformance Program[(3)]	112,563	112,563	114,814	114,814
Benefits Continuation[(4)]	18,615			18,615
Total	**$ 1,806,471**	**$ 1,327,856**	**$ 1,130,107**	**$ 2,268,722**

Michael J. Ruen

Payments Upon Termination	Without Cause/For Good Reason	Death/ Disability	Change-in-Control (No Termination)	Change-in-Control (Termination Without Cause/ For Good Reason)
Bonus	$ 200,000	$ 200,000	$	$ 200,000
Cash Severance	460,000			690,000
Restricted Stock & LTIP Units Vesting[(1)]	765,234	765,234	765,234	765,234
Stock Option Vesting[(2)]	200,455	200,455	200,455	200,455
Outperformance Program[(3)]	112,563	112,563	114,814	114,814
Benefits Continuation[(4)]	9,308			13,962
Total	**$ 1,747,560**	**$ 1,278,252**	**$ 1,080,503**	**$ 1,984,465**

(1) All of the executives outstanding equity awards fully vest upon a change-in-control, the executive s termination upon death or disability or termination by us without cause or by the executive for good reason (assuming, with respect to Mr. Phelan, that he offers to enter into the Consulting Agreement with us and we reject his offer). As of December 31, 2010, Messrs. Hawkins, Brown, Mechem, Phelan and Ruen held unvested restricted common stock and unvested LTIP units as follows: Mr. Hawkins 608,238 LTIP units; Mr. Brown 137,666 LTIP units and 3,491 shares of restricted stock; Mr. Mechem 151,982 LTIP units; Mr. Phelan 191,204 LTIP units; and Mr. Ruen 95,725 LTIP units and 48,387 shares of restricted stock. For purposes of the tables above, the value of the equity awards that vest are based on the value of unvested awards set forth in the Outstanding Equity Awards at Fiscal Year-End 2010 table above.

(2) All of the executives outstanding stock options fully vest upon a change-in-control, the executive s termination upon death or disability or termination by us without cause or by the executive for good reason (assuming, with respect to Mr. Phelan, that he offers to enter into the Consulting Agreement with us and we reject his offer). Information regarding unvested stock options held by our named executive officers as of December 31, 2010 is contained in the Outstanding Equity Awards at Fiscal Year-End 2010 table above.

(3) Under the Outperformance Program, in the event of a change-in-control during the performance period, the performance period will be shortened to end on the date of the change-in-control and the executives awards will be based on performance through that date. In such a case, the aggregate award value will be the larger of (i) a pro rated amount of the aggregate award value earned based on the portion of the performance period that actually elapsed or (ii) the aggregate award value that would have been earned if our annual percentage return to stockholders was calculated based on the aggregate total return actually achieved during such performance period, but assumed that such return had been generated over the full three-year performance period. Any shares of common stock earned upon a change-in-control will be fully vested upon issuance.

If an executive s employment is terminated before the end of a performance period as a result of death or disability, or is terminated by us without cause or by an executive for good reason, the executive s award will be calculated in the same manner as if a change-in-control occurred on the date of termination, except

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that the executive s unallocated participation percentage will be forfeited. Any shares of common stock that are earned will be fully vested upon such date of termination.

(4) Benefits continuation amounts are based on the actual expense for financial reporting purposes for the year ended December 31, 2010 for covering an employee under each of our group health plans for the entire year, assuming that the employee elected family coverage under each of these plans, less the minimum contribution required by employees participating in these plans. Mr. Phelan s amount includes a lump sum payment equal to the cost to us of providing Mr. Phelan six months of coverage under the group health plans.

(5) Assumes a combined tax rate of 41.08% for federal and state income tax and Medicare tax.

(6) Assumes Mr. Phelan offers to enter into the Consulting Agreement with us and we reject his offer.

The amounts described above do not include payments and benefits to the extent they have been earned prior to the termination of employment or are provided on a non-discriminatory basis to salaried employees upon termination of employment. These include:

- Accrued salary and vacation pay;
- Distribution of plan balances under our 401(k) plan;
- Life insurance proceeds in the event of death; and
- Disability insurance payouts in the event of disability.

Director Compensation

Directors who are employees of our company or our subsidiaries do not receive compensation for their service as directors.

We provide the following compensation for non-employee directors:

- an annual retainer of $30,000 for services as a director;
- a fee of $1,500 for each board meeting attended in person and $1,000 for each meeting attended telephonically;
- a fee of $1,000 for each committee meeting attended in person or telephonically;
- an additional annual retainer of $15,000 for directors who serve as the chair of our audit and/or compensation committee;
- an additional annual retainer of $7,500 for directors who serve as the chair of our investment and/or nominating and corporate governance committee; and
- an additional annual retainer of $10,000 for the director who serves as our lead director.

Additionally, on the date of each annual meeting of stockholders at which each non-employee director is re-elected to our board of directors, such non-employee director will be entitled to receive phantom share awards having a value of $40,000. In addition, any non-employee director who is initially elected or appointed to our board of directors will be entitled to receive phantom share awards having a value of $40,000 on the date of such initial election or appointment. These phantom share awards will be subject to one year vesting. On May 6, 2010, the date of our 2010 annual meeting of stockholders, each non-employee director elected at that meeting received a phantom share award for 7,692 shares, which equaled $40,000 divided by $5.20, which was the closing price of our common stock on the New York Stock Exchange on May 6, 2010.

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The following table sets forth certain information with respect to our director compensation during the year ended December 31, 2010.

Name(1)	Fees Earned or Paid in Cash ($)	Stock Awards ($)(2)	Option Awards ($)(3)	Total
Phillip R. Altinger	$ 80,500	$ 39,998	$	$ 120,498
Thomas F. August	69,500	39,998		109,498
John S. Gates, Jr.	58,500	39,998		98,498
Raymond B. Greer	26,500	40,000		66,500
Tripp H. Hardin	63,000	39,998		102,998
John C. O Keeffe	57,500	39,998		97,498
Bruce L. Warwick	66,250	39,998		106,248

(1) This table does not include compensation paid to Mr. Wattles, as he is an executive officer of our company, other than a named executive officer, who did not receive any additional compensation for his service as a director.

(2) Based on the aggregate grant date fair value of awards granted in the year ended December 31, 2010 in accordance with ASC Topic 718, disregarding the estimate of forfeitures. The assumptions we used for calculating the grant date fair values are set forth in note 12 to our consolidated financial statements included in our annual report on Form 10-K for the fiscal year ended December 31, 2010. As of December 31, 2010, each of Messrs. Altinger, August, Gates, Hardin, O Keeffe and Warwick, our non-employee directors, held 7,692 unvested phantom shares that had been granted by us as director compensation. As of December 31, 2010, Mr. Greer, our other non-employee director, held 8,000 unvested phantom shares that had been granted to him when he joined our board of directors.

(3) No options were granted during the fiscal year ended 2010. As of December 31, 2010, our non-employee directors held options that had been granted by us as director compensation to purchase the following number of shares of our common stock: Mr. Altinger 15,000; Mr. Hardin 25,000; Mr. O Keeffe 25,000; and Mr. Warwick 15,000.

In addition to the compensation described above, we also reimburse all non-employee directors for their reasonable out-of-pocket expenses incurred in attending meetings of our board of directors or any committees thereof.

Executive and Director Compensation Process

The compensation committee of our board of directors typically meets several times each year in connection with the consideration and determination of executive compensation. As the timing of most of these compensation decisions follow a predictable annual schedule, regular meetings and general agenda topics are scheduled well in advance by the compensation committee. Special meetings are scheduled as needed by the compensation committee, and specific meeting agendas are prepared by the chair of the compensation committee and our Chief Executive Officer, although they reflect the direction of the full compensation committee. Additionally, for purposes of granting equity awards, our compensation committee adopted an equity award grant policy as described above under Compensation Discussion and Analysis Long-Term Equity Incentive Compensation Equity Award Grant Policy. The compensation committee of our board of directors has the authority to determine all compensation payable to our executive officers. Our Chief Executive Officer provides detailed information to the compensation committee regarding the performance of our executive officers and makes detailed recommendations to the compensation committee regarding the compensation of all executive officers, excluding his own. Additionally, as noted above in Compensation Discussion and Analysis, in 2009, the compensation committee engaged FPL Associates, L.P. to provide information regarding current compensation trends. In June 2009, FPL Associates prepared a written report to the compensation committee reporting the results of a high-level benchmarking analysis for Messrs. Hawkins, Brown, Mechem and Ruen. During 2009, FPL Associates also prepared written reports for the compensation committee making recommendations in connection with our executive employment and change-in-control agreements and the Outperformance Program. In 2010, the compensation committee engaged Frederic W. Cook & Co., Inc., or F.W. Cook, to conduct a competitive review of our executive compensation program. In October 2010, F.W. Cook prepared a written report for the compensation committee providing a competitive review of our executive compensation program, including a competitive analysis of compensation levels for our executives, studies measuring share usage and potential dilution resulting from, and aggregate value of, our equity incentives and a review of executive compensation changes instituted by peer companies, and F.W. Cook s recommendations with respect to the mix of our executive compensation, 2010 year-end compensation decisions regarding annual cash incentive bonuses and annual grants of long-term equity incentive awards and the structure of our cash and equity incentive programs for 2011. Following the delivery of this written report, the compensation committee and the chairman of the compensation committee consulting with F.W. Cook during late 2010 and early 2011 in connection with the finalization of 2010 year-end compensation decisions and the structure of our cash and equity incentive programs for 2011. The compensation committee ultimately made all determinations regarding compensation payable to our executive officers and the terms of our executive employment and change-in-control agreements and the Outperformance Program.

Our board of directors and compensation committee review our director compensation regularly. Our board of directors has the authority to approve all compensation payable to our directors, although the compensation committee is responsible for making recommendations to our board regarding this compensation. Additionally, our Chief Executive Officer may also make recommendations or assist the compensation committee in making recommendations regarding director compensation. No changes were made to our director compensation during 2010.

Director and Officer Stock Ownership Guidelines

Our board of directors believes it is important to align the interests of the directors and senior management with those of the stockholders and for directors and senior management to hold equity ownership positions in DCT Industrial Trust. Accordingly, each of the following persons is expected to own our equity with the following value as of the end of each fiscal year:

Position	**Equity Ownership Guideline**
Non-employee director	Lesser of (1) 4x value of annual equity award to each non-employee directors and (2) value of the annual equity awards made during the first 4 years following the later of the director s initial election or the 2008 annual meeting
Chief Executive Officer and President	Lesser of (1) 4x annual salary or (2) value of the annual equity awards made during the first 4 years beginning on the later of 2008 or the year in which the executive is initially appointed to such position
Chief Financial Officer and any Managing Director	Lesser of (1) 3x annual salary or (2) value of the annual equity awards made during the first 3 years beginning on the later of 2008 or the year in which the executive is initially appointed to such position
Any Senior Vice President	Lesser of (1) 2x annual salary or (2) value of the annual equity awards made during the first 2 years beginning on the later of 2008 or the year in which the executive is initially appointed to such position

For purposes of these ownership guidelines, equity includes shares of common stock, dividend equivalent rights, options and phantom shares in DCT Industrial Trust and LTIP units and common units in our operating partnership, whether vested or not; provided that stock options will be valued using the same methodology used by the compensation committee for purposes of making equity awards to executives. The target date for acquiring and maintaining such ownership is the later of: (1) our 2013 annual meeting of stockholders, (2) in the case of a non-employee director, our fifth annual meeting of stockholders following the director s initial election

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or appointment to the board of directors and (3) in the case of an executive, the fifth year anniversary of the executive s appointment to the applicable position. Any director who is prohibited by law or by applicable regulation of his or her employer from owning our equity shall be exempt from this requirement. The nominating and corporate governance committee may consider whether exceptions should be made for any director on whom this requirement could impose a financial hardship.

Compensation Committee Interlocks and Insider Participation

During 2010, the following directors, all of whom are independent directors, served on our compensation committee: Thomas F. August, Phillip R. Altinger, Raymond B. Greer and Bruce L. Warwick.

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Compensation Committee Report

The Compensation Committee of DCT Industrial Trust Inc. has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

Submitted by the Compensation Committee:

Thomas F. August, Chair

Phillip R. Altinger

Raymond B. Greer

Bruce L. Warwick

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Equity Compensation Plan Table

The following table shows for our equity compensation plans, as a group, the number of shares of common stock to be issued upon exercise of options and rights outstanding at December 31, 2010, the weighted average exercise price of these options and rights and the number of shares of common stock remaining available for future issuance under the 2006 Plan as of December 31, 2010, excluding shares to be issued in connection with equity awards already granted under such plan:

Plan Category	Number of securities to be issued upon exercise of options and rights (a)	Weighted average exercise price of outstanding options and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	5,510,337[(1)]	$ 6.65[(2)]	16,352,858[(3)]

(1) Represents our previously adopted independent director option plan, under which options to purchase 80,000 shares were outstanding, our previously adopted employee option plan, under which options to purchase 73,500 shares were outstanding and the 2006 Plan, under which options to purchase 3,597,649 shares, 112,324 phantom shares and 1,646,864 LTIP units were outstanding, all as of December 31, 2010.

(2) Because there is no exercise price associated with the phantom shares or the LTIP units, such shares and units are not included in the weighed-average exercise price calculation.

(3) Reflects 23,000,000 shares previously available for issuance under the 2006 Plan reduced by 5,356,837 shares subject to outstanding options to purchase shares, phantom shares and LTIP units under the 2006 Plan; 555,597 shares previously issued under the long-term incentive plan, including 386,488 shares of restricted stock that are subject to vesting; and the exercise or conversion of 734,668 shares that were previously subject to outstanding options to purchase shares, phantom shares and LTIP units. No new stock grants or awards will be made under our previously adopted independent director option plan or our previously adopted employee option plan.

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Audit Committee Report

Notwithstanding anything to the contrary set forth in any of our previous or future filings under the Securities Act of 1933, as amended, or the Securities Act, or the Securities Exchange Act of 1934, as amended, or the Exchange Act, that might incorporate this proxy statement or future filing with the SEC, in whole or in part, the following report shall not be deemed incorporated by reference into any such filing.

The undersigned members of the Audit Committee of the Board of Directors of DCT Industrial Trust Inc. submit this report in connection with the committee s review of the financial reports for the fiscal year ended December 31, 2010 as follows:

1. the Audit Committee has reviewed and discussed with management the audited financial statements for DCT Industrial Trust Inc. for the fiscal year ended December 31, 2010;

2. the Audit Committee has discussed with representatives of Ernst & Young LLP the matters required to be discussed with them by the statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T; and

3. the Audit Committee has received the written disclosures and the letter from Ernst & Young LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding Ernst & Young LLP s communications with the Audit Committee concerning independence, and has discussed with Ernst & Young LLP the independent accountant s independence.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the company s annual report on Form 10-K for the fiscal year ended December 31, 2010 for filing with the SEC.

Submitted by the Audit Committee:

Phillip R. Altinger, Chair

Thomas F. August

Bruce L. Warwick

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Independent Registered Public Accounting Firm

The following table represents fees billed for 2010 and 2009 for professional audit services rendered by Ernst & Young LLP for the audit of the Company s annual financial statements and fees billed in 2010 and 2009 for other services rendered by Ernst & Young LLP:

Types of Fees	2010	2009
Audit Fees	$ 1,057,300	$ 919,300
Audit-Related Fees	20,700	44,480
Tax Fees	0	0
All Other Fees	0	1,995
Total	**$ 1,078,000**	**$ 965,775**

The following table represents fees billed for 2010 and 2009 for professional audit services rendered by KPMG LLP and fees billed in 2010 and 2009 for other services rendered by KPMG LLP:

Types of Fees	2010	2009
Audit Fees	$ 5,900	$ 26,545
Audit-Related Fees	0	0
Tax Fees	0	0
All Other Fees	0	0
Total	**$ 5,900**	**$ 26,545**

In the above tables, audit fees refers to fees for professional services for the audit of DCT Industrial Trust s consolidated financial statements included in Form 10-Ks and review of DCT Industrial Trust s consolidated financial statements included in Form 10-Qs, including all services required to comply with standards of the Public Company Accounting Oversight Board (United States), comfort letters, statutory audits, and review of documents filed with the SEC (Ernst & Young LLP fees for registration statements and comfort letters were $245,600 in 2010 and $118,900 in 2009; KPMG LLP fees for registration statements and comfort letters in 2010 were $5,900 and $13,820 in 2009); audit-related fees refers to fees for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements (Ernst & Young LLP audit-related fees during 2010 were for accounting consulting services); tax fees refers to fees for tax compliance, tax advice, and tax planning; and all other fees refers to fees billed by Ernst & Young LLP and KPMG LLP to DCT Industrial Trust for any services not included in the foregoing categories (Ernst & Young LLP all other fees during 2009 were for access to Ernst & Young LLP s online accounting research).

Pre-Approval Policies and Procedures

Under the audit committee s charter, the audit committee is authorized to delegate to one or more of its members the authority to pre-approve audit and non-audit services. The audit committee has not delegated its pre-approval authority. The audit committee approved all audit and non-audit services provided to us by Ernst & Young LLP during the 2010 fiscal year.

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Proposal 2: Non-Binding, Advisory Vote on Named Executive Officer Compensation

On July 21, 2010, President Obama signed the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, into law. The Dodd-Frank Act, among other things, amended the Exchange Act to add Section 14A(a)(1), which generally requires each public company to include in its proxy statement a separate resolution subject to a non-binding stockholder vote to approve the compensation of the company s named executive officers, as disclosed in its proxy statement pursuant to Item 402 of Regulation S K. This is commonly known as, and is referred to herein as, a say-on-pay proposal or resolution. Under Section 14A(a)(1) of the Exchange Act, generally, each public company must submit a say-on-pay proposal to its stockholders at the first annual meeting on or after January 21, 2011 and not less frequently than once every three years thereafter.

Accordingly, pursuant to Section 14A(a)(1) of the Exchange Act, the Company is providing stockholders with the opportunity to approve the following non-binding, advisory resolution:

RESOLVED, that the compensation paid to the Company s named executive officers, as disclosed in this proxy statement pursuant to the Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby APPROVED.

Our board of directors unanimously recommends that you vote FOR this resolution.

We are asking our stockholders to indicate their support for our named executive officers compensation as described in this proxy statement. This vote is not limited to any specific item of compensation, but rather addresses the overall compensation of our named executive officers and our philosophy, policies and practices relating to their compensation as described in this proxy statement pursuant to Item 402 of Regulation S-K.

The say-on-pay resolution is advisory, and therefore will not have any binding legal effect on the Company or the compensation committee. However, the compensation committee does value the opinions of our stockholders and intends to take the results of the vote on this proposal into account in its future decisions regarding the compensation of our named executive officers.

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Proposal 3: Non-Binding, Advisory Vote on Frequency of Future, Non-Binding, Advisory Votes on Named Executive Officer Compensation

The Dodd-Frank Act amended the Exchange Act to add Section 14A(a)(2), which generally requires each public company to include in its proxy statement a separate resolution subject to a non-binding, advisory stockholder vote to determine whether the non-binding, advisory stockholder votes on the say-on-pay proposal required by Section 14A(a)(1) will occur every 1, 2, or 3 years. Under Section 14A(a)(2), generally, each public company must submit this resolution to its stockholders at the first annual meeting occurring on or after January 21, 2011 and not less frequently than every six years thereafter. Accordingly, pursuant to Section 14A(a)(2) of the Exchange Act, the Company is providing stockholders with the opportunity to vote to approve, on a non-binding, advisory basis, how frequently the Company will submit say-on-pay proposals to our stockholders in the future. Our stockholders will have the following three options to choose from: (1) every year (1 YEAR on the proxy card), (2) every two years (2 YEARS on the proxy card) or (3) every three years (3 YEARS on the proxy card). In addition, stockholders may choose to abstain from voting on this proposal.

Our board of directors unanimously recommends that you vote FOR a frequency of EVERY YEAR (1 YEAR on the proxy card).

Our board believes that, of the three choices, submitting a non-binding, advisory say-on-pay resolution to stockholders every year is preferable. Annual votes will provide the Company with clearer feedback regarding the compensation of our named executive officers. The primary focus of the disclosure of the compensation of our named executive officers required to be included in the Company s proxy statements is compensation granted in or for the prior fiscal year. Additionally, the compensation committee re-evaluates the compensation of our named executive officers each year. An annual say-on-pay resolution will match the annual focus of this proxy statement disclosure and provide the Company with the clearest and most timely feedback of the three options. This feedback may then be considered by the compensation committee in its next annual decision-making process. Additionally, the administrative process of submitting a non-binding, advisory say-on-pay resolution to stockholders on an annual basis is not expected to impose any substantial additional costs on the Company.

The votes that are the subject of this proposal are all non-binding, advisory votes, and therefore will not have any binding legal effect on the Company or our board. However, our board does intend to take the results of the vote on this proposal into account in its decision regarding the frequency with which the Company submits say-on-pay proposals in the future.

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Proposal 4: Ratification of the Appointment of Independent Registered Public Accounting Firm

The consolidated balance sheets of DCT Industrial Trust Inc. as of December 31, 2010, and the related consolidated statements of operations, stockholders equity, comprehensive income (loss) and noncontrolling interest, and cash flows for the year ended December 31, 2010, were audited by Ernst & Young LLP, an independent registered public accounting firm, and our management believes that they are knowledgeable about our operations and accounting practices and are well qualified to act as our independent registered public accounting firm. Therefore, our audit committee has appointed Ernst & Young LLP to act as our independent registered public accounting firm for the year ending December 31, 2011. We are asking you to ratify this selection, which requires the affirmative vote of a majority of the votes cast at a meeting where a quorum is present.

Our board of directors unanimously recommends that you vote FOR the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2011.

Ernst & Young LLP representatives will be present at the Annual Meeting and will have the opportunity to make a statement if they desire to do so. In addition, the Ernst & Young LLP representatives will be available to respond to appropriate questions posed by any stockholders. Ernst & Young LLP has advised us that neither it nor any member thereof has any financial interest, direct or indirect, in our company or in any of our subsidiaries, in any capacity.

Additional Information

Stockholder Proposals for Inclusion in Next Year s Proxy Statement

To be considered for inclusion in next year s proxy statement, stockholder proposals must be received at our principal executive offices no later than the close of business on November 17, 2011. Proposals should be addressed to: Secretary, DCT Industrial Trust Inc., 518 17th Street, Suite 800, Denver, Colorado 80202.

Stockholder Nominations and Other Stockholder Proposals for Presentation at Next Year s Annual Meeting

For any stockholder nomination or proposal that is not submitted for inclusion in next year s proxy statement, but is instead sought to be presented directly at the 2012 annual meeting, our bylaws permit such a presentation if (1) a stockholder s notice of the proposal or nominee and any required supporting information is delivered to our Secretary during the period from 150 to 120 days before the anniversary date of the mailing of the notice for the previous year s annual meeting, and (2) it meets the bylaws and SEC requirements for submittal. For consideration at the 2012 annual meeting, therefore, any stockholder nominee or proposals not submitted by the deadline for inclusion in the proxy must be received by us between October 18, 2011 and November 17, 2011. Notices of intention to present proposals at the 2012 annual meeting should be addressed to: Secretary, DCT Industrial Trust Inc., 518 17th Street, Suite 800, Denver, Colorado 80202.

Voting Securities

Common stockholders of record at the close of business on February 28, 2011, will be eligible to vote at the meeting on the basis of one vote for each share held. On such date there were 245,422,372 shares of common stock outstanding. There is no right to cumulative voting and the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast will constitute a quorum.

Vote Required for Approval

Assuming the presence of a quorum:

(1) Directors must be elected by the vote of a plurality of all the votes cast by stockholders entitled to vote. Abstentions and broker non-votes, if any, will have no effect on the outcome of the election of directors.

(2) The non-binding, advisory vote on named executive officers compensation must be approved by the affirmative vote of a majority of the votes cast on the proposal. Abstentions and broker non-votes, if any, will have no effect on the outcome of this matter.

(3) The particular frequency every year, every two years or every three years of the non-binding, advisory vote on the compensation of our named executive officers receiving a majority of the votes cast on the proposal, if any, will be the frequency that stockholders approve. Because there are three alternatives, it is possible that none of the three frequencies will receive a majority of the votes cast. However, stockholders will still be able to communicate their preference with respect to this vote by choosing from among these three alternatives. Abstentions and broker non-votes do not constitute a vote for any particular frequency.

(4) The ratification of the independent registered public accounting firm must be approved by the affirmative vote of a majority of the votes cast on the proposal. Abstentions and broker non-votes, if any, will have no effect on the outcome of this matter.

Abstentions and broker non-votes are counted for purposes of determining whether a quorum is reached at the meeting.

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Manner for Voting Proxies

The shares represented by all valid proxies received by phone, by Internet, or by mail will be voted in the manner specified. Where specific choices are not indicated, the shares represented by all valid proxies received will be voted (1) for the nominees for director named earlier in this proxy statement; (2) for the compensation of the our named executive officers; (3) to approve the submission of a non-binding, advisory say-on-pay resolution every year (4) for ratification of the appointment of our independent registered public accounting firm; and (5) as otherwise recommended by the board of directors. The board of directors knows of no other matters which may be presented to the meeting.

Solicitation of Proxies

Proxies may be solicited on behalf of the board of directors by mail, telephone, other electronic means, or in person. Copies of proxy material and of the annual report may be supplied to brokers, dealers, banks and voting directors, or their nominees, for the purpose of soliciting proxies from beneficial owners, and we will reimburse such record holders for their reasonable expenses. Proxies may be solicited by officers or employees of the Company, none of whom will receive additional compensation.

Attendance at the Meeting

All stockholders of record of shares of common stock of DCT Industrial Trust at the close of business on the record date, or their designated proxies, are authorized to attend the annual meeting. If you are not a stockholder of record but hold shares through a broker, bank or other nominee (i.e., in street name), you should provide proof of beneficial ownership as of the record date, such as an account statement reflecting your stock ownership as of the record date, a copy of the voting instruction card provided by your broker, bank or other nominee, or other similar evidence of ownership. If you do not have proof of ownership, you may not be admitted to the annual meeting. Each stockholder and proxy may be asked to present a valid government-issued photo identification, such as a driver s license or passport, before being admitted. Cameras, recording devices and other electronic devices will not be permitted, and attendees may be subject to security inspections and other security precautions.

Annual Report

Our current annual report and annual report on Form 10-K which include consolidated financial statements, has been made available to you via the Internet or delivered to you via the mail with this proxy statement. We will provide additional complete copies of the annual report to requesting stockholders, free of charge. You may send your written request to DCT Industrial Trust Inc., Investor Relations, 518 17th Street, Suite 800, Denver, Colorado 80202.

Delivery of Documents to Stockholders Sharing an Address

If you share an address with any of our other stockholders, your household might receive only one copy of the proxy statement and/or annual report. To request individual copies of the annual report and proxy statement for each stockholder in your household, please contact the Investor Relations Department, DCT Industrial Trust Inc., 518 17th Street, Suite 800, Denver, Colorado 80202 (telephone: 303-597-2400). We will deliver copies of the annual report and proxy statement promptly following your written or oral request. To ask that only one set of the documents be mailed to your household, please contact your broker.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors, officers and certain beneficial owners, or, collectively, reporting persons, to file reports of holdings and transactions in DCT Industrial Trust shares with the SEC and the NYSE. Based on our records and other information we believe that all of the reporting persons filed all the applicable SEC reports required for 2010.

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Other Matters

We do not anticipate any other business being brought before the meeting. In addition to the scheduled items, however, the meeting may consider properly presented stockholder proposals and matters relating to the conduct of the meeting. As to any other business, it is intended that proxies will be voted in the discretion of the persons voting such proxies.

March 16, 2011

Denver, Colorado

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ATTN: INVESTOR RELATIONS

518 17TH STREET, SUITE 800

DENVER, CO 80202

VOTE BY INTERNET - www.proxyvote.com
Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS
If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903
Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL
Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

M30319-P05985

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

KEEP THIS PORTION FOR YOUR RECORDS
DETACH AND RETURN THIS PORTION ONLY

DCT INDUSTRIAL TRUST INC.

	For All	Withhold All	For All Except	
The Board of Directors recommends that you vote FOR all nominees listed.				To withhold authority to vote for any individual nominee(s), mark For All Except and write the number(s) of the nominee(s) on the line below.
1. The election of the following nominees as directors (terms expire in 2012)	..	..	..	

Nominees:

01) Thomas G. Wattles 06) Raymond B. Greer
02) Philip L. Hawkins 07) Tripp H. Hardin

03) Phillip R. Altinger 08) John C. O Keeffe
04) Thomas F. August 09) Bruce L. Warwick
05) John S. Gates, Jr.

The Board of Directors recommends you vote FOR the following proposal:	For	Against	Abstain
2. To approve, by non-binding vote, the Company s named executive officer compensation.	..	..	..

The Board of Directors recommends you vote 1 YEAR on the following proposal:	1 Year	2 Years	3 Years	Abstain
3. To recommend, by non-binding vote, the frequency of named executive officer compensation votes.	..	..	..	..

The Board of Directors recommends you vote FOR the following proposal:	For	Against	Abstain
4. Ratification of the appointment of Ernst & Young LLP as the Company s independent registered public accounting firm for 2011.	..	..	..

For address changes and/or comments, please check this box and write them on the back where indicated. ..

Please indicate if you plan to attend this meeting.	..	..
	Yes	**No**

Please sign exactly as your name appears. When shares are held by joint tenants, both should sign. When signing as attorney, executor, administrator, trustee, or guardian, please give full title as such. If a corporation, please sign in full corporate name by president or other authorized officer. If a partnership, please sign in partnership name by authorized person.

5. At the discretion of such proxies on any other matters that properly come before the meeting or adjournment thereof.

NOTE: This proxy, when properly completed and returned, will be voted in the manner directed herein by the undersigned stockholder. Unless direction is given to the contrary, this proxy will be voted FOR all nominees standing for election as directors, FOR the approval, by non-binding vote, of the Company s named executive officer compensation, for the 1 YEAR frequency of a non-binding vote to approve named executive officer compensation, and FOR the ratification of the appointment of Ernst & Young LLP as the Company s independent registered public accounting firm.

The undersigned hereby acknowledges receipt of the Company s Notice of 2011 Annual Meeting of Stockholders, Proxy Statement and Annual report. By submitting this proxy the undersigned revokes all prior proxies made by the undersigned in connection with the Company s 2011 Annual Meeting of Stockholders.

Signature [PLEASE SIGN WITHIN BOX] Date

Signature (Joint Owners) Date

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YOUR PROXY CARD IS ATTACHED BELOW.

PLEASE READ AND FOLLOW THE INSTRUCTIONS

CAREFULLY AND DETACH AND RETURN YOUR

COMPLETED PROXY CARD IN THE ENCLOSED

POSTAGE-PAID ENVELOPE

DO NOT MAIL YOUR

PROXY CARD IF YOU VOTE

BY TELEPHONE OR INTERNET

YOUR VOTE IS IMPORTANT. THANK YOU FOR VOTING.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:

The Notice, Proxy Statement and Annual Report to Stockholders are available at www.proxyvote.com.

M30320-P05985

DCT INDUSTRIAL TRUST INC.

PROXY

Annual Meeting of Stockholders - To be held April 28, 2011, at 10:00 a.m., Mountain Time

at 518 17th Street, Suite 800, Denver, Colorado 80202

THE BOARD OF DIRECTORS OF DCT INDUSTRIAL TRUST SOLICITS THIS PROXY

The undersigned hereby appoints Philip L. Hawkins and Stuart B. Brown, or any one or more of them, as proxies, each with the power to appoint his substitute, and hereby authorizes each of them to represent and to vote, as designated on the reverse side, all the shares of the common stock of DCT Industrial Trust Inc., held of record by the undersigned on February 28, 2011, at the 2011 Annual Meeting of Stockholders, and any adjournment or postponement thereof.

THIS PROXY, WHEN PROPERLY COMPLETED AND RETURNED BY YOU, WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED STOCKHOLDER. UNLESS DIRECTION IS GIVEN TO THE CONTRARY, THIS PROXY WILL BE VOTED FOR ALL NOMINEES STANDING FOR ELECTION AS DIRECTORS, FOR THE APPROVAL, BY NON-BINDING VOTE, OF THE COMPANY S NAMED EXECUTIVE OFFICER COMPENSATION, FOR THE 1 YEAR FREQUENCY OF A NON-BINDING VOTE TO APPROVE NAMED EXECUTIVE OFFICER COMPENSATION, AND FOR THE RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS THE COMPANY S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.

PLEASE REFER TO THE REVERSE SIDE FOR INTERNET AND TELEPHONE VOTING INSTRUCTIONS.

Address Changes/Comments: ____

____

(If you noted any Address Changes/Comments above, please mark corresponding box on the reverse side.)

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