

FEDERAL REALTY INVESTMENT TRUST  
Form DEF 14A  
March 25, 2005  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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| <input type="checkbox"/> Preliminary Proxy Statement                 | <input type="checkbox"/> Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)) |
| <input checked="" type="checkbox"/> Definitive Proxy Statement       |  |
| <input type="checkbox"/> Definitive Additional Materials             |  |
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**FEDERAL REALTY INVESTMENT TRUST**

(Name of Registrant as Specified In Its Charter)

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(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(4) Date Filed:

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March 25, 2005

Dear Shareholder:

Please accept our invitation to attend our Annual Meeting of Shareholders on Wednesday, May 4, 2005 at 10:00 a.m. This year's meeting will be held at Woodmont Country Club, 1201 Rockville Pike, Rockville, Maryland.

The business to be conducted at the meeting is set forth in the formal notice that follows. In addition, management will provide a review of 2004 operating results and discuss the outlook for the future. After the formal presentation, our Trustees and management will be available to answer any questions that you may have.

You may vote by mail by completing, signing and returning the enclosed proxy card. You may also vote either by telephone (1-800-PROXIES or 1-800-776-9437) or on the Internet ([www.voteproxy.com](http://www.voteproxy.com)) by following the instructions on your proxy card.

Your vote is important and we urge you to vote by one of the three methods mentioned above.

We look forward to seeing you on May 4.

Sincerely,

Mark S. Ordan  
*Chairman of the Board*

Donald C. Wood  
*President and Chief Executive Officer*

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**FEDERAL REALTY INVESTMENT TRUST**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**TO BE HELD MAY 4, 2005**

To Our Shareholders:

The 2005 Annual Meeting of Shareholders of Federal Realty Investment Trust ( Federal Realty or the Trust ) will be held at Woodmont Country Club, 1201 Rockville Pike, Rockville, Maryland, on Wednesday, May 4, 2005, at 10:00 a.m. for the purpose of considering and acting upon the following:

1. The election of two Trustees to serve until the Trust's 2008 Annual Meeting of Shareholders.
2. The ratification of the appointment of Grant Thornton LLP as the Trust's independent accountant for the fiscal year ending December 31, 2005.
3. The consideration of a shareholder proposal to modify the shareholder vote required to elect Trustees from a plurality vote to a majority vote if properly presented at the Annual Meeting or any adjournment.
4. The transaction of such other business as may properly come before the Annual Meeting or any adjournment.

Shareholders of record at the close of business on March 16, 2005 are entitled to notice of and to vote at the Annual Meeting.

For the Trustees:  
Dawn M. Becker  
*Executive Vice President General*

*Counsel and Secretary*

**Your vote is important. Even if you plan to attend the meeting, please vote either by completing, signing and returning the enclosed proxy card by mail, by telephone (1-800-PROXIES or 1-800-776-9437) or on the Internet ([www.voteproxy.com](http://www.voteproxy.com)) by following the instructions on your proxy card. You may revoke your proxy by submitting a proxy bearing a later date, or by voting in person at the Annual Meeting.**

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**FEDERAL REALTY INVESTMENT TRUST**

**1626 East Jefferson Street, Rockville, Maryland 20852**

**PROXY STATEMENT**

**March 17, 2005**

Proxies in the form enclosed are solicited by the Board of Trustees of Federal Realty Investment Trust for use at the 2005 Annual Meeting of Shareholders ( Annual Meeting ) to be held at 10:00 a.m., Wednesday, May 4, 2005, at Woodmont Country Club, 1201 Rockville Pike, Rockville, Maryland.

This proxy statement and an accompanying proxy are being mailed to shareholders on or about March 25, 2005, together with the Trust's 2004 Annual Report to Shareholders containing the Trust's Annual Report on Form 10-K for the year ended December 31, 2004.

**ABOUT THE MEETING**

***What is the purpose of the Annual Meeting?***

At the Annual Meeting, shareholders will act upon the matters outlined in the notice of meeting included in this proxy statement. In addition, management will report on the performance of the Trust during 2004 and respond to questions from shareholders.

***Who is entitled to vote at the meeting?***

Only holders of record of the Trust's common shares of beneficial interest ( Shares ) outstanding at the close of business on March 16, 2005, the record date for the meeting, are entitled to receive notice of and to vote at the annual meeting. On that date, the Trust had 52,486,661 Shares outstanding. If you were a shareholder of record on that date, you will be entitled to vote all of the Shares that you held on that date at the meeting, or any postponements or adjournments of the meeting.

***What constitutes a quorum?***

The presence at the Annual Meeting, in person or by proxy, of a majority of the outstanding Shares entitled to vote at the Annual Meeting as of the record date constitutes a quorum, permitting the conduct of the business of the meeting. Properly executed proxy cards marked abstain, against or withhold authority will be counted as present at the Annual Meeting for purposes of determining a quorum.

***How do I vote?***

If you complete and properly sign and mail the accompanying proxy card, it will be voted as you direct. If you are the record holder of your shares (a registered shareholder ) and you attend the Annual Meeting, you may deliver your completed proxy card in person instead of returning the proxy card by mail. If you hold your shares in the name of a broker or other nominee (often known as holding in street name ) and you wish to vote at the Annual Meeting, you must obtain a proxy form from the broker or other nominee that is the record holder of your Shares.

If you are a registered shareholder, you may vote by telephone (1-800-PROXIES or 1-800-776-9437), or electronically through the Internet (www.voteproxy.com), by following the instructions included with your proxy card. If your shares are held in street name, please check your proxy card or contact your broker or nominee to determine whether you will be able to vote by telephone or electronically.

***Can I change my vote after I return my proxy card?***

Yes. A proxy may be revoked by a registered shareholder at any time before it is exercised at the Annual Meeting by submitting a proxy bearing a later date or by voting in person at the Annual Meeting. If you hold

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your Shares in street name, you must contact your broker or other nominee to determine how to revoke your original proxy. In general, submitting a subsequent proxy executed by the party that executed the original proxy will revoke the earlier proxy.

***What are the Board's recommendations?***

Unless you give other instructions on your proxy card, the persons named as proxies on the proxy card will vote in accordance with the recommendations of the Board of Trustees with respect to the election of each of the two Trustees nominated, the ratification of the Trust's independent accountant and the shareholder proposal to modify the shareholder vote required to elect Trustees, if properly presented at the Annual Meeting. In other words, the proxies will vote FOR the election of the named trustees, FOR the ratification of the Trust's independent accountant and AGAINST the shareholder proposal to modify the shareholder vote required to elect Trustees.

With respect to any other matter that properly comes before the Annual Meeting or any adjournment, the named proxies will vote as recommended by the Board of Trustees or, if no recommendation is given, in their own discretion.

***What vote is required to approve each item?***

As to each item, shareholders are entitled to cast one vote per Share. The affirmative vote of a plurality of votes cast at the Annual Meeting, in person or by proxy, is required for the election of trustees. The affirmative vote of a majority of votes cast at the Annual Meeting, in person or by proxy, is required for the ratification of the Trust's independent accountant and approval of the shareholder proposal to modify the shareholder vote required to elect Trustees, if properly presented. A vote to withhold authority as to the election of one or more trustees will not affect the outcome of the vote on that matter. As to the ratification of the Trust's independent accountant or approval or disapproval of the shareholder proposal to modify the shareholder vote required to elect Trustees, an abstention, a vote against or failure to give your broker instructions on either of these proposals will have the effect of a vote against the proposal(s), as applicable.

**SHARE OWNERSHIP**

***Who are the largest owners of the Trust's Shares?***

To the Trust's knowledge, based upon information available to the Trust, beneficial owners of more than 5% of the Trust's Shares as of March 16, 2005, are as follows:

| <u>Name and Address<br/>of Beneficial Owner</u> | <u>Amount and Nature<br/>of Beneficial Ownership</u> | <u>Percentage of<br/>Outstanding Common<br/>Shares of the Trust(1)</u> |
|---|--|--|
| Morgan Stanley(2)                               | 5,045,152  | 9.6%   |



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1585 Broadway

New York, New York 10036

Deutsche Bank AG(3)

3,265,300

6.2%

Taunusanlage 12, D-60325

Frankfurt am Main

Federal Republic of Germany

- (1) Percentage is calculated by taking the number of Shares stated in the Schedule 13G/A or Schedule 13G, as applicable, filed with the Securities and Exchange Commission ( SEC ) divided by 52,486,661, the total number of Shares outstanding on March 16, 2005.
- (2) Information based on a Schedule 13G/A filed with the SEC on February 15, 2005 by Morgan Stanley and its wholly owned subsidiary, Morgan Stanley Investment Management Inc. The Schedule 13G/A states that Morgan Stanley is a parent holding company with sole voting power and sole dispositive power over 3,667,406 Shares and shared voting power and shared dispositive power over 4,579 Shares, and that Morgan Stanley Investment Management Inc. is an investment adviser with sole voting power and sole dispositive power over 3,332,375 Shares.
- (3) Information based on a Schedule 13G filed with the SEC on January 26, 2005 by Deutsche Bank AG and its subsidiary, RREEF America, L.L.C. The Schedule 13G states that Deutsche Bank AG is the parent holding company of RREEF America, L.L.C., an investment adviser, and that Deutsche Bank AG and RREEF America, L.L.C. have sole voting power and sole dispositive power over 3,265,300 Shares.

**Table of Contents****How many Shares do the Trust's Trustees and executive officers own?**

As of March 16, 2005, Trustees and executive officers as a group, and each Trustee, Trustee nominee and named executive officer individually, beneficially owned the following Shares:

| Name of Beneficial Owner  | Number of Shares<br>Beneficially Owned(1) | Percentage of<br>Outstanding Common<br>Shares of the Trust(2) |
|---|---|---|
| Dawn M. Becker(3)   | 60,076                                    | *   |
| Jeffrey S. Berkes(4)  | 67,938                                    | *   |
| David W. Faeder (5)   | 2,885                                     | *   |
| Larry E. Finger(6)  | 141,285                                   | *   |
| Kristin Gamble(7)   | 81,577                                    | *   |
| Amy B. Lane (8)   | 9,666                                     | *   |
| Walter F. Loeb(9)   | 33,815                                    | *   |
| Mark S. Ordan(10)   | 10,660                                    | *   |
| Joseph S. Vassaluzzo(11)  | 7,463                                     | *   |
| Donald C. Wood(12)  | 681,049                                   | 1.3%  |
| Trustees and executive officers as a group (10 individuals)(13) | 1,096,414                                 | 2.1%  |

\* Less than 1%.

- (1) The number of Shares shown in this table reflect beneficial ownership, determined in accordance with Rule 13d-3 of the Securities Exchange Act of 1934, as amended (the Exchange Act). Accordingly, the number of Shares beneficially owned by a person or group includes Shares that have not been issued but as to which options are outstanding and may be exercised within 60 days and unvested Shares. Except as noted in the following footnotes, each Trustee and named executive officer has sole voting and investment power as to all Shares listed. Fractional Shares have been rounded to the nearest full Share.
- (2) Percentage is calculated by taking the number of Shares beneficially owned by a person or group as determined in footnote (1) above divided by 52,486,661, the total number of Shares outstanding on March 16, 2005 plus the number of Shares issuable upon exercise of options by that person or group as shown in footnotes (3) through (13), as applicable.
- (3) Includes 24,684 Shares issuable upon exercise of options. Includes unvested Performance Share Awards of 4,900 Shares and unvested Restricted Share Awards of 9,419 Shares.
- (4) Includes 18,889 Shares issuable upon exercise of options. Includes unvested Performance Share Awards of 4,400 Shares and unvested Restricted Share Awards of 13,995 Shares. Includes 2,674 Shares as to which voting and investment power is shared with Mr. Berkes wife.
- (5) Includes 2,500 Shares issuable upon exercise of options.
- (6) Includes 92,334 Shares issuable upon exercise of options. Includes unvested Performance Share Awards of 18,000 Shares and unvested Restricted Share Awards of 16,252 Shares.
- (7) Includes 15,000 Shares issuable upon exercise of options. Includes 62,292 Shares as to which Ms. Gamble shares investment power for clients. Includes 1,400 Shares as to which Ms. Gamble is a trustee of a profit sharing plan, of which Ms. Gamble has a direct interest in 581 Shares and of which 581 Shares are owned by Ms. Gamble's husband.
- (8) Includes 1,250 Shares issuable upon exercise of options.
- (9) Includes 20,000 Shares issuable upon exercise of options.
- (10) Includes 8,300 Shares issuable upon exercise of options.
- (11) Includes 2,500 Shares issuable upon exercise of options.
- (12) Includes 449,160 Shares issuable upon exercise of options. Includes unvested Performance Share Awards of 41,500 Shares and unvested Restricted Share Awards of 67,362 Shares. Includes 9,437 Shares owned by Mr. Wood's wife.
- (13) Includes 634,617 Shares issuable upon exercise of options, unvested Performance Share Awards of 68,800 Shares and unvested Restricted Shares Awards of 107,028 Shares. Unless otherwise indicated, the address of each beneficial owner is 1626 East Jefferson Street, Rockville, MD 20852.

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**ITEM 1**

**ELECTION OF TRUSTEES**

***Who are the Trustees standing for election?***

Before recommending any individuals for election to the Board, the Nominating and Corporate Governance Committee first makes a determination as to what size the Board should be and what skill sets should be represented on the Board. If the Committee concludes that the current size is appropriate, it first reviews each of the incumbent trustees whose terms are expiring to determine whether those individuals should be nominated for reelection to the Board. The primary factors included in the Committee's review are whether the individual possesses skills which are desirable for the effective oversight of the Trust's operation and complementary to the skills of the other Trustees and whether, based on the most recent individual Trustee evaluations, he or she is performing his or her Trustee responsibilities well and adding value to the Board and its operations. All candidates for election to the Board should, at a minimum, possess public company, real estate, retail and/or other financial experience and have a history of honesty, integrity and fair dealing with third parties.

If the Committee determines that the Board should be expanded or that the incumbent Trustees whose terms are expiring should not be nominated for reelection and those positions need to be filled, the Committee will seek recommendations from other Board members for possible candidates, and if no appropriate candidates are identified, the Committee will consider retaining a search firm. In addition, the Committee will consider nominating any candidate properly proposed by shareholders. To date, no shareholder has proposed any candidate for election to the Board. Any candidate properly nominated by a shareholder will be evaluated on the same basis as all other Board candidates.

Once a candidate is identified who has not previously served on the Board, the Committee arranges meetings between the candidate and each of the Board members as well as the Trust's senior management. The Committee also undertakes whatever investigative and due diligence activities it deems necessary to verify the candidate's credentials and determine whether the candidate would be a positive contributor to the operations of the Board and a good representative of the Trust's shareholders. Critical to this whole process is the Committee's determination that any candidate presented to the shareholders for election to the Board satisfy all of the independence requirements imposed by the New York Stock Exchange ( NYSE ), the Trust's Corporate Governance Guidelines and other applicable rules and regulations.

Article II, Section 13 of the Trust's Bylaws sets forth procedures shareholders can use to propose a candidate to be nominated for the Board. The Committee will consider any such candidate who is properly proposed. Any shareholder wishing to present a candidate for consideration as a Trustee for election at the Trust's 2006 Annual Meeting of Shareholders must provide the Committee with the name of the shareholder proposing the candidate as well as contact information for that shareholder, the name of the individual proposed for election, a resume or similar summary that includes the individual's qualifications and such other factual information that would be necessary or helpful for the Committee to evaluate the individual. The information should be sent to the Committee, in care of the Trust's Secretary as provided in the Bylaws by no later than November 25, 2005 so that the Secretary can forward it to the Committee chair for consideration. The Committee will not have sufficient time to evaluate any candidate submitted after that date. A copy of the Trust's Bylaws is available in the Investor Information section of the Trust's website: [www.federalrealty.com](http://www.federalrealty.com).

Our Board of Trustees currently consists of seven Trustees. Pursuant to Section 5.2 of our Declaration of Trust, the Trustees are divided into three classes, with each class serving a three-year term. Two Trustees, both of whom are Class III Trustees, are nominated for election at the 2005 Annual Meeting. Mr. Mark S. Ordan, our non-executive Chairman of the Board, and Mr. Donald C. Wood, our Chief Executive Officer, have been nominated for election as trustees to hold office until the 2008 Annual Meeting and until their successors have been elected and qualified. Both nominees are currently serving on the Board. Proxies may not be voted for more than two Trustees.



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**Mark S. Ordan, 45** Trustee since 1996

Chairman of the Board of Trustees of the Trust since January 2003

Chief Executive Officer of Sutton Place Group, LLC, dba Balducci's, a gourmet food store chain operating under the names Balducci's and High Noon, since December 2003

Chairman and Chief Executive Officer of High Noon Always, Inc., an upscale quick-serve lunch operation (formerly known as Bethesda Retail Partners), from 1999 to 2003

Chief Executive Officer of Chartwell Health Management Inc., a health benefits brokerage firm, from 1996 until 1999

Chairman, President and Chief Executive Officer of Fresh Fields Markets, Inc., a natural and organic foods supermarket chain, from 1989 until 1996, when it was acquired by Whole Foods Market

various positions in the equities division of Goldman, Sachs & Co. from 1983 to 1988.

**Donald C. Wood, 44** Trustee since 2003

President and Chief Executive Officer of the Trust since January 2003

President and Chief Operating Officer of the Trust from 2001 to 2003

Senior Vice President and Chief Operating Officer of the Trust from 2000 to 2001

Senior Vice President-Chief Operating Officer and Chief Financial Officer of the Trust from 1999 to 2000

Senior Vice President-Treasurer and Chief Financial Officer of the Trust from 1998 to 1999

Senior Vice President and Chief Financial Officer of Caesars World, Inc., a wholly owned subsidiary of ITT Corporation, from 1996 to 1998

various financial positions, including Vice President and Deputy Controller, with ITT Corporation, from 1990 to 1996

Vice President of Finance of the Trump Taj Mahal Associates from 1989 to 1990

various positions, including audit manager, with Arthur Andersen LLP from 1982 to 1989.

**THE BOARD OF TRUSTEES UNANIMOUSLY RECOMMENDS A VOTE FOR THE TWO NOMINEES FOR TRUSTEE.**

The terms of office of each of the five Trustees named below continue until the Trust's annual meeting to be held in the year indicated.

**Amy B. Lane, 52** Trustee since 2002 (term expires 2006)

Former Founder and Group Leader of the Global Retailing Investment Banking Group of Merrill Lynch & Co., Inc., from 1997 until her retirement in 2002

Managing Director of Salomon Brothers Inc., specializing in mergers and acquisitions in the retail industry from 1989 to 1991 and founding and leading its retail-industry investment banking unit from 1991 until 1996

various positions with Morgan Stanley & Co. from 1977 until 1989

Director, Borders Group, Inc., a retailer specializing in books, music, movies, and other entertainment items

**Walter F. Loeb, 80** Trustee since 1991 (term expires 2006)

President of Loeb Associates Inc., management consultants to domestic and international retail companies, real estate developers, apparel companies and other businesses within the retail industry, and Publisher of the *Loeb Retail Letter*, since 1990

Principal of Morgan Stanley & Co., Inc. from 1984 until 1990 and Senior Retail Analyst from 1974 until 1990, specializing in investment banking and brokerage

Other prior retail industry experience includes: Vice President of Johnson Redbook Service, a publisher of retail industry research

various positions with P.K. Halsted & Associates, Inc., an international retail consulting firm with clients throughout the United

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Director, MFS Funds, a mutual fund group

States and Europe; and various executive positions with Macy's, the  
May Department Stores and Allied Stores

Director, Wet Seal, Inc., a women's apparel retailer

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**Joseph S. Vassalluzzo, 57** Trustee since 2002 (term expires 2006)

Vice Chairman of Staples, Inc., a retailer specializing in home, office, and computer products, since January 2000, with responsibility for overseeing domestic and international growth in its retail and commercial operations

President of Staples Realty & Development, a subsidiary of Staples, Inc., from 1997 to 2000

various other officer positions associated with Staples' growth and worldwide expansion from 1989 to 1997

various officer positions with American Stores Co., a grocery store chain, and its subsidiaries from 1976 to 1989

various positions in sales, operations and real estate with Mobil Corp. and Amerada Hess Corp. from 1969 to 1976.

**Kristin Gamble, 59** Trustee since 1996 (term expires 2007)

President of Flood, Gamble Associates, Inc., an investment counseling firm, since 1984

Senior Vice President of Manufacturers Hanover Corp. with responsibility for all equity investments from 1977 to 1984

Vice President of Research for Foley, Warendorf & Co., a brokerage firm, from 1976 to 1977

Vice President of New Court Capital Management (now Rothschild Inc.), a financial services firm, from 1971 to 1976

Security Analyst with Merrill, Lynch, Pierce, Fenner & Smith from 1968 to 1971

Director, Ethan Allen Interiors, Inc., a furniture manufacturer and retailer

**David W. Faeder, 48** Trustee since 2003 (term expires 2007)

Managing Partner of Fountain Square Properties, a diversified real estate company, since 2003 and President of Sunrise Assisted Living Foundation, Inc., a not-for-profit organization, since 2000

President of Sunrise Assisted Living, Inc., a provider of senior living services in the United States, United Kingdom and Canada from 1997 to 2000

Executive Vice President and Chief Financial Officer of Sunrise Assisted Living, Inc. from 1993 to 1997

Vice President of Credit Suisse First Boston (formerly First Boston Corporation) from 1991 to 1993, directing the real estate advisory business for the RTC in the Washington, DC area

Vice President of Morgan Stanley and Company, Inc. from 1984 to 1991 specializing in real estate transactions and financings

MBA student at the Colgate Darden Graduate School of Business Administration of the University of Virginia from 1982 to 1984

Senior Accountant with Ernst and Whinney, an accounting firm, from 1981 to 1982

Vice President Finance/Controller of Better Homes of Virginia, a real estate company, from 1979 to 1981

Staff Accountant with Goodman and Company, an accounting firm, from 1978 to 1979

Director, Vista Care, Inc., a provider of hospice services in the United States

***Which Trustees are independent?***

Article III, Section 1 of our Bylaws provides that no more than one of our Trustees can fail to satisfy the independence requirements established by the NYSE, our Corporate Governance Guidelines and other applicable rules and regulations. The Board, on recommendation of the Nominating and Corporate Governance Committee, and after considering all relevant information, has determined that each current Trustee, other than Mr. Wood, the Trust's Chief Executive Officer, satisfies the independence requirements established by the NYSE, our Corporate Governance Guidelines and other applicable rules and regulations. Further, the Board has concluded that no Trustee has any material relationship with the Trust other than those described in the Certain Relationships and Related Transactions section below.





**Table of Contents*****What committees has the Board established, and how often did the Board and the committees meet during 2004?***

During fiscal year 2004, the Board of Trustees had a standing Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee. All Trustees serving on the Board's standing committees are independent as defined by the NYSE, our Corporate Governance Guidelines and other applicable rules and regulations.

| <u>Name of Committee and Members</u>        | <u>Primary Functions of the Committees</u>  | <u>Number of Meetings<br/>in Fiscal Year 2004</u> |
|---|---|---|
| <b>Audit: (1)</b>                           |   | 6   |
| Joseph S. Vassalluzzo, Chair                | Oversees the financial reporting of the Trust   |   |
| David W. Faeder                             | Selects independent auditors  |   |
| Kristin Gamble                              | Oversees auditing process   |   |
| Walter F. Loeb                              | Oversees internal systems of accounting and controls  |   |
| <b>Compensation:</b>                        |   | 3   |
| Amy B. Lane, Chair                          | Reviews and recommends compensation for Trust officers  |   |
| David W. Faeder (2)                         | Administers the 2001 Long-Term Incentive Plan, including making awards under the Plan                                 |   |
| Mark S. Ordan                               | Administers other benefit programs  |   |
| <b>Nominating and Corporate Governance:</b> |   | 2   |
| Kristin Gamble, Chair                       | Recommends individuals for election to the Board  |   |
| Amy B. Lane                                 | Makes recommendations regarding committee memberships   |   |
| Mark S. Ordan                               | Oversees the Trust's corporate governance policies and procedures, including Board and individual Trustee evaluations |   |
| Joseph S. Vassalluzzo                       |   |   |

- (1) Mr. Loeb served as committee chair until May 2004 when Mr. Vassalluzzo became Chair. Mr. Faeder serves as the audit committee financial expert.
- (2) Mr. Faeder joined the committee in May 2004. Until May 2004, Dennis L. Berman, a former Trustee, served on the committee.

During 2004 the Board of Trustees held seven meetings. Each Trustee attended at least 75% of all meetings of the Board and the Board committees on which he or she served during 2004. On an aggregate basis, the Trustees attended 95% of all Board and Board committee meetings. The Trust's Corporate Governance Guidelines provide that all Trustees are to attend all meetings of the Board and the Board committees on which he or she serves. In addition, each Trustee is expected to attend the Annual Meeting of Shareholders, and in 2004 the Annual Meeting of Shareholders was attended by all Trustees.

***How are the Trustees compensated?***

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In 2004 the non-executive Chairman of the Board was eligible to receive an annual fee for Board service of \$125,000 and each other non-employee Trustee was eligible to receive an annual fee of \$70,000. A minimum of 20% of that annual fee was required to be paid in Shares; however, each Trustee had the option to take a larger portion of the fee in Shares. For 2004, the Trustees elected to take between 20% and 50% of their fee in Shares. In addition, each committee chair received \$5,000 for his or her service as a committee chair. The actual annual fee and chair fee a Trustee was eligible to receive was pro-rated based on the number of months during the year he or she served as a Trustee, non-executive Chairman or chair of a committee, as applicable. Except for the annual fee and fee for serving as chair of a committee as described above, there were no additional fees paid to any Trustee, including the non-executive Chairman, for service on any of the Board committees or for attendance at any Board or committee meetings. Mr. Wood did not receive any compensation for his service on the Board in 2004.

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Payment of the portion of the annual fee each Trustee elected to receive in Shares ( Equity Fee ) was contingent on the Trust s achieving pre-established performance levels for three separate performance measures with those performance levels generally calculated for the prior 3-year period, subject to phase-in provisions for 2004 and 2005. 50% of the Equity Fee was contingent on the Trust s relative total return to shareholders (taking into account both stock price appreciation and dividends, assuming all dividends are reinvested) as compared with the Bloomberg REIT Shopping Center Index; 25% of the Equity Fee was contingent on the Trust s absolute total return to shareholders (taking into account both stock price appreciation and dividends, assuming all dividends are reinvested); and the remaining 25% of the Equity Fee was contingent on the Trust s return on invested capital.

For each of these performance measures, a threshold, target and stretch level of performance was established at the beginning of 2004. If the Trust performed below the threshold level on any one or more of these performance measures, the portion(s) of the Equity Fee contingent on that measure(s) would not be paid. The Trustee is eligible to receive between 50% and 100% of the portion of the Equity Fee contingent on any performance measure as to which the Trust performs between the threshold and target levels and between 100% and 150% of the Equity Fee for any performance measure as to which the Trust performs between the target and stretch levels. For any performance measure where the Trust performs beyond the stretch level, the Trustee will be paid 150% of the portion of the Equity Fee contingent on that measure. For each performance measure, target levels of performance are intended to reflect the performance required by the Trust to meet its business objectives for the coming year, with stretch levels representing a substantial achievement that puts the Trust at or near the top of its peer group and threshold levels representing minimally acceptable levels of performance. In 2004, the Trust performed beyond the stretch level of performance on both the absolute and relative total returns to shareholders and between the target and stretch performance levels for the return on invested capital resulting in a payment of aggregate annual fees (including cash as well as Equity Fees) at approximately 110% of the targeted annual fee base amount.

A total of approximately \$564,000 was paid for Trustee fees in 2004, an approximately 12.5% increase over aggregate Trustee fees paid in 2003; however, only \$391,000 of this amount was paid in cash, a nearly 18% decrease from the amount of 2003 fees paid in cash. The remaining \$173,000, nearly 31% of the total, was paid in the form of 3,363 Shares as compared to less than 7% of total 2003 Trustee fees paid in Shares and options. Approximately 10% of the increase in the aggregate fees paid to Trustees in 2004 was the result of the Trust s having generated total returns to shareholders, both on a relative and absolute basis, that exceeded the pre-established stretch levels of performance. Under this arrangement for compensating Trustees, the amount of fee a Trustee receives for his or her Board service will vary from year to year depending on the Trust s performance. The final number of shares issued to Trustees in payment of the Equity Fees for 2004 was determined by dividing the aggregate amount of the Equity Fee by \$51.35, the closing price of the Trust s Shares on the NYSE on February 15, 2005.

The basic Trustee compensation structure and amounts described above will remain in place for 2005, however in recognition of the substantial time and effort required of each of the committee chairs as a result of the current regulatory environment, the committee chair fees for 2005 have been increased to \$15,000 for the chair of the Audit Committee and \$10,000 for the chairs of each of the Compensation Committee and the Nominating and Corporate Governance Committee.

### ***How can shareholders communicate with the Board?***

The Board of Trustees has established a process for shareholders to send communications to the Board as a group or any individual Trustee. A description of this process can be found in the Investor Information section of the Trust s website: [www.federalrealty.com](http://www.federalrealty.com).

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**EXECUTIVE OFFICERS**

*Who are the Trust's executive officers?*

The following sets forth certain information with regard to the current executive officers of the Trust:

**Dawn M. Becker, 41**

Executive Vice President General Counsel and Secretary of the Trust since February 2005, with responsibility for overseeing the Trust's legal work and due diligence relating to acquisitions, dispositions, development and financing, securities law compliance and corporate governance matters and management of the Trust's joint venture relationship

Senior Vice President General Counsel and Secretary of the Trust from February 2003 to February 2005

Vice President General Counsel and Secretary of the Trust from 2002 to February 2003

Vice President Real Estate and Finance Counsel of the Trust from 2000 to 2002

Senior Legal Counsel with the Trust from 1997 to 2000

attorney with Andrews & Kurth LLP from 1993 to 1997, Davis Wright Tremaine from 1992 to 1993, Bingham Dana & Gould from 1991 to 1992 and Shaw Pittman LLP from 1988 to 1991, practicing law in the real estate and creditors rights areas

**Larry E. Finger, 51**

Executive Vice President Chief Financial Officer and Treasurer of the Trust since February 2005, with responsibility for overseeing the Trust's capital markets, financial reporting and investor relations functions

Senior Vice President Chief Financial Officer and Treasurer of the Trust from March 2002 to February 2005

Senior Vice President Chief Financial Officer of Washington Real Estate Investment Trust from 1995 to 2001 and, from 1993 to 1994, various other positions with Washington Real Estate Investment Trust

**Jeffrey S. Berkes, 41**

Senior Vice President Chief Investment Officer since June 2003, with responsibility for overseeing acquisitions, dispositions and other investment activity for the Trust

Senior Vice President Strategic Transactions of the Trust from February 2002 to June 2003

Vice President Strategic Transactions of the Trust from 2000 to February 2002

Vice President of Acquisitions and Finance for Velsor Properties LLC, a private real estate investment firm, from 1998 until 2000

Director of Acquisitions with the Trust from 1997 to 1998

Vice President of Acquisitions for Heitman Financial Services, Ltd. (formerly JMB Institutional Realty Advisors, Inc., which was acquired by United Asset Management and merged with Heitman Financial), a private real estate investment firm, from 1993 until 1997

Other prior real estate experience from 1985 to 1993 with ITT Real Estate Services, CB Commercial and Joseph Farber and Company

**Donald C. Wood, 44**

Information for Mr. Wood is provided above in Item 1 Election of Trustees

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Founder and owner of a multi-restaurant delivery service from 1991 to 1993

various positions with Savage/Fogarty Cos., a real estate development, investment, asset management, property management and leasing company, from 1978 to 1991, most recently as Chief Operating Officer from 1984 to 1991

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**COMPENSATION OF EXECUTIVE OFFICERS**

The following table describes the compensation of the Chief Executive Officer and the three other executive officers ( named executive officers ) of the Trust.

**Summary Compensation Table**

**Long-Term Compensation**

**Annual Compensation**