DCT Industrial Trust Inc.
Form 424B2
August 24, 2007
Table of Contents

Filed Pursuant to Rule 424(b)(2)

Registration No. 333-145253

CALCULATION OF REGISTRATION FEES

Title of Each Class of Securities to be Registered	Amount to be Registered (1)	Proposed Maximum Aggregate Price Per Unit	Proposed Maximum Aggregate Offering Price (2)	Amount of Registration Fee
Common Stock, $0.01 par value per share	475,403	N/A	$ 4,991,727	$ 153

(1) Pursuant to Rule 416 of the Securities Act of 1933, as amended, the Registrant common stock offered hereby shall be deemed to cover additional securities to be issued to prevent dilution resulting from stock splits, stock dividends or similar transactions.
(2) The registration fee has been computed pursuant to Rule 457(f)(2) under the Securities Act of 1933, as amended, based on the book value of the common units of limited partnership interest in DCT Industrial Operating Partnership LP, the Registrant s operating partnership, to be received by the Registrant in the exchange hereunder.

PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED AUGUST 8, 2007

DCT INDUSTRIAL TRUST INC.

475,403 SHARES OF COMMON STOCK

This prospectus supplement is a supplement to the accompanying prospectus and relates to the possible issuance by us from time to time of up to 475,403 shares of our common stock to holders of common units of limited partnership interest, or OP Units, in DCT Industrial Operating Partnership LP, our operating partnership, and any of their pledgees, donees, transferees or other successors in interest. We may only offer our common stock if the holders of these OP Units present them for redemption and we exercise our right to issue our common stock to them instead of paying a cash amount. The registration of the shares of our common stock covered by this prospectus supplement satisfies our contractual obligation to do so, but does not necessarily mean that any of the holders of OP Units will exercise their redemption rights or that upon any such redemption we will elect, in our sole and absolute discretion, to redeem some or all of the OP Units for shares of our common stock instead of paying a cash amount.

We will receive no cash proceeds from any issuance of the shares of our common stock covered by this prospectus supplement, but we will acquire additional OP Units in exchange for any such issuances. We will pay all registration expenses.

Our common stock is listed on the New York Stock Exchange under the symbol DCT. The last reported sale price of our common stock on the New York Stock Exchange on August 23, 2007 was $10.11 per share.

Investing in our common stock involves risks. See Risk Factors beginning on page S-3 as well as the risk factors contained in documents DCT Industrial Trust Inc. files with the Securities and Exchange Commission and which are incorporated by reference in this prospectus supplement and the accompanying prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus supplement is August 24, 2007

Table of Contents

No person has been authorized to give any information or to make any representations other than those contained in this prospectus supplement, the accompanying prospectus or any free writing prospectus prepared by us or incorporated by reference herein or therein and, if given or made, such information or representation must not be relied upon as having been authorized. This prospectus supplement, the accompanying prospectus and any free writing prospectus prepared by us do not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities described in this prospectus supplement or an offer to sell or the solicitation of an offer to buy such securities in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this prospectus supplement, the accompanying prospectus or any free writing prospectus prepared by us nor any sale made hereunder or thereunder shall, under any circumstances, create any implication that the information contained herein or therein is correct as of any time subsequent to the date of such information.

TABLE OF CONTENTS

Prospectus Supplement

Prospectus

Table of Contents

You should read this prospectus supplement along with the accompanying prospectus. This prospectus supplement and the accompanying prospectus form one single document and both contain information you should consider when making your investment decision. You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized anyone to provide you with information that is different. If the information contained in this prospectus supplement is inconsistent with the accompanying prospectus, you should rely on this prospectus supplement. The information in this prospectus supplement and the accompanying prospectus may only be accurate as of their respective dates.

Table of Contents

PROSPECTUS SUPPLEMENT SUMMARY

This summary only highlights the more detailed information appearing elsewhere in this prospectus supplement or incorporated by reference in this prospectus supplement. It may not contain all of the information that is important to you. You should carefully read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement before deciding whether to invest in our common stock.

Unless the context otherwise requires, or unless otherwise specified, all references in this prospectus supplement to the terms we, us, our and our company refer to DCT Industrial Trust Inc., which we refer to as DCT, together with its subsidiaries, including DCT Industrial Operating Partnership LP, which we refer to as our operating partnership.

About DCT Industrial Trust Inc.

DCT Industrial Trust Inc. is a leading real estate company specializing in the ownership, acquisition, development and management of bulk distribution and light industrial properties located in 24 of the highest volume distribution markets in the United States, and is currently expanding into Mexico. In addition, we manage, and own interests in, industrial properties through our institutional capital management program. We were formed as a Maryland corporation in April 2002 and have elected to be treated as a real estate investment trust, or REIT, for U.S. federal income tax purposes commencing with our taxable year ended December 31, 2003. We are structured as an umbrella partnership REIT under which substantially all of our current and future business is, and will be, conducted through a majority owned and controlled subsidiary, DCT Industrial Operating Partnership LP, or our operating partnership, a Delaware limited partnership, for which DCT Industrial Trust Inc. is the sole general partner.

As of June 30, 2007, we owned interests in, or managed, 414 industrial real estate buildings comprised of approximately 66.4 million square feet. Our portfolio of consolidated operating properties included 366 industrial real estate buildings, which consisted of 215 bulk distribution properties, 109 light industrial properties and 42 service center properties comprised of approximately 53.2 million square feet. Our portfolio of 366 consolidated operating properties was 92.9% occupied as of June 30, 2007. As of June 30, 2007, we also consolidated five developments properties, seven redevelopment properties and six operating properties held for contribution. In addition, as of June 30, 2007, we had ownership interests ranging from 10% to 20% in 19 unconsolidated properties in institutional joint ventures, or funds, comprised of approximately 6.6 million square feet, and investments in one unconsolidated operating property and four unconsolidated development joint venture properties. We managed six properties where we had no ownership interests.

Our principal executive office is located at 518 Seventeenth Street, Suite 1700, Denver, Colorado 80202; our telephone number is (303) 597-2400. We also maintain regional offices in Atlanta, Georgia; Chicago, Illinois; and Dallas, Texas. Our website address is www.dctindustrial.com.

Table of Contents

The Offering

Securities offered	Up to 475,403 shares of our common stock that may be issued from time to time if, and to the extent that, the holders of an equal number of OP Units of our operating partnership issued on August 11, 2006, present such OP Units for redemption, and we exercise our right to issue shares of our common stock to them instead of paying a cash amount. DCT Industrial Operating Partnership LP, our operating partnership, issued 475,403 OP Units on August 11, 2006, in connection with its acquisition from certain accredited investors of undivided tenancy-in-common interests, or TIC Interests, in our properties. Our operating partnership previously offered TIC Interests in our properties to accredited investors in a private placement exempt from registration under the Securities Act of 1933, as amended, or Securities Act. These TIC Interests may have served as replacement properties for investors seeking to complete like-kind exchange transactions under Section 1031 of the Internal Revenue Code. The TIC Interests sold were then 100% leased by our operating partnership pursuant to master leases, and such leases contained purchase options whereby our operating partnership had the right, but not the obligation, to acquire the TIC Interests from the investors at a later point in time in exchange for OP units in our operating partnership under Section 721 of the Internal Revenue Code. Pursuant to the limited partnership agreement of our operating partnership, holders of OP Units may tender their OP Units for a cash amount equal to the value of an equivalent number of shares of our common stock. In lieu of paying a cash amount, however, we may, at our option, choose to acquire any OP Units so tendered by issuing common stock in exchange for such OP Units. The common stock will be exchanged for OP Units on a one-for-one basis. This one-for-one exchange ratio may be adjusted to prevent dilution. Under the terms of the limited partnership agreement of our operating partnership, the 475,403 OP Units issued on August 11, 2006 were not redeemable until after August 11, 2007. The registration of the shares of our common stock covered by this prospectus supplement satisfies our contractual obligation to do so, but does not necessarily mean that any of the holders of OP Units will exercise their redemption rights or that upon any such redemption we will elect, in our sole and absolute discretion, to redeem some or all of the OP Units for shares of our common stock instead of paying a cash amount.
Use of proceeds	We will receive no cash proceeds from any issuance of the shares of our common stock covered by this prospectus supplement, but we will acquire additional OP Units of DCT Industrial Operating Partnership LP, our operating partnership in exchange for any such issuances. We will pay all registration expenses.
New York Stock Exchange symbol	DCT
Risk factors	Before investing in our common stock, you should carefully read and consider the information set forth in Risk Factors beginning on page S-3 of this prospectus supplement and all other information appearing elsewhere and in the documents incorporated herein by reference, including (i) DCT Industrial Trust Inc. s Annual Report on Form 10-K for the year ended December 31, 2006, (ii) DCT Industrial Trust Inc. s Quarterly Reports on Form 10-Q for the

quarterly periods ended March 31, 2007 and June 30, 2007, (iii) DCT Industrial Trust Inc. s Current Report on Form 8-K filed on June 20, 2007 and (iv) documents DCT Industrial Trust Inc. files with the SEC after the date of this prospectus and which are deemed incorporated by reference in this prospectus.

Table of Contents

RISK FACTORS

You should carefully consider the risks described in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus before making an investment decision. These risks are not the only ones facing our company. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. Our business, financial condition or results of operations could be materially adversely affected by the materialization of any of these risks. The trading price of our common stock could decline due to the materialization of any of these risks, and you may lose all or part of your investment. This prospectus supplement, the accompanying prospectus and the documents incorporated herein by reference also contain forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described in the documents incorporated herein by reference, including (i) DCT Industrial Trust Inc. s Annual Report on Form 10-K for the year ended December 31, 2006, (ii) DCT Industrial Trust Inc. s Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2007 and June 30, 2007, (iii) DCT Industrial Trust Inc. s Current Report on Form 8-K filed on June 20, 2007 and (iv) documents DCT Industrial Trust Inc. files with the SEC after the date of this prospectus supplement and which are deemed incorporated by reference in this prospectus supplement.

Table of Contents

REDEMPTION OF OP UNITS

The following description of the redemption provisions of the OP Units is only a summary of such provisions and holders of OP Units should carefully review the rest of this prospectus supplement and the accompanying prospectus, and the documents we incorporate by reference as exhibits to this prospectus and such accompanying prospectus, particularly our charter, our bylaws and the partnership agreement of our operating partnership, for more complete information.

DCT Industrial Operating Partnership LP, our operating partnership, issued 475,403 OP Units on August 11, 2006, in connection with its acquisition from certain accredited investors of undivided tenancy-in-common interests, or TIC Interests, in our properties. Our operating partnership previously offered TIC Interests in our properties to accredited investors in a private placement exempt from registration under the Securities Act. These TIC Interests may have served as replacement properties for investors seeking to complete like-kind exchange transactions under Section 1031 of the Internal Revenue Code. The TIC Interests sold were then 100% leased by our operating partnership pursuant to master leases, and such leases contained purchase options whereby our operating partnership had the right, but not the obligation, to acquire the TIC Interests from the investors at a later point in time in exchange for OP units in our operating partnership under Section 721 of the Internal Revenue Code.

Under the terms of the limited partnership agreement of our operating partnership, holders of these OP Units maintain a right to redeem their OP Units. At any time after August 11, 2007, each holder of these OP Units has the right to require the operating partnership to redeem all or a portion of such OP Units in exchange for a cash amount equal to the value of an equivalent number of shares of our common stock.

Notwithstanding the foregoing, on or before the fifth business day after the receipt by our operating partnership of any redemption notice with respect to OP Units, we may elect to acquire some or all of such OP Units in exchange for a cash amount equal to the value of an equivalent number of shares of our common stock. In lieu of paying a cash amount, however, we may, at our option, choose to acquire any OP Units so tendered by issuing common stock in exchange for such OP Units. The common stock will be exchanged for OP Units on a one-for-one basis. This one-for-one exchange ratio may be adjusted to prevent dilution. If we exercise our right to issue common stock in exchange for OP Units, such exchange will be treated as a sale by the holder of such OP Units for federal income tax purposes. Following the exchange of OP Units for shares of common stock, you will have the rights as a stockholder of our company, including the right to receive dividends, from the time you acquire the shares of common stock.

To effect a redemption, each holder of these OP Units must give our operating partnership a notice of redemption. The redemption rights are subject to specific limitations contained in the partnership agreement of our operating partnership, including, without limitation:

- the exchange must not cause the tendering holder of OP Units or any other person to violate the ownership limit set forth in our charter or any other provision of our charter; and

- the exchange must be for at least 1,000 OP Units, or, if less than 1,000 OP Units, all of the OP Units held by the tendering holder.

Table of Contents

USE OF PROCEEDS

We will receive no cash proceeds from any issuance of the shares of our common stock covered by this prospectus supplement, but we will acquire additional OP Units of DCT Industrial Operating Partnership LP, our operating partnership in exchange for any such issuances.

PLAN OF DISTRIBUTION

This prospectus supplement relates to the possible issuance by us from time to time of up to 475,403 shares of our common stock to holders of common units of limited partnership interest, or OP Units, in DCT Industrial Operating Partnership LP, our operating partnership, and any of their pledgees, donees, transferees or other successors in interest. We may only offer our common stock if the holders of these OP Units present them for redemption and we exercise our right to issue our common stock to them instead of paying a cash amount. The registration of the shares of our common stock covered by this prospectus supplement satisfies our contractual obligation to do so, but does not necessarily mean that any of the holders of OP Units will exercise their redemption rights or that upon any such redemption we will elect, in our sole and absolute discretion, to redeem some or all of the OP Units for shares of our common stock instead of paying a cash amount.

LEGAL MATTERS

The validity of the securities offered hereby will be passed upon for us by Venable LLP, Baltimore, Maryland.

Table of Contents

Prospectus

DCT INDUSTRIAL TRUST INC.

Debt Securities

Warrants

Stock Purchase Contracts

Units

Common Stock

Preferred Stock

Depositary Shares

This prospectus provides you with a general description of debt and equity securities that DCT Industrial Trust Inc. and selling stockholders may offer and sell from time to time. Each time we or selling stockholders sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that sale and may add to or update the information in this prospectus. You should read this prospectus and any applicable prospectus supplement carefully before you invest in our securities.

DCT Industrial Trust Inc. may offer and sell these securities to or through one or more underwriters, dealers and/or agents on a continuous or delayed basis.

Our common stock is listed on the New York Stock Exchange under the symbol DCT. On August 7, 2007 the last reported sale price of our common stock on the New York Stock Exchange was $10.26.

Investing in our securities involves various risks. See Risk Factors beginning on page 3 as well as the risk factors contained in documents DCT Industrial Trust Inc. files with the Securities and Exchange Commission and which are incorporated by reference in this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is August 8, 2007

Table of Contents

TABLE OF CONTENTS

Table of Contents

PROSPECTUS SUMMARY

This summary only highlights the more detailed information appearing elsewhere in this prospectus or incorporated by reference in this prospectus. It may not contain all of the information that is important to you. You should carefully read the entire prospectus and the documents incorporated by reference in this prospectus before deciding whether to invest in our securities.

Unless the context otherwise requires, or unless otherwise specified, all references in this prospectus to the terms we, us, our and our company refer to DCT Industrial Trust Inc., which we refer to as DCT, together with its subsidiaries, including DCT Industrial Operating Partnership LP, which we refer to as our operating partnership.

About This Prospectus

This document is called a prospectus, and it provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement containing specific information about the terms of the securities being offered. That prospectus supplement may include a discussion of any risk factors or other special considerations that apply to those securities. The prospectus supplement may also add, update or change the information in this prospectus. If there is any inconsistency between the information in this prospectus and in a prospectus supplement, you should rely on the information in that prospectus supplement. You should read both this prospectus and any prospectus supplement together with additional information described under the heading Where You Can Find More Information.

DCT has filed a registration statement with the Securities and Exchange Commission, or the SEC, using a shelf registration process. Under this shelf process, we may offer and sell any combination of the securities described in this prospectus, in one or more offerings.

Our SEC registration statement containing this prospectus, including exhibits, provides additional information about us and the securities offered under this prospectus. The registration statement can be read at the SEC s web site or at the SEC s offices. The SEC s web site and street addresses are provided under the heading Where You Can Find More Information.

When acquiring securities, you should rely only on the information provided in this prospectus and in the related prospectus supplement, including any information incorporated by reference. No one is authorized to provide you with information different from that which is contained, or deemed to be contained, in the prospectus and related prospectus supplement. We and the selling stockholders are not offering securities in any state where the offer of such securities is prohibited. You should not assume that the information in this prospectus, any prospectus supplement or any document incorporated by reference is truthful or complete as of any date other than the date indicated on the cover page of these documents.

This prospectus contains forward-looking statements. You should read the explanation of the qualifications and limitations on such forward-looking statements on page 3 of this prospectus. You should also carefully consider the various risk factors incorporated by reference into this prospectus from our SEC filings, which risk factors may cause our actual results to differ materially from those indicated by such forward-looking statements. You should not place undue reliance on our forward-looking statements.

Unless otherwise stated, currency amounts in this prospectus and any prospectus supplement are stated in United States dollars.

About DCT Industrial Trust Inc.

We are a leading real estate company specializing in the ownership, acquisition, development and management of bulk distribution and light industrial properties located in 24 of the highest volume distribution markets in the United States. In addition, we manage, and own interests in, industrial properties through our institutional capital management program. Our properties primarily consist of high-quality, generic bulk distribution warehouses and light industrial properties. We have elected to be treated as a real estate investment trust, or REIT, for U.S. federal income tax purposes. We are structured as an umbrella partnership REIT, or UPREIT, under which substantially all of our current and future business is, and will be, conducted through a majority owned and controlled subsidiary, DCT Industrial Operating Partnership LP, or our operating partnership, for which DCT Industrial Trust Inc. is the sole general partner.

Table of Contents

As of March 31, 2007, we owned interests in 405 industrial real estate buildings totaling 64.7 million square feet. Our portfolio of consolidated operating properties included 367 industrial real estate buildings, which consisted of 214 bulk distribution properties, 111 light industrial properties and 42 service center or flex properties totaling 53.2 million square feet. Our portfolio of 367 consolidated operating properties was 92.9% occupied as of March 31, 2007. Also, as of March 31, 2007, we consolidated three developments properties, six redevelopment properties and two properties held for contribution. In addition, as of March 31, 2007, we had ownership interests ranging from 10% to 20% in 16 unconsolidated properties in institutional joint ventures, or funds, totaling 5.7 million square feet, and investments in five unconsolidated development joint venture properties. Including our joint ventures, as of March 31, 2007, we owned approximately 470 acres of land that we believed could support the development of approximately seven million square feet and had options to control approximately 4,000 additional acres. The largest component of this land bank is held by our unconsolidated venture, Stirling Capital Investments, where we owned or controlled approximately 4,350 acres of land, entitled for industrial development, surrounding the Southern California Logistics Airport located in the Inland Empire submarket of Southern California. Through various master development agreements, the venture has the exclusive rights to develop this project for a period of up to 13 years.

Our principal executive office is located at 518 Seventeenth Street, Suite 1700, Denver, Colorado 80202; our telephone number is (303) 597-2400. We also maintain regional offices in Atlanta, Georgia; Chicago, Illinois; and Dallas, Texas. Our website address is www.dctindustrial.com.

Ratio of Earnings to Fixed Charges

The following table sets forth DCT s consolidated ratios of earnings to fixed charges for each of the periods shown.

	Three Months Ended March 31, 2007	Year Ended December 31, 2006	2005	2004	2003	Period from Inception (April 12, 2002) to December 31, 2002
Ratio of Earnings to Fixed Charges	1.4	(1)	(1)	1.0	1.9	

(1) The ratio was less than 1:1 for the years ended December 31, 2006 and 2005 as earnings were inadequate to cover fixed charges by deficiencies of approximately $185.7 million and $15.7 million, respectively.

The ratio of earnings to fixed charges was computed by dividing earnings by fixed charges. Earnings consist of (a) pretax income from continuing operations before adjustment for minority interests in consolidated subsidiaries or income or loss from equity investees, plus (b) fixed charges, plus (c) amortization of capitalized interest, plus (d) distributed income of equity investees, plus (e) our share of pre-tax losses of equity investees for which charges arising from guarantees are included in fixed charges, less (f) interest capitalized, less (g) preferred stock dividend requirements of consolidated subsidiaries, less (h) the minority interest in pre-tax income of subsidiaries that have not incurred fixed charges. Fixed charges consist of the sum of (a) interest expensed and capitalized, (b) amortized premiums, discounts and capitalized expenses related to indebtedness, (c) an estimate of the interest within rental expense and (d) preferred stock dividend requirements of consolidated subsidiaries.

Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends

The following table sets forth DCT s consolidated ratios of earnings to combined fixed charges and preferred stock dividends for each of the periods shown.

	Three Months Ended March 31, 2007	Year Ended December 31, 2006	2005	2004	2003	Period from Inception (April 12, 2002) to December 31, 2002
Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends	1.4	(1)	(1)	1.0	1.9	

(1) The ratio was less than 1:1 for the years ended December 31, 2006 and 2005 as earnings were inadequate to cover fixed charges by deficiencies of approximately $185.7 million and $15.7 million, respectively.

Table of Contents

The ratio of earnings to combined fixed charges and preferred stock dividends was computed by dividing earnings by combined fixed charges and preferred stock dividends. Earnings consist of (a) pretax income from continuing operations before adjustment for minority interests in consolidated subsidiaries or income or loss from equity investees, plus (b) fixed charges, plus (c) amortization of capitalized interest, plus (d) distributed income of equity investees, plus (e) our share of pre-tax losses of equity investees for which charges arising from guarantees are included in fixed charges, less (f) interest capitalized, less (g) preferred stock dividend requirements of consolidated subsidiaries, less (h) the minority interest in pre-tax income of subsidiaries that have not incurred fixed charges. Fixed charges consist of the sum of (a) interest expensed and capitalized, (b) amortized premiums, discounts and capitalized expenses related to indebtedness, (c) an estimate of the interest within rental expense and (d) preferred stock dividend requirements of consolidated subsidiaries. Preferred stock dividends are the amount of pre-tax earnings that are required to pay the dividends on outstanding preferred stock.

RISK FACTORS

You should carefully consider the risks described in the documents incorporated by reference in this prospectus, before making an investment decision. These risks are not the only ones facing our company. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. Our business, financial condition or results of operations could be materially adversely affected by the materialization of any of these risks. The trading price of our securities could decline due to the materialization of any of these risks, and you may lose all or part of your investment. This prospectus and the documents incorporated herein by reference also contain forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described in the documents incorporated herein by reference, including (i) DCT Industrial Trust Inc. s Annual Report on Form 10-K for the year ended December 31, 2006 and (ii) documents DCT Industrial Trust Inc. files with the SEC after the date of this prospectus and which are deemed incorporated by reference in this prospectus.

FORWARD-LOOKING STATEMENTS

We make statements in this prospectus that are considered forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, which are usually identified by the use of words such as anticipates, believes, estimates, expects, intends, may, plans, projects, seeks, variations of such words or similar expressions. We intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and are including this statement for purposes of complying with those safe harbor provisions. These forward-looking statements reflect our current views about our plans, intentions, expectations, strategies and prospects, which are based on the information currently available to us and on assumptions we have made. Although we believe that our plans, intentions, expectations, strategies and prospects as reflected in or suggested by those forward-looking statements are reasonable, we can give no assurance that the plans, intentions, expectations or strategies will be attained or achieved. Furthermore, actual results may differ materially from those described in the forward-looking statements and will be affected by a variety of risks and factors that are beyond our control including, without limitation:

- the competitive environment in which we operate;
- real estate risks, including fluctuations in real estate values and the general economic climate in local markets and competition for tenants in such markets;
- decreased rental rates or increasing vacancy rates;
- defaults on or non-renewal of leases by tenants;
- acquisition and development risks, including failure of such acquisitions and development projects to perform in accordance with projections;

the timing of acquisitions and dispositions;

natural disasters such as hurricanes;

national, international, regional and local economic conditions;

the general level of interest rates;

Table of Contents

energy costs;

the terms of governmental regulations that affect us and interpretations of those regulations, including changes in real estate and zoning laws and increases in real property tax rates;

financing risks, including the risk that our cash flows from operations may be insufficient to meet required payments of principal and interest;

lack of or insufficient amounts of insurance;

litigation, including costs associated with prosecuting or defending claims and any adverse outcomes;

the consequences of future terrorist attacks; and

possible environmental liabilities, including costs, fines or penalties that may be incurred due to necessary remediation of contamination of properties presently owned or previously owned by us.

In addition, our current and continuing qualification as a REIT involves the application of highly technical and complex provisions of the Internal Revenue Code of 1986, or the Code, and depends on our ability to meet the various requirements imposed by the Code through actual operating results, distribution levels and diversity of stock ownership. The risks included here are not exhaustive and you should be aware that there may be other factors which could adversely affect our business and financial performance. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Investors should also refer to DCT Industrial Trust Inc. s annual reports on Form 10-K, quarterly reports on Form 10-Q for future periods and current reports on Form 8-K as it files them with the SEC, and to other materials DCT Industrial Trust Inc. may furnish to the public from time to time through Forms 8-K or otherwise. We do not undertake any obligation to update any forward-looking statements as a result of future events or developments.

HOW WE INTEND TO USE THE PROCEEDS

We currently intend to use the net proceeds from the sale of any securities under this prospectus for general corporate purposes, which may include:

the repayment of debt;

the possible repurchase of our common stock;

the financing of potential investments;

working capital; and

other purposes as mentioned in any prospectus supplement.

Pending such use, we may temporarily invest the net proceeds. The precise amounts and timing of the application of proceeds will depend upon our funding requirements and the availability of other funds. Except as mentioned in any prospectus supplement, specific allocations of the proceeds to such purposes will not have been made at the date of that prospectus supplement.

Based upon our historical and anticipated future growth and our financial needs, we may engage in additional financings of a character and amount that we determine as the need arises.

DESCRIPTION OF WARRANTS

Please note that in the sections entitled Description of Warrants, Description of Stock Purchase Contracts, Description of Units, Description of Common Stock, Description of Preferred Stock, Description of Depositary Shares and Description of Debt Securities, references to we, our and us refer only to DCT and not to its consolidated subsidiaries. This section outlines some of the provisions of each warrant agreement pursuant to which warrants may be issued, the warrants or rights, and any warrant certificates. This information may not be complete in all respects and is qualified entirely by reference to any warrant agreement with respect to the warrants of any particular series. The specific terms of any series of warrants will be described in the applicable prospectus supplement. If so described in the prospectus supplement, the terms of that series of warrants may differ from the general description of terms presented below.

Table of Contents

We may issue warrants. We may issue these securities in such amounts or in as many distinct series as we wish. This section summarizes the terms of these securities that apply generally. Most of the financial and other specific terms of any such series of securities will be described in the applicable prospectus supplement. Those terms may vary from the terms described here.

When we refer to a series of securities in this section, we mean all securities issued as part of the same series under any applicable indenture, agreement or other instrument. When we refer to the applicable prospectus supplement, we mean the prospectus supplement describing the specific terms of the security you purchase. The terms used in the applicable prospectus supplement generally will have the meanings described in this prospectus, unless otherwise specified in the applicable prospectus supplement.

Warrants

We may issue warrants, options or similar instruments for the purchase of our preferred stock, common stock, depositary shares or units. We refer to these collectively as warrants. Warrants may be issued independently or together with preferred stock, common stock, depositary shares or units, and may be attached to or separate from those securities.

Agreements

Each series of warrants may be evidenced by certificates and may be issued under a separate indenture, agreement or other instrument to be entered into between us and a bank that we select as agent with respect to such series. The warrant agent will act solely as our agent in connection with the warrant agreement or any warrant certificates and will not assume any obligation or relationship of agency or trust for or with any warrant holders. Copies of the forms of agreements and the forms of certificates representing the warrants will be filed with the SEC near the date of filing of the applicable prospectus supplement with the SEC. Because the following is a summary of certain provisions of the forms of agreements and certificates, it does not contain all information that may be important to you. You should read all the provisions of the agreements and the certificates once they are available.

General Terms of Warrants

The prospectus supplement relating to a series of warrants will identify the name and address of the warrant agent, if any. The prospectus supplement will describe the terms of the series of warrants in respect of which this prospectus is being delivered, including:

- the offering price;
- the designation and terms of any securities with which the warrants are issued and in that event the number of warrants issued with each security or each principal amount of security;
- the dates on which the right to exercise the warrants will commence and expire, and the price at which the warrants are exercisable;
- the amount of warrants then outstanding;
- material U.S. federal income tax consequences of holding or exercising these securities; and
- any other terms of the warrants.

Warrant certificates may be exchanged for new certificates of different denominations and may be presented for transfer of registration and, if exercisable for other securities or other property, may be exercised at the warrant agent s corporate trust office or any other office indicated in the prospectus supplement. If the warrants are not separately transferable from any securities with which they were issued, an exchange may take place only if the certificates representing the related securities are also exchanged. Prior to exercise of any warrant exercisable for other securities or other property, warrant holders will not have any rights as holders of the underlying securities, including the right to receive any

principal, premium, interest, dividends, or payments upon our liquidation, dissolution or winding up or to exercise any voting rights.

Table of Contents

Modification Without Consent

We and the applicable warrant agent may amend any warrant or warrant agreement without the consent of any holder:

to cure any ambiguity;

to correct or supplement any defective or inconsistent provision; or

to make any other change that we believe is necessary or desirable and will not adversely affect the interests of the affected holders in any material respect.

We do not need any approval to make changes that affect only warrants to be issued after the changes take effect. We may also make changes that do not adversely affect a particular warrant in any material respect, even if they adversely affect other warrants in a material respect. In those cases, we do not need to obtain the approval of the holder of the unaffected warrant; we need only obtain any required approvals from the holders of the affected warrants.

Modification With Consent

We and any agent for any series of warrants may also amend any agreement and the related warrants by a supplemental agreement with the consent of the holders of a majority of the warrants of any series affected by such amendment. However, no such amendment that:

increases the exercise price of such warrant;

shortens the time period during which any such warrant may be exercised;

reduces the number of securities the consent of holders of which is required for amending the agreement or the related warrants; or

otherwise adversely affects the exercise rights of warrant holders in any material respect;

may be made without the consent of each holder affected by that amendment.

DESCRIPTION OF STOCK PURCHASE CONTRACTS

This section outlines some of the provisions of the stock purchase contracts, the stock purchase contract agreement and the pledge agreement. This information is not complete in all respects and is qualified entirely by reference to the stock purchase contract agreement and pledge agreement with respect to the stock purchase contracts of any particular series. The specific terms of any series of stock purchase contracts will be described in the applicable prospectus supplement. If so described in a prospectus supplement, the specific terms of any series of stock purchase contracts may differ from the general description of terms presented below.

Unless otherwise specified in the applicable prospectus supplement, we may issue stock purchase contracts, including contracts obligating holders to purchase from us and us to sell to the holders, a specified number of shares of common stock, preferred stock, depositary shares or other security or property at a future date or dates. Alternatively, the stock purchase contracts may obligate us to purchase from holders, and obligate holders to sell to us, a specified or varying number of shares of common stock, preferred stock, depositary shares or other security or property. The consideration per share of common stock or preferred stock or per depositary share or other security or property may be fixed at the time the stock purchase contracts are issued or may be determined by a specific reference to a formula set forth in the stock purchase contracts. The stock purchase contracts may provide for settlement by delivery by us or on our behalf of shares of the underlying security or property or, they may provide for settlement by reference or linkage to the value, performance or trading price of the underlying security or

property. The stock purchase contracts may be issued separately or as part of stock purchase units consisting of a stock purchase contract and debt securities, preferred stock or debt obligations of third parties, including U.S. treasury securities, other stock purchase contracts or common stock, or other securities or property, securing the holders obligations to purchase or sell, as the case may be, the common stock, preferred stock, depository shares or other security or property under the stock purchase contracts. The stock purchase contracts may require us to make periodic payments

Table of Contents

to the holders of the stock purchase units or vice versa, and such payments may be unsecured or prefunded on some basis and may be paid on a current or on a deferred basis. The stock purchase contracts may require holders to secure their obligations thereunder in a specified manner and may provide for the prepayment of all or part of the consideration payable by holders in connection with the purchase of the underlying security or other property pursuant to the stock purchase contracts.

The securities related to the stock purchase contracts may be pledged to a collateral agent for our benefit pursuant to a pledge agreement to secure the obligations of holders of stock purchase contracts to purchase the underlying security or property under the related stock purchase contracts. The rights of holders of stock purchase contracts to the related pledged securities will be subject to our security interest therein created by the pledge agreement. No holder of stock purchase contracts will be permitted to withdraw the pledged securities related to such stock purchase contracts from the pledge arrangement except upon the termination or early settlement of the related stock purchase contracts or in the event other securities, cash or property is made subject to the pledge agreement in lieu of the pledged securities, if permitted by the pledge agreement, or as otherwise provided in the pledge agreement. Subject to such security interest and the terms of the stock purchase contract agreement and the pledge agreement, each holder of a stock purchase contract will retain full beneficial ownership of the related pledged securities.

Except as described in the applicable prospectus supplement, the collateral agent will, upon receipt of distributions on the pledged securities, distribute such payments to us or the stock purchase contract agent, as provided in the pledge agreement. The purchase agent will in turn distribute payments it receives as provided in the stock purchase contract agreement.

DESCRIPTION OF UNITS

This section outlines some of the provisions of the units and the unit agreements. This information may not be complete in all respects and is qualified entirely by reference to the unit agreement with respect to the units of any particular series. The specific terms of any series of units will be described in the applicable prospectus supplement. If so described in a particular supplement, the specific terms of any series of units may differ from the general description of terms presented below.

We may issue units comprised of shares of common stock, shares of preferred stock, stock purchase contracts, warrants and other securities in any combination. Each unit will be issued so that the holder of the unit is also the holder of each security included in the unit. Thus, the holder of a unit will have the rights and obligations of a holder of each included security. The unit agreement under which a unit is issued may provide that the securities included in the unit may not be held or transferred separately, at any time or at any time before a specified date.

The applicable prospectus supplement may describe:

- the designation and terms of the units and of the securities comprising the units, including whether and under what circumstances those securities may be held or transferred separately;
- any provisions of the governing unit agreement;
- the price or prices at which such units will be issued;
- the applicable U.S. federal income tax considerations relating to the units;
- any provisions for the issuance, payment, settlement, transfer or exchange of the units or of the securities comprising the units; and
- any other terms of the units and of the securities comprising the units.

The provisions described in this section, as well as those described under Description of Warrants, Description of Stock Purchase Contracts, Description of Common Stock and Description of Preferred Stock will apply to the securities included in each unit, to the extent relevant.

7

Table of Contents

Issuance in Series

We may issue units in such amounts and in as many distinct series as we wish. This section summarizes terms of the units that apply generally to all series. Most of the financial and other specific terms of your series will be described in the applicable prospectus supplement.

Unit Agreements

We will issue the units under one or more unit agreements to be entered into between us and a bank or other financial institution, as unit agent. We may add, replace or terminate unit agents from time to time. We will identify the unit agreement under which each series of units will be issued and the unit agent under that agreement in the applicable prospectus supplement.

The following provisions will generally apply to all unit agreements unless otherwise stated in the applicable prospectus supplement.

Modification Without Consent

We and the applicable unit agent may amend any unit or unit agreement without the consent of any holder:

- to cure any ambiguity; any provisions of the governing unit agreement that differ from those described below;
- to correct or supplement any defective or inconsistent provision; or
- to make any other change that we believe is necessary or desirable and will not adversely affect the interests of the affected holders in any material respect.

We do not need any approval to make changes that affect only units to be issued after the changes take effect. We may also make changes that do not adversely affect a particular unit in any material respect, even if they adversely affect other units in a material respect. In those cases, we do not need to obtain the approval of the holder of the unaffected unit; we need only obtain any required approvals from the holders of the affected units.

Modification With Consent

We may not amend any particular unit or a unit agreement with respect to any particular unit unless we obtain the consent of the holder of that unit, if the amendment would:

- impair any right of the holder to exercise or enforce any right under a security included in the unit if the terms of that security require the consent of the holder to any changes that would impair the exercise or enforcement of that right; or
- reduce the percentage of outstanding units or any series or class the consent of whose holders is required to amend that series or class, or the applicable unit agreement with respect to that series or class, as described below.

Any other change to a particular unit agreement and the units issued under that agreement would require the following approval:

- If the change affects only the units of a particular series issued under that agreement, the change must be approved by the holders of a majority of the outstanding units of that series; or

If the change affects the units of more than one series issued under that agreement, it must be approved by the holders of a majority of all outstanding units of all series affected by the change, with the units of all the affected series voting together as one class for this purpose. These provisions regarding changes with majority approval also apply to changes affecting any securities issued under a unit agreement, as the governing document.

Table of Contents

In each case, the required approval must be given by written consent.

Unit Agreements Will Not Be Qualified Under Trust Indenture Act

No unit agreement will be qualified as an indenture, and no unit agent will be required to qualify as a trustee, under the Trust Indenture Act. Therefore, holders of units issued under unit agreements will not have the protections of the Trust Indenture Act with respect to their units.

Mergers and Similar Transactions Permitted; No Restrictive Covenants or Events of Default

The unit agreements will not restrict our ability to merge or consolidate with, or sell our assets to, another corporation or other entity or to engage in any other transactions. If at any time we merge or consolidate with, or sell our assets substantially as an entirety to, another corporation or other entity, the successor entity will succeed to and assume our obligations under the unit agreements. We will then be relieved of any further obligation under these agreements.

The unit agreements will not include any restrictions on our ability to put liens on our assets, including our interests in our subsidiaries, nor will they restrict our ability to sell our assets. The unit agreements also will not provide for any events of default or remedies upon the occurrence of any events of default.

Governing Law

The unit agreements and the units will be governed by Maryland law.

Form, Exchange and Transfer

We will issue each unit in global i.e., book-entry form only. Units in book-entry form will be represented by a global security registered in the name of a depositary, which will be the holder of all the units represented by the global security. Those who own beneficial interests in a unit will do so through participants in the depositary s system, and the rights of these indirect owners will be governed solely by the applicable procedures of the depositary and its participants. We will describe book-entry securities, and other terms regarding the issuance and registration of the units in the applicable prospectus supplement.

Each unit and all securities comprising the unit will be issued in the same form.

If we issue any units in registered, non-global form, the following will apply to them.

The units will be issued in the denominations stated in the applicable prospectus supplement. Holders may exchange their units for units of smaller denominations or combined into fewer units of larger denominations, as long as the total amount is not changed.

Holders may exchange or transfer their units at the office of the unit agent. Holders may also replace lost, stolen, destroyed or mutilated units at that office. We may appoint another entity to perform these functions or perform them ourselves.

Holders will not be required to pay a service charge to transfer or exchange their units, but they may be required to pay for any tax or other governmental charge associated with the transfer or exchange. The transfer or exchange, and any replacement, will be made only if our transfer agent is satisfied with the holder s proof of legal ownership. The transfer agent may also require an indemnity before replacing any units.

If we have the right to redeem, accelerate or settle any units before their maturity, and we exercise our right as to less than all those units or other securities, we may block the exchange or transfer of those units during the period beginning 15 days before the day we mail the notice of exercise and ending on the day of that mailing, in order to freeze the list of holders to prepare the mailing. We may also refuse to register transfers of or exchange any unit selected for early settlement, except that we will continue to permit transfers and exchanges of the unsettled portion of any unit being partially settled. We may also block the transfer or exchange of any unit in this manner if the unit

includes securities that are or may be selected for early settlement.

Table of Contents

Only the depositary will be entitled to transfer or exchange a unit in global form, since it will be the sole holder of the unit.

Payments and Notices

In making payments and giving notices with respect to our units, we will follow the procedures as described in the applicable prospectus supplement.

DESCRIPTION OF COMMON STOCK

The following description of our common stock is not complete but is a summary of portions of our charter and is qualified entirely by reference to our charter.

Under our charter, we have authority to issue a total of 500,000,000 shares of capital stock. Of the total shares authorized, 350,000,000 shares are designated as common stock with a par value of $0.01 per share, 50,000,000 shares are designated as preferred stock with a par value of $0.01 per share, and 100,000,000 shares are designated as shares-in-trust with a par value of $0.01 per share, which would be issued only in the event that there is a purported transfer of, or other change in or affecting the ownership of, our common stock that would result in a violation of the ownership limits described below. As of August 7, 2007, (i) 168,422,862 shares of our common stock were issued and outstanding and (ii) no shares of preferred stock or shares-in-trust were issued and outstanding. Under Maryland law, stockholders generally are not liable for the corporation s debts or obligations.

We may offer common stock issuable upon the conversion of debt securities or preferred stock, the exercise of warrants and pursuant to stock purchase contracts or in exchange for common units of limited partnership interest, or OP Units, in DCT Industrial Operating Partnership LP, our operating partnership.

Common Stock

Except as may otherwise be specified in the terms of any class or series of common stock, the holders of common stock are entitled to one vote per share on all matters voted on by stockholders, including election of our directors, and, except as may be provided otherwise in our charter and subject to the express terms of any other series of stock, such holders shall have the exclusive voting power. Our charter does not provide for cumulative voting in the election of directors. Therefore, the holders of a majority of the outstanding common stock can elect our entire board of directors, which means that the holders of a majority of the outstanding shares of our common stock can elect all of the directors then standing for election and the holders of the remaining shares will not be able to elect any directors. Subject to any preferential rights of any outstanding series of preferred stock and to the distribution of specified amounts upon liquidation with respect to shares-in-trust, the holders of common stock are entitled to such distributions as may be authorized from time to time by our board of directors in its discretion and declared by us, out of legally available funds and, upon liquidation, are entitled to receive all assets available for distribution to stockholders. All shares issued will be validly issued, fully paid and non-assessable shares of common stock. Holders of shares of common stock will not have preemptive rights, which means that you will not have an automatic option to purchase any new shares that we issue.

Preferred Stock

Our charter authorizes our board of directors to designate and issue one or more classes or series of preferred stock without stockholder approval. Our board of directors may determine the relative rights, preferences and privileges of each class or series of preferred stock so issued, which may be more beneficial than the rights, preferences and privileges attributable to the common stock. The issuance of preferred stock could have the effect of delaying or preventing a change in control of our company. No shares of our preferred stock are presently outstanding.

Power to Reclassify Shares of Our Stock

Our charter authorizes our board of directors to classify and reclassify any unissued shares of stock into other classes or series of stock, including preferred stock. Prior to issuance of shares of each class or series, our board of directors is required by Maryland law and by our charter to set, subject to restrictions on the transfer and ownership of our stock contained in our charter, the terms of such

Table of Contents

class or series, including the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each class or series. Thus, our board of directors could authorize the issuance of shares of common stock or preferred stock with terms and conditions which could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for holders of our common stock or otherwise be in their best interests.

Power to Issue Additional Shares of Common Stock and Preferred Stock

We believe that the power of our board of directors to amend our charter without stockholder approval to increase the total number of authorized shares of our stock or any class or series of our stock, to issue additional authorized but unissued shares of our common stock or preferred stock and to classify or reclassify unissued shares of our common stock or preferred stock and thereafter to cause us to issue such classified or reclassified shares of stock will provide us with increased flexibility in structuring possible future financings and acquisitions and in meeting other needs which might arise. The additional classes or series, as well as our common stock, will be available for issuance without further action by our stockholders unless stockholder action is required by applicable law or the rules of any stock exchange or automated quotation system on which our securities may be listed or traded. No shares of our preferred stock are presently outstanding. Although our board of directors has no intention at the present time of doing so, it could authorize us to issue a class or series in the future without stockholder approval that could, depending upon the terms of such class or series, delay, defer or prevent a transaction or a change in control of us that might involve a premium price for holders of our common stock or otherwise be in their best interests.

Restriction on Ownership of Common Stock

In order for us to qualify as a REIT, beginning in 2004 not more than 50% in value of our outstanding shares may be owned, directly or indirectly through the application of certain attribution rules under the Code, by any five or fewer individuals, as defined in the Code to include specified entities, during the last half of any taxable year. In addition, the outstanding shares must be owned by 100 or more persons that are independent of us and each other during at least 335 days of a 12-month taxable year or during a proportionate part of a shorter taxable year, excluding our first REIT taxable year ending December 31, 2003. In addition, we must meet requirements regarding the nature of our gross income in order to qualify as a REIT. One of these requirements is that at least 75% of our gross income for each calendar year must consist of rents from real property and income from other real property investments. The rents received by our operating partnership from any tenant will not qualify as rents from real property, which could result in our loss of REIT status, if we own, actually or constructively within the meaning of certain provisions of the Code, 10% or more of the ownership interests in that tenant. Our charter contains limitations on ownership and transfer of shares which prohibit any person or entity from owning or acquiring, directly or indirectly, more than 9.8% of the outstanding shares of any class or series of our stock, prohibit the beneficial ownership of our outstanding shares by fewer than 100 persons and prohibit any transfer of or other event or transaction with respect to our common stock that would result in the beneficial ownership of our outstanding shares by fewer than 100 persons. In addition, our charter prohibits any transfer of or other event with respect to our common stock that would cause us to violate the closely held test (see Federal Income Tax Considerations Requirements for Qualification as a REIT Organizational Requirements), that would cause us to own, actually or constructively, 9.9% or more of the ownership interests in a tenant of our real property or the real property of our operating partnership or any direct or indirect subsidiary of our operating partnership or that would otherwise cause us to fail to qualify as a REIT. Our charter provides that any transfer of shares that would violate our share ownership limitations is void *ab initio* and the intended transferee will acquire no rights in such shares unless, in the case of a transfer that would cause a violation of the 9.8% ownership limit, the transfer is approved by our board of directors, prospectively or retroactively, based upon receipt of information that such transfer would not violate the provisions of the Code for qualification as a REIT.

The shares that, if transferred, would result in a violation of any applicable ownership limit notwithstanding the provisions described above which are attempted to be transferred will be exchanged for shares-in-trust and will be transferred automatically to a trust effective on the day before the purported transfer of such shares. We will designate a trustee of the share trust that will not be affiliated with us or the purported transferee or record or beneficial holder. We will also name a charitable organization as beneficiary of the trust that will hold the shares-in-trust. Shares-in-trust will remain issued and outstanding shares. The trustee will receive all dividends and distributions on the shares-in-trust and will hold such distributions or distributions in trust for the benefit of the beneficiary. The trustee also will vote the shares-in-trust.

The trustee will transfer the shares-in-trust to a person whose ownership of our common stock will not violate the ownership limits. The transfer shall be made no earlier than 20 days after the later of our receipt of notice that shares have been transferred to the

Table of Contents

trust or the date we determine that a purported transfer of our common stock has occurred. During this 20-day period, we will have the option of redeeming such shares. Upon any such transfer or redemption, the purported transferee or holder shall receive a per share price equal to the lesser of (a) the price per share in the transaction that created such shares-in-trust (or, in the case of a gift or devise, the market price at the time of the gift or devise), and (b) the market price per share on the date of the redemption, in the case of a purchase by us, or the price received by the trustee net of any sales commissions and expenses, in the case of a sale by the trustee. The charitable beneficiary will receive any excess amounts. In the case of a liquidation, holders of shares-in-trust will receive a ratable amount of our remaining assets available for distribution to shares of the applicable class or series taking into account all shares-in-trust of such class or series. The trustee will distribute to the purported transferee or holder an amount equal to the lesser of the amounts received with respect to such shares-in-trust or the price per share in the transaction that created such shares-in-trust (or, in the case of a gift or devise, the market price at the time of the gift or devise) and shall distribute any remaining amounts to the charitable beneficiary.

Any person who (1) acquires or attempts to acquire shares in violation of the foregoing restrictions or who owns shares that were transferred to any such trust is required to give immediate written notice to us of such event or (2) purports to transfer or receive shares subject to such limitations is required to give us 15 days written notice prior to such purported transaction. In both cases, such persons shall provide to us such other information as we may request in order to determine the effect, if any, of such event on our status as a REIT. The foregoing restrictions will continue to apply until our board of directors determines it is no longer in our best interest to continue to qualify as a REIT.

The 9.8% ownership limit does not apply to a person or persons which the directors exempt from the ownership limit upon appropriate assurances that our qualification as a REIT is not jeopardized. Any person who owns 5% or more (or such lower percentage applicable under Treasury regulations) of the outstanding shares during any taxable year will be asked to deliver a statement or affidavit setting forth the number of shares beneficially owned.

Meetings, Special Voting Requirements and Access to Records

An annual meeting of our stockholders will be held each year. Special meetings of stockholders may be called only upon the request of a majority of the directors or by the chairman, the chief executive officer or the president or, subject to the satisfaction of certain procedural and information requirements by the stockholders requesting the meeting, by our secretary upon the written request of stockholders entitled to cast not less than a majority of all the votes entitled to be cast at such meeting. The presence either in person or by proxy of a majority of all the votes entitled to be cast at such meeting on any matter shall constitute a quorum. Generally, a majority of the votes cast is necessary to take stockholder action at a meeting at which a quorum is present, except that a plurality of the votes cast at a meeting of stockholders duly called and at which a quorum is present is sufficient to elect a director.

Provided that such matter has first been declared advisable by our board of directors and except as otherwise provided under the Maryland General Corporation Law (the MGCL) and our charter, stockholders are entitled to vote at a duly held meeting at which a quorum is present on (1) amendment of our charter, (2) dissolution of our company, and (3) merger, consolidation or sale or other disposition of substantially all of our assets.

Stockholders have the ability to elect to remove a director from our board or to remove the entire board, but only for cause and then only by the affirmative vote of at least two-thirds of the votes entitled to be cast generally in the election of directors. Stockholders have rights under Rule 14a-7 under the Exchange Act which provides that, upon the request of investors and the payment of the expenses of the distribution, we are required to distribute specific materials to stockholders in the context of the solicitation of proxies for voting on matters presented to stockholders or, at our option, provide requesting stockholders with a copy of a list of our stockholders so that the requesting stockholders may make the distribution of proxies themselves. The list provided by us will include each stockholder s name, address and number of shares owned by each stockholder and will be sent within five business days of the receipt by us of the request.

Transfer Agent and Registrar

The transfer agent and registrar for our shares of common stock is The Bank of New York.

DESCRIPTION OF PREFERRED STOCK

The following description summarizes the material provisions of the preferred stock we may offer. This description is not complete and is subject to, and is qualified entirely by reference to our charter, bylaws and the applicable provisions of the MGCL. Any series of preferred stock we issue will be governed by our charter (as amended and in effect as of the date of such issuance).

12

Table of Contents

Our charter authorizes our board of directors to designate and issue one or more classes or series of preferred stock without stockholder approval. Our board of directors may determine the relative rights, preferences and privileges of each class or series of preferred stock so issued. No shares of our preferred stock are presently outstanding. The specific terms of any series of preferred stock offered hereunder will be described in the applicable prospectus supplement.

DESCRIPTION OF DEPOSITARY SHARES

This section outlines some of the provisions of the deposit agreement to govern any depositary shares, the depositary shares themselves and the depositary receipts. This information may not be complete in all respects and is qualified entirely by reference to the relevant deposit agreement and depositary receipts with respect to the depositary shares related to any particular series of preferred stock. The specific terms of any series of depositary shares will be described in the applicable prospectus supplement. If so described in the prospectus supplement, the terms of that series of depositary shares may differ from the general description of terms presented below.

Interest in a Fractional Share, or Multiple Shares, of Preferred Stock

We may, at our option, elect to offer depositary shares, each of which would represent an interest in a fractional share, or multiple shares, of our preferred stock instead of whole shares of preferred stock. If so, we will allow a depositary to issue to the public depositary shares, each of which will represent an interest in a fractional share, or multiple shares, of preferred stock as described in the prospectus supplement.

Deposit Agreement

The shares of the preferred stock underlying any depositary shares will be deposited under a separate deposit agreement between us and a bank or trust company acting as depositary with respect to those shares of preferred stock. The prospectus supplement relating to a series of depositary shares will specify the name and address of the depositary. Under the deposit agreement, each owner of a depositary share will be entitled, in proportion of its interest in a fractional share, or multiple shares, of the preferred stock underlying that depositary share, to all the rights and preferences of that preferred stock, including dividend, voting, redemption, conversion, exchange and liquidation rights.

Depositary shares will be evidenced by one or more depositary receipts issued under the deposit agreement. We will distribute depositary receipts to those persons purchasing such depositary shares in accordance with the terms of the offering made by the related prospectus supplement.

Dividends and Other Distributions

The depositary will distribute all cash dividends or other cash distributions in respect of the preferred stock underlying the depositary shares to each record depositary shareholder based on the number of the depositary shares owned by that holder on the relevant record date. The depositary will distribute only that amount which can be distributed without attributing to any depositary shareholders a fraction of one cent, and any balance not so distributed will be added to and treated as part of the next sum received by the depositary for distribution to record depositary shareholders.

If there is a distribution other than in cash, the depositary will distribute property to the entitled record depositary shareholders, unless the depositary determines that it is not feasible to make that distribution. In that case the depositary may, with our approval, adopt the method it deems equitable and practicable for making that distribution, including any sale of property and the distribution of the net proceeds from this sale to the concerned holders.

Each deposit agreement will also contain provisions relating to the manner in which any subscription or similar rights we offer to holders of the relevant series of preferred stock will be made available to depositary shareholders.

The amount distributed in all of the foregoing cases will be reduced by any amounts required to be withheld by us or the depositary on account of taxes and governmental charges.

Table of Contents

Withdrawal of Preferred Stock

Upon surrender of depositary receipts at the office of the depositary and upon payment of the charges provided in the deposit agreement and subject to the terms thereof, a holder of depositary receipts is entitled to have the depositary deliver to such holder the applicable number of shares of preferred stock underlying the depositary shares evidenced by the surrendered depositary receipts. There may be no market, however, for the underlying preferred stock and once the underlying preferred stock is withdrawn from the depositary, it may not be redeposited.

Redemption and Liquidation

The terms on which the depositary shares relating to the preferred stock of any series may be redeemed, and any amounts distributable upon our liquidation, dissolution or winding up, will be described in the applicable prospectus supplement.

Voting

Upon receiving notice of any meeting at which preferred stockholders of any series are entitled to vote, the depositary will mail the information contained in that notice to the record depositary shareholders relating to those series of preferred stock. Each depositary shareholder on the record date will be entitled to instruct the depositary on how to vote the shares of preferred stock underlying that holder s depositary shares. The depositary will vote the shares of preferred stock underlying those depositary shares according to those instructions, and we will take reasonably necessary actions to enable the depositary to do so. If the depositary does not receive specific instructions from the depositary shareholders relating to that preferred stock, it will abstain from voting those shares of preferred stock, unless otherwise discussed in the prospectus supplement.

Amendment and Termination of Deposit Agreement

We and the depositary may amend the depositary receipt form evidencing the depositary shares and the related deposit agreement. However, any amendment that significantly affects the rights of the depositary shareholders will not be effective unless holders of a majority of the outstanding depositary shares approve that amendment. No amendment, however, may impair the right of any depositary shareholder to receive any money or other property to which he may be entitled under the terms of the deposit agreement at the times and in the manner and amount provided for therein. We or the depositary may terminate a deposit agreement only if:

- we redeemed or reacquired all outstanding depositary shares relating to the deposit agreement;
- all outstanding depositary shares have been converted (if convertible) into shares of common stock or another series of preferred stock; or
- there has been a final distribution in respect of the preferred stock of any series in connection with our liquidation, dissolution or winding up and such distribution has been made to the related depositary shareholders.

Charges of Depositary

We will pay all transfer and other taxes and governmental charges arising solely from the existence of the depositary arrangements. We will also pay all charges of each depositary in connection with the initial deposit and any redemption of the preferred stock. Depositary shareholders will be required to pay any other transfer and other taxes and governmental charges and any other charges expressly provided in the deposit agreement to be for their accounts.

Miscellaneous

Each depositary will forward to the relevant depositary shareholders all our reports and communications that we are required to furnish to preferred stockholders of any series.

The deposit agreement will contain provisions relating to adjustments in the fraction of a share of preferred stock represented by a depositary share in the event of a change in par value, split-up, combination or other reclassification of the preferred stock or upon any recapitalization,

merger or sale of substantially all of our assets.

Table of Contents

Neither the depositary nor our company will be liable if it is prevented or delayed by law or any circumstance beyond its control in performing its obligations under any deposit agreement, or subject to any liability under the deposit agreement to holders of depositary receipts other than for the relevant party s gross negligence or willful misconduct. The obligations of our company and each depositary under any deposit agreement will be limited to performance in good faith of their duties under that agreement, and they will not be obligated to prosecute or defend any legal proceeding in respect of any depositary shares or preferred stock unless they are provided with satisfactory indemnity. They may rely upon written advice of counsel or accountants, or information provided by persons presenting preferred stock for deposit, depositary shareholders or other persons believed to be competent and on documents believed to be genuine.

Resignation and Removal of Depositary

A depositary may resign at any time by issuing us a notice of resignation, and we may remove any depositary at any time by issuing it a notice of removal. Resignation or removal will take effect upon the appointment of a successor depositary and its acceptance of appointment. That successor depositary must be appointed within 60 days after delivery of the notice of resignation or removal.

DESCRIPTION OF DEBT SECURITIES

Debt Securities May Be Senior or Subordinated

DCT Industrial Trust Inc. may issue senior or subordinated debt securities at one or more times in one or more series. Each series of debt securities may have different terms. Neither the senior debt securities nor the subordinated debt securities will be secured by any property or assets of DCT Industrial Trust Inc., DCT Industrial Operating Partnership LP or any of their respective subsidiaries. Thus, by owning a debt security, you are an unsecured creditor of DCT Industrial Trust Inc.

Neither any limited or general partner of DCT Industrial Operating Partnership LP, including DCT Industrial Trust Inc., nor any principal, stockholder, officer, director, trustee or employee of any limited or general partner of including DCT Industrial Trust Inc. or DCT Industrial Operating Partnership LP or of any successor of any limited or general partner of DCT Industrial Operating Partnership LP has any obligation for payment of debt securities or for any of DCT Industrial Trust Inc. s obligations, covenants or agreements contained in the debt securities or the applicable indenture. By accepting the debt securities, you waive and release all liability of this kind. The waiver and release are part of the consideration for the issuance of debt securities.

The senior debt securities of DCT Industrial Trust Inc. will be issued under the senior debt indenture, as described below, and will rank equally with all of DCT Industrial Trust Inc. s other senior unsecured and unsubordinated debt.

The subordinated debt securities of DCT Industrial Trust Inc. will be issued under the subordinated debt indenture, as described below, and will be subordinate in right of payment to all of DCT Industrial Trust Inc. s senior indebtedness, as defined in the subordinated debt indenture, as described under Description of Debt Securities Subordination Provisions beginning on page 28 and in the prospectus supplement. The prospectus supplement for any series of subordinated debt securities or the information incorporated in this prospectus by reference will indicate the approximate amount of senior indebtedness outstanding as of the end of DCT Industrial Trust Inc. s most recent fiscal quarter. None of the indentures limit DCT Industrial Trust Inc. s ability to incur additional senior indebtedness, unless otherwise described in the prospectus supplement relating to any series of debt securities.

DCT Industrial Trust Inc. senior indebtedness will be structurally subordinate to the indebtedness of DCT Industrial Operating Partnership LP and will be structurally subordinate to the indebtedness of the subsidiaries of DCT Industrial Operating Partnership LP. See DCT Industrial Trust Inc. s Debt Securities Are Structurally Subordinated to Indebtedness of DCT Industrial Operating Partnership LP and DCT Industrial Operating Partnership LP s Subsidiaries below.

When we refer to senior debt securities in this prospectus, we mean the senior debt securities of DCT Industrial Trust Inc., unless the context requires otherwise. When we refer to subordinated debt securities in this prospectus, we mean the subordinated debt securities of DCT Industrial Trust Inc., unless the context requires otherwise. When we refer to debt securities in this prospectus, we mean both the senior debt securities and the subordinated debt securities, unless the context requires otherwise.

Table of Contents

If we issue debt securities at a discount from their principal amount, then, for purposes of calculating the aggregate initial offering price of the offered securities issued under this prospectus, we will include only the initial offering price of the debt securities and not the principal amount of the debt securities.

We have summarized below the material provisions of the indentures and the debt securities, or indicated which material provisions will be described in the related prospectus supplement. The prospectus supplement relating to any particular securities offered will describe the specific terms of the securities, which may be in addition to or different from the general terms summarized in this prospectus. Because the summary in this prospectus and in any prospectus supplement does not contain all of the information that you may find useful, you should read the documents relating to the securities that are described in this prospectus or in any applicable prospectus supplement. Please read Where You Can Find More Information beginning on page 69 to find out how you can obtain a copy of those documents.

The Senior Debt Indenture and the Subordinated Debt Indenture of DCT Industrial Trust Inc.

The senior debt securities of DCT Industrial Trust Inc. will be issued under an indenture, dated as of a date prior to such issuance, between DCT Industrial Trust Inc. as the issuer of the debt securities, and U.S. Bank National Association (U.S. Bank), as trustee, as amended or supplemented from time to time. We will refer to any such indenture throughout this prospectus as the senior indenture. The subordinated debt securities of DCT Industrial Trust Inc. will be issued under a separate indenture, dated as of a date prior to such issuance, between DCT Industrial Trust Inc. as the issuer of the debt securities, and U.S. Bank, as trustee, as amended or supplemented from time to time. We will refer to any such indenture throughout this prospectus as the subordinated indenture and to a trustee under any senior or subordinated indenture as the trustee.

The indentures will be subject to and governed by the Trust Indenture Act of 1939. We included copies of the indentures as exhibits to our registration statement and they are incorporated into this prospectus by reference. Except as otherwise indicated, the terms of the indentures are identical. As used in this prospectus, the term debt securities includes the debt securities being offered by this prospectus and all other debt securities issued by DCT Industrial Trust Inc. under the indentures. When we refer to the indenture or the trustee with respect to any debt securities of DCT Industrial Trust Inc., we mean the indenture under which those debt securities are issued and the trustee under that indenture.

General

The indentures:

- do not limit the amount of debt securities that we may issue;
- allow us to issue debt securities with terms different from those of the debt securities previously issued under the indenture;
- allow us to issue debt securities in one or more series;
- do not require us to issue all of the debt securities of a series at the same time;
- allow us to reopen a series to issue additional debt securities without the consent of the holders of the debt securities of such series; and
- provide that the debt securities will be unsecured.

Except as described under Description of Debt Securities Merger, Consolidation or Sale of Assets beginning on page 22 or as may be set forth in the applicable prospectus supplement, the debt securities will not contain any provisions that (1) would limit our ability to incur indebtedness or (2) would afford holders of debt securities protection in the event of (a) a highly leveraged or similar transaction involving DCT Industrial Trust Inc., DCT Industrial Operating Partnership LP or any of their respective affiliates or (b) a change of control or reorganization, restructuring, merger or similar transaction involving us that may adversely affect the holders of the debt securities. In the future, we may enter into transactions, such as the sale of all or substantially all of our assets or a merger or consolidation, that may have an adverse effect on our ability to

service our indebtedness, including the debt securities, by, among other things, substantially reducing or eliminating our assets. Neither governing law, nor our governing instruments, define the term substantially all as it relates to the sale of assets. Consequently, to determine whether a sale of substantially all of our assets has occurred, a holder of debt securities must review the financial and other information that we have disclosed to the public.

Table of Contents

Each indenture provides that we may, but need not, designate more than one trustee under an indenture. Any trustee under an indenture may resign or be removed and a successor trustee may be appointed to act with respect to the series of debt securities administered by the resigning or removed trustee. If two or more persons are acting as trustee with respect to different series of debt securities, each trustee shall be a trustee of a trust under the applicable indenture separate and apart from the trust administered by any other trustee. Except as otherwise indicated in this prospectus, any action described in this prospectus to be taken by each trustee may be taken by each trustee with respect to, and only with respect to, the one or more series of debt securities for which it is trustee under the applicable indenture.

Information in the Prospectus Supplement

When we refer to a series of debt securities, we mean a series issued under the applicable indenture. When we refer to a prospectus supplement, we mean the prospectus supplement describing the specific terms of the debt securities of a particular series being offered. The terms used in any prospectus supplement have the meanings described in this prospectus, unless otherwise specified.

We will describe most of the financial and other specific terms of a particular series of debt securities being offered, whether it be a series of the senior debt securities or subordinated debt securities, in a prospectus supplement accompanying this prospectus. Those terms may vary from the terms described here.

The applicable prospectus supplement will also contain the terms of a given offering, the initial offering price and our net proceeds. Where applicable, a prospectus supplement will also describe any material U.S. federal income tax considerations relating to the debt securities offered and indicate whether the securities offered are or will be listed on any securities exchange.

Disclosure of the specific terms of a particular series of debt securities in the applicable prospectus supplement may include some or all of the following:

- the title of the debt securities;
- whether they are senior debt securities or subordinated debt securities and, if they are subordinated debt securities, any changes in the subordination provisions described in this prospectus applicable to those subordinated debt securities;
- the aggregate principal amount of the debt securities being offered, the aggregate principal amount of the debt securities outstanding as of the most recent practicable date and any limit on their aggregate principal amount, including the aggregate principal amount of debt securities authorized;
- the stated maturity;
- the price at which the debt securities will be issued, expressed as a percentage of the principal amount, and the original issue date;
- the portion of the principal payable upon declaration of acceleration of the maturity, if other than the principal amount;
- the date or dates, or the method for determining the date or dates, on which the principal of the debt securities will be payable;
- the fixed or variable interest rate or rates of the debt securities, or the method by which the interest rate or rates is determined;

the date or dates, or the method for determining the date or dates, from which interest will accrue;

the dates on which interest will be payable;

Table of Contents

the record dates for interest payment dates, or the method by which we will determine those dates;

the persons to whom interest will be payable;

the basis upon which interest will be calculated if other than that of a 360-day year of twelve 30-day months;

any make-whole amount, which is the amount in addition to principal and interest that is required to be paid to the holder of a debt security as a result of any optional redemption or accelerated payment of such debt security, or the method for determining the make-whole amount;

whether the debt securities may be converted into common stock or preferred stock of DCT Industrial Trust Inc. or other securities, the terms on which such conversion may occur, including whether such conversion is mandatory, at the option of the holder or at our option, the period during which such conversion may occur, the initial conversion price or rate, and the circumstances or manner in which the shares of common stock or preferred stock issuable upon conversion may be adjusted or calculated according to the market price of DCT Industrial Trust Inc. common stock or preferred stock or such other securities or other applicable parameters;

the place or places where the principal of, and any premium (or make-whole amount) and interest on, the debt securities will be payable;

where the debt securities may be surrendered for registration of transfer or exchange;

where notices or demands to or upon us in respect of the debt securities and the applicable indenture may be served;

the times, prices and other terms and conditions upon which we may redeem the debt securities;

any obligation we have to redeem, repay or purchase the debt securities pursuant to any sinking fund or analogous provision or at the option of holders of the debt securities, and the times and prices at which we must redeem, repay or purchase the debt securities as a result of such an obligation;

any deletions from, modifications of, or additions to our events of default or covenants, and any change in the right of any trustee or any of the holders to declare the principal amount of any of such debt securities due and payable;

the denominations in which the debt securities will be issuable, if other than denominations of $1,000 and any integral multiple of $1,000;

the currency or currencies in which the debt securities are denominated and in which principal and/or interest is payable if other than United States dollars, which may be a foreign currency or units of two or more foreign currencies or a composite currency or currencies, and the terms and conditions relating thereto, and the manner of determining the equivalent of such foreign currency in United States dollars;

whether the principal of, and any premium (or make-whole amount) or interest on, the debt securities of the series are to be payable, at our election or at the election of a holder, in a currency or currencies other than that in which the debt securities are denominated or stated to

be payable, and other related terms and conditions;

whether the amount of payments of principal of, and any premium (or make-whole amount) or interest on, the debt securities may be determined according to an index, formula or other method and how such amounts will be determined;

whether the debt securities will be in registered form, bearer form or both and (1) if in registered form, the person to whom any interest shall be payable, if other than the person in whose name the security is registered at the close of business on the regular record date for such interest, or (2) if in bearer form, the manner in which, or the person to whom, any interest on the security shall be payable if otherwise than upon presentation and surrender upon maturity;

Table of Contents

the identity of the depository for securities in registered form, if such series are to be issuable as a global security;

any restrictions applicable to the offer, sale or delivery of securities in bearer form and the terms upon which securities in bearer form of the series may be exchanged for securities in registered form of the series and vice versa if permitted by applicable laws and regulations;

whether any debt securities of the series are to be issuable initially in temporary global form and whether any debt securities of the series are to be issuable in permanent global form with or without coupons and, if so, whether beneficial owners of interests in any such permanent global security may or shall be required to exchange their interests for other debt securities of the series, and the manner in which interest shall be paid;

the date as of which any debt securities in bearer form or in temporary global form shall be dated if other than the original issuance date of the first security of the series to be issued;

the applicability, if any, of the defeasance and covenant defeasance provisions described in this prospectus or in the applicable indenture;

whether and under what circumstances we will pay any additional amounts on the debt securities in respect of any tax, assessment or governmental charge and, if so, whether we will have the option to redeem the debt securities in lieu of making such a payment;

the circumstances, if any, under which beneficial owners of interests in the global security may obtain definitive debt securities and the manner in which payments on a permanent global debt security will be made if any debt securities are issuable in temporary or permanent global form;

any provisions granting special rights to holders of securities upon the occurrence of such events as specified in the applicable prospectus supplement;

the name of the applicable trustee and the nature of any material relationship with us or with any of our affiliates, and the percentage of debt securities of the class necessary to require the trustee to take action; and

any other terms of such debt securities not inconsistent with the provisions of the applicable indenture.

Original Issue Discount Securities

We may issue debt securities at a discount below their principal amount and provide for less than the entire principal amount thereof to be payable upon declaration of acceleration of the maturity thereof. We will refer to any such debt securities throughout this prospectus as original issue discount securities. A fixed rate debt security, a floating rate debt security or an indexed debt security may be an original issue discount debt security. The applicable prospectus supplement will describe the material federal income tax consequences and other relevant considerations applicable to original issue discount securities.

Fixed Rate Debt Securities

We may issue fixed rate debt securities. A debt security of this type will bear interest at a fixed rate described in the applicable prospectus supplement. This type includes zero coupon debt securities, which bear no interest and are instead issued at a price usually significantly lower than the principal amount. Each fixed rate debt security, except any zero coupon debt security, will bear interest from its original issue date or from the most recent date to which interest on the debt security has been paid or made available for payment. Interest will accrue on the principal of a fixed rate debt security at the fixed yearly rate stated in the applicable prospectus supplement, until the principal is paid or made available for payment or the debt security is exchanged. Each payment of interest due on an interest payment date or the date of maturity will include

interest accrued from and including the last date to which interest has been paid, or made available for payment, or from the issue date if none has been paid or made available for payment, to but excluding the interest payment date or the date of maturity. Unless otherwise disclosed in the applicable prospectus supplement, we will compute interest on fixed rate debt securities on the basis of a 360-day year of twelve 30-day months.

Table of Contents

Floating Rate Debt Securities

We may issue floating rate debt securities. A debt security of this type will bear interest at rates that are determined by reference to an interest rate formula. In some cases, the rates may also be adjusted by adding or subtracting a spread or multiplying by a spread multiplier and may be subject to a minimum rate or a maximum rate. If a debt security is a floating rate debt security, the formula and any adjustments that apply to the interest rate will be specified in the applicable prospectus supplement.

Each floating rate debt security will bear interest from its original issue date or from the most recent date to which interest on the debt security has been paid or made available for payment. Interest will accrue on the principal of a floating rate debt security at the yearly rate determined according to the interest rate formula stated in the applicable prospectus supplement, until the principal is paid or made available for payment or the security is exchanged.

Calculations relating to floating rate debt securities will be made by the calculation agent, an institution that we appoint as our agent for this purpose. The prospectus supplement for a particular floating rate debt security will name the institution that we have appointed to act as the calculation agent for that debt security as of its original issue date. We may appoint a different institution to serve as calculation agent from time to time after the original issue date of the debt security without your consent and without notifying you of the change.

For each floating rate debt security, the calculation agent will determine, on the corresponding interest calculation or determination date, as described in the applicable prospectus supplement, the interest rate that takes effect on each interest reset date. In addition, the calculation agent will calculate the amount of interest that has accrued during each interest period i.e., the period from and including the original issue date, or the last date to which interest has been paid or made available for payment, to but excluding the payment date. For each interest period, the calculation agent will calculate the amount of accrued interest by multiplying the face or other specified amount of the floating rate debt security by an accrued interest factor for the interest period. This factor will equal the sum of the interest factors calculated for each day during the interest period. The interest factor for each day will be expressed as a decimal and will be calculated by dividing the interest rate, also expressed as a decimal, applicable to that day by 360 or by the actual number of days in the year, as specified in the applicable prospectus supplement.

Upon the request of the holder of any floating rate debt security, the calculation agent will provide for that debt security the interest rate then in effect and, if determined, the interest rate that will become effective on the next interest reset date. The calculation agent s determination of any interest rate, and its calculation of the amount of interest for any interest period, will be final and binding in the absence of manifest error.

All percentages resulting from any calculation relating to a debt security will be rounded upward or downward, as appropriate, to the next higher or lower one hundred-thousandth of a percentage point, e.g., 9.876541% (or .09876541) being rounded down to 9.87654% (or .0987654) and 9.876545% (or .09876545) being rounded up to 9.87655% (or .0987655). All amounts used in or resulting from any calculation relating to a floating rate debt security will be rounded upward or downward, as appropriate, to the nearest cent, in the case of U.S. dollars, or to the nearest corresponding hundredth of a unit, in the case of a currency other than U.S. dollars, with one-half cent or one-half of a corresponding hundredth of a unit or more being rounded upward.

In determining the base rate that applies to a floating rate debt security during a particular interest period, the calculation agent may obtain rate quotes from various banks or dealers active in the relevant market, as described in the applicable prospectus supplement. Those reference banks and dealers may include the calculation agent itself and its affiliates, as well as any underwriter, dealer or agent participating in the distribution of the relevant floating rate debt securities and its affiliates.

Indexed Debt Securities

We may issue indexed debt securities. Payments of principal of, and premium and interest on, indexed debt securities are determined with reference to the rate of exchange between the currency or currency unit in which the debt security is denominated and any other currency or currency unit specified by us, to the relationship between two or more currencies or currency units or by other similar methods or formulas specified in the prospectus supplement. A debt security of this type provides that the principal amount payable at its maturity, and the amount of interest payable on an interest payment date, will be determined by reference to:

securities of one or more issuers;

Table of Contents

one or more currencies;

one or more commodities;

any other financial, economic or other measure or instrument, including the occurrence or non-occurrence of any event or circumstance; or

one or more indices or baskets of the items described above.

If you are a holder of an indexed debt security, you may receive an amount at maturity that is greater than or less than the face amount of your debt security depending upon the value of the applicable index at maturity. The value of the applicable index will fluctuate over time.

We will provide you with more information in the applicable prospectus supplement regarding any deletions, modifications, or additions to the events of default or covenants that are described below, including any addition of a covenant or other provision providing event risk or similar protection.

Amounts That We May Issue

None of the indentures limit the aggregate amount of debt securities that we may issue or the number of series or the aggregate amount of any particular series. In addition, the indentures and the debt securities do not limit DCT Industrial Trust Inc. s ability to incur other indebtedness or to issue other securities, unless otherwise described in the prospectus supplement relating to any series of debt securities. Also, DCT Industrial Trust Inc. is not subject to financial or similar restrictions by the terms of the debt securities, unless otherwise described in the prospectus supplement relating to any series of debt securities.

Payment

Unless we give you different information in the applicable prospectus supplement, the principal of, and any premium (or make-whole amount) and interest on, any series of the debt securities will be payable at the corporate trust office of the applicable trustee. We will provide you with the address of the trustee in the applicable prospectus supplement. We may also pay interest by mailing a check to the address of the person entitled to it as it appears in the applicable register for the debt securities or by wire transfer of funds to that person at an account maintained within the United States.

All monies that we pay to a paying agent or a trustee for the payment of the principal of, and any premium (or make-whole amount) or interest on, any debt security will be repaid to us if unclaimed at the end of two years after the obligation underlying payment becomes due and payable. After funds have been returned to us, the holder of the debt security may look only to us for payment, without payment of interest for the period which we hold the funds.

DCT Industrial Trust Inc. s Debt Securities Are Structurally Subordinated to Indebtedness of DCT Industrial Operating Partnership LP and DCT Industrial Operating Partnership LP s Subsidiaries, Respectively

DCT Industrial Trust Inc. s indebtedness is structurally subordinate to debt of DCT Industrial Operating Partnership LP. In addition, because DCT Industrial Trust Inc. s assets consist principally of interests in DCT Industrial Operating Partnership LP and because DCT Industrial Operating Partnership LP s assets consist principally of interests in the subsidiaries through which we own our properties and conduct our business, our right to participate as an equity holder in any distribution of assets of any of our subsidiaries upon the subsidiary s liquidation or otherwise, and thus the ability of our security holders to benefit from the distribution, is junior to creditors of the applicable subsidiary, except to the extent that any claims we may have as a creditor of such subsidiary are recognized. Furthermore, because some of our subsidiaries are partnerships in which we are a general partner, we may be liable for their obligations. We may also guarantee some obligations of our subsidiaries. Any liability we may have for our subsidiaries obligations could reduce our assets that are available to satisfy our direct creditors, including investors in our debt securities.

Table of Contents

Form of Debt Securities

We will issue each debt security in global i.e., book-entry form only, unless we specify otherwise in the applicable prospectus supplement. Debt securities in book-entry form will be represented by a global security registered in the name of a depositary, which will be the holder of all the debt securities represented by that global security. Those who own beneficial interests in a global debt security will do so through participants in the depositary s securities clearance system, and the rights of these indirect owners will be governed solely by the applicable procedures of the depositary and its participants. See Legal Ownership and Book-entry Issuance below.

In addition, we will issue each debt security in fully registered form, without coupons.

Denomination, Interest, Registration and Transfer

Unless otherwise described in the applicable prospectus supplement, the debt securities of any series will be issuable in denominations of $1,000 and integral multiples of $1,000.

Subject to the limitations imposed upon debt securities that are issued in book-entry form and represented by a global security registered in the name of a depositary, a holder of debt securities of any series may:

- exchange them for any authorized denomination of other debt securities of the same series and of a like aggregate principal amount and kind upon surrender of such debt securities at the corporate trust office of the applicable trustee or at the office of any transfer agent that we designate for such purpose; and

- surrender them for registration of transfer or exchange at the corporate trust office of the applicable trustee or at the office of any transfer agent that we designate for such purpose.

Every debt security surrendered for registration of transfer or exchange must be duly endorsed or accompanied by a written instrument of transfer, and the person requesting such action must provide evidence of title and identity satisfactory to the applicable trustee or transfer agent. Payment of a service charge will not be required for any registration of transfer or exchange of any debt securities, but we or the trustee may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. If in addition to the applicable trustee, the applicable prospectus supplement refers to any transfer agent initially designated by us for any series of debt securities, we may at any time rescind the designation of any such transfer agent or approve a change in the location through which any such transfer agent acts, except that we will be required to maintain a transfer agent in each place of payment for such series. We may at any time designate additional transfer agents for any series of debt securities.

Neither we nor any trustee shall be required to:

- issue, register the transfer of or exchange debt securities of any series during a period beginning at the opening of business 15 days before the day that the notice of redemption of any debt securities selected for redemption is mailed and ending at the close of business on the day of such mailing;

- register the transfer of or exchange any debt security, or portion thereof, so selected for redemption, in whole or in part, except the unredeemed portion of any debt security being redeemed in part; and

- issue, register the transfer of or exchange any debt security that has been surrendered for repayment at the option of the holder, except the portion, if any, of such debt security not to be so repaid.

Merger, Consolidation or Sale of Assets

The indentures provide that DCT Industrial Trust Inc. may, without the consent of the holders of any outstanding debt securities, (1) consolidate with, (2) sell, lease or convey all or substantially all of its assets to, or (3) merge with or into, any other entity provided that:

either it is the continuing entity, or the successor entity, if other than DCT Industrial Trust Inc., is an entity organized and existing under the laws of the United States and assumes itd obligations (A) to pay the principal of, and any premium and interest on, all of its debt securities and (B) to duly perform and observe all of its covenants and conditions contained in the applicable indenture;

Table of Contents

immediately after giving effect to the transaction and treating any indebtedness that becomes the obligation of DCT Industrial Trust Inc. or the obligation of any of our subsidiaries as having been incurred by us or by such subsidiary at the time of the transaction, no event of default under the applicable indenture, and no event which, after notice or the lapse of time, or both, would become such an event of default, occurs and continues; and

an officers certificate and legal opinion covering such conditions are delivered to each trustee.

Covenants

Existence. Except as permitted under Description of Debt Securities Merger, Consolidation or Sale of Assets above, the indentures require us to do or cause to be done all things necessary to preserve and keep in full force and effect our existence, rights and franchises. However, the indentures do not require us to preserve any right or franchise if the board of directors of DCT Industrial Trust Inc. determines that any right or franchise is no longer desirable in the conduct of our business.

Maintenance of properties. If we determine that it is necessary in order to properly and advantageously carry on our business, the indentures require us to:

cause all of our material properties used or useful in the conduct of our business or the business of any of our subsidiaries to be maintained and kept in good condition, repair and working order, normal wear and tear, casualty and condemnation excepted, and supplied with all necessary equipment; and

cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof.

However, the indentures do not prohibit us or our subsidiaries from (1) permanently removing any property that has been condemned or suffered a casualty loss, if it is in our best interests, or (2) selling or otherwise disposing of our respective properties for value in the ordinary course of business.

Insurance. The indentures require our insurable properties to be insured against loss or damage in an amount deemed reasonable by the board of directors of DCT Industrial Trust Inc. with insurers of recognized responsibility.

Payment of taxes and other claims. The indentures require us to pay, discharge or cause to be paid or discharged, before they become delinquent:

all taxes, assessments and governmental charges levied or imposed on us, our subsidiaries or our subsidiaries income, profits or property; and

all lawful claims for labor, materials and supplies which, if unpaid, might by law become a lien upon our or our subsidiaries property.

However, we will not be required to pay, discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings.

Provision of Financial Information. The indentures require us to (1) within 15 days of each of the respective dates by which we are required to file annual reports, quarterly reports and other documents with the SEC, file copies of such reports and documents with the trustee and (2) within 30 days after the filing of such reports and documents with the Trustee, mail to all holders of debt securities, as their names and addresses appear in the applicable register for such debt securities summary of the annual reports, quarterly reports and other documents that we file with the SEC under Section 13 or Section 15(d) of the Exchange Act.

Additional covenants. The applicable prospectus supplement will set forth any additional covenants of DCT Industrial Trust Inc. relating to any series of debt securities.

23

Table of Contents

Events of Default, Notice and Waiver

Unless the applicable prospectus supplement states otherwise, when we refer to events of default as defined in the indentures with respect to any series of debt securities, we mean:

- default in the payment of any installment of interest on any debt security of such series continuing for 30 days;
- default in the payment of principal of, or any premium (or make-whole amount) on, any debt security of such series at its maturity;
- default in making any sinking fund payment as required for any debt security of such series;
- default in the performance or breach of any other covenant or warranty of DCT Industrial Trust Inc. contained in the indenture continuing for 60 days after written notice to DCT Industrial Trust Inc. as provided in the applicable indenture;
- default by DCT Industrial Trust Inc. under any bond, debenture, note, mortgage, indenture or other instrument under which there may be outstanding, or by which there may be secured or evidenced any recourse indebtedness for money borrowed by DCT Industrial Trust Inc. having an aggregate in principal amount outstanding of at least $50 million, whether such recourse indebtedness now exists or shall hereafter be created, which default either (A) constitutes a failure to pay any portion of the principal of such recourse indebtedness when due and payable at its stated maturity after the expiration of any applicable grace period with respect thereto (and without such recourse indebtedness having been discharged) or (B) resulted in such recourse indebtedness becoming or being declared due and payable prior to its stated maturity (and without such recourse indebtedness having been discharged or such accelleration having been rescinded or annulled), and in each case such default shall not have been rescinded or annulled within 10 days after written notice of such default has been received by DCT Industrial Trust Inc. as provided in the applicable indenture;
- certain events of bankruptcy, insolvency or reorganization of DCT Industrial Trust Inc. or DCT Industrial Operating Partnership LP or any subsidiary of DCT Industrial Operating Partnership LP that is an obligor or guarantor of any indebtedness that is also recourse indebtedness of DCT Industrial Trust Inc. having an aggregate principal amount outstanding of at least $50 million; and
- any other event of default provided with respect to a particular series of debt securities.

If an event of default occurs and is continuing with respect to debt securities of any series outstanding, then the applicable trustee or the holders of 25% or more in principal amount of the debt securities of that series will have the right to declare the principal amount of all the debt securities of that series to be due and payable. If the debt securities of that series are original issue discount securities or indexed securities, then the applicable trustee or the holders of 25% or more in principal amount of the debt securities of that series will have the right to declare the portion of the principal amount as may be specified in the terms thereof to be due and payable. However, at any time after such a declaration of acceleration has been made, but before a judgment or decree for payment of the money due has been obtained by the applicable trustee, the holders of at least a majority in principal amount of outstanding debt securities of such series or of all debt securities then outstanding under the applicable indenture may rescind and annul such declaration and its consequences if:

- we have deposited with the applicable trustee all required payments of the principal, any premium (or make-whole amount), and interest, plus applicable fees, expenses, disbursements and advances of the applicable trustee; and

The proponent presented this proposal at prior annual meetings of shareholders. Although the proposal received support, in all such years the proposal received far less than the 80% of the outstanding shares necessary to amend the

specific section of the Company's certificate of incorporation addressing the election of directors to require annual elections.

Shareholders should be aware that approval of the proposal would not declassify the Board. To declassify the Board, the Board must propose to the shareholders an amendment to the relevant section of the certificate of incorporation, following which 80% of the total outstanding shares of common stock must approve the proposed amendment at a subsequent meeting of shareholders. Any shareholder approval of this proponent's proposal at the Annual Meeting would be only a recommendation to the Board.

Subsequent to the Annual Meeting in each of the last four years, the Personnel and Administrative Policy Committee of the Board, and then the full Board, undertook a review of the corporate governance structure of the Company, including the structure and function of the Board and its committees. In addition, the Personnel and Administrative Policy Committee and the full Board spent considerable time to extensively evaluate the proposal. As a result of this review and evaluation, the Board has concluded that the classification of director terms continues to provide significant benefits to the Company's shareholders.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "AGAINST" THE SHAREHOLDER PROPOSAL.

FINANCE AND AUDIT COMMITTEE REPORT

The primary responsibility of the Finance and Audit Committee is to oversee the Company's accounting and financial reporting process on behalf of the Board and report the results of its activities to the Board. Management is responsible for preparing the financial statements, and the independent auditor is responsible for auditing those financial statements.

In fulfilling its oversight responsibilities, the committee reviewed and discussed with management and the independent auditor the Company's audited financial statements in the annual report on Form 10-K and their judgment about the quality and appropriateness of accounting principles and financial statement presentations, the reasonableness of significant judgments, the clarity of the disclosures in the financial statements, and major issues as to the adequacy of the Company's internal controls. In addition, the committee discussed any matter required to be communicated under generally accepted auditing standards. The committee discussed with the independent auditor matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees). In addition, the committee has discussed with the independent auditor the auditor's independence from the Company and management, including matters in the written disclosures provided by the independent auditor to the Finance and Audit Committee as required by the Independence Standards Board Standards No. 1 (Independence Discussions with Audit Committees). The committee also considered the compatibility of nonaudit services with the independent auditor's independence.

In reliance on the reviews and discussions referred to above, the committee recommended to the Board, and the Board has approved, that the audited financial statements be included in the Annual Report on Form 10-K for the year ended August 31, 2005, for filing with the Securities and Exchange Commission. Based upon the recommendation of the committee, the Board has affirmed the committee's decision to retain Ernst & Young LLP as the Company's independent auditor for the 2006 fiscal year.

Members of the Finance and Audit Committee are:

Joe C. McKinney (Chair)
J.S.B. Jenkins (Vice-Chair)
Arthur R. Emerson
Gasper Mir, III

FEES PAID TO THE INDEPENDENT AUDITOR

The table below shows aggregate fees for professional services rendered for the Company by Ernst & Young LLP for the fiscal years ended August 31, 2005, and August 25, 2004. Certain fees for 2004 have been reclassified to conform with the current year’s presentation:

	2005	**2004**
	(in thousands)	
Audit Fees	$502	$150
Audit-Related Fees	23	68
Tax Fees	5	33
All Other Fees	-	-
Total	$ 530	$251

Audit Fees for the fiscal years ended August 31, 2005, and August 25, 2004, were for professional services in connection with the audits of the annual consolidated financial statements of the Company, review of financial statements included in the Company's Quarterly Reports on Form 10-Q, and consents and assistance with the review of documents filed with the Securities and Exchange Commission.

Audit-Related Fees for the fiscal years ended August 31, 2005, and August 25, 2004, were mainly for assurance and related services in reviewing and providing feedback on the Company’s implementation of Section 404 of the Sarbanes-Oxley Act of 2002.

Tax Fees for the fiscal years ended August 31, 2005, and August 25, 2004, were for services related to the review of the Company's federal income tax returns. Services for fiscal year 2004 also included assistance provided in coordinating audits conducted by the Internal Revenue Service.

All Other Fees are not applicable for either of the fiscal years ended August 31, 2005, or August 25, 2004.

The Finance and Audit Committee has considered whether the provision of the above services other than audit services is compatible with maintaining Ernst & Young LLP's independence.

PREAPPROVAL POLICIES AND PROCEDURES

All auditing services and nonaudit services provided by Ernst & Young LLP must be preapproved by the Finance and Audit Committee. Generally, this approval will take place each year at the August meeting of the Finance and Audit Committee for the subsequent fiscal year and as necessary during the year for unforeseen requests. The nonaudit services specified in Section 10A(g) of the Securities Exchange Act of 1934 may not be, and are not, provided by Ernst & Young LLP. Ernst & Young LLP will provide a report to the Chair of the Finance and Audit Committee prior to each regularly scheduled Finance and Audit Committee meeting detailing all fees, by project, incurred by Ernst & Young LLP year-to-date and an estimate for the fiscal year. The Chair of the Finance and Audit Committee will review the Ernst & Young LLP fees at each Finance and Audit Committee meeting. The Finance and Audit Committee will periodically review such fees with the full Board of Directors.

The de minimis exception was not used for any fees paid to Ernst & Young LLP.

EXECUTIVE OFFICERS

Certain information is set forth below concerning the executive officers of the Company, each of whom has been elected to serve until his successor is duly elected and qualified:

Name	Served as Officer Since	Positions with Company and Principal Occupation Last Five Years	Age
Christopher J. Pappas	2001	President and CEO (since March 2001), CEO of Pappas Restaurants, Inc.	58
Harris J. Pappas	2001	Chief Operating Officer (since March 2001), President of Pappas Restaurants, Inc.	61
Ernest Pekmezaris	2001	Senior Vice President and CFO (since March 2001), Treasurer and former CFO of Pappas Restaurants, Inc.	61
Peter Tropoli	2001	Senior Vice President-Administration, General Counsel (since March 2001), attorney in private practice.	33

EXECUTIVE COMPENSATION COMMITTEE REPORT

The Executive Compensation Committee of the Board presents the following report on executive compensation. The report describes the Company's executive compensation programs and the bases on which the committee made recommendations for compensation decisions for fiscal 2005, with respect to the Company's executive officers, including those named in the compensation tables.

Compensation Objectives

The committee annually evaluates the effectiveness of the Company's executive compensation program in incentivizing and rewarding executive performance that leads to long-term enhancement of shareholder value and encouraging executives who deliver such performance to continue with the Company for the long-term. The Company's executive compensation program currently consists of the elements summarized below.

•*Base Salary.* Base salaries that are fair and competitive while being consistent with the Company's position in the foodservice industry are used to compensate ongoing performance throughout the year. Base salaries are reviewed annually.

•*Annual Bonus.* Annual bonuses are awarded to executives based on an evaluation of both corporate performance and the executive's individual contribution to the long-term interests of shareholders.

•*Long-Term Incentives.* Long-term incentives, such as stock options, are used to (i) incentivize performance that leads to enhanced shareholder value and (ii) encourage retention.

•*Stock Ownership.* Stock ownership guidelines are used to more closely align the interests of the Company's executives with the interests of shareholders.

The Company's executive compensation program is designed to enable the Company to attract, retain, and motivate the highest quality of management talent.

Annual Base Salaries

The committee annually advises the Board on the appropriateness and reasonableness of the base salaries to be paid to the Company's executive officers and approves base salaries and salary increases for executives. The committee evaluates base salaries with reference to the Company's performance for the prior fiscal year and competitive compensation data, as well as a subjective evaluation of each executive's contribution to the Company's performance, each executive's experience, responsibilities, and management abilities. Company performance is measured by net income, total sales, comparable store sales, return on shareholders' equity, and other financial factors.

Since compensation of the Chief Executive Officer and Chief Operating Officer is fixed by contract (See "Compensation of Chief Executive Officer" page 29), the committee's responsibility in regard to their compensation has been limited to consideration of a bonus and/or equity compensation as discussed in the aforementioned employment agreements. The employment contracts for the Chief Executive Officer and Chief Operating Officer expire August 31, 2008. Members of the committee, along with members of the Finance and Audit Committee, were involved in advising the Board on the appropriateness and reasonableness of the compensation packages for these executive officers.

Stock Options

The committee administers the Company's stock option, ownership, and other equity-based compensation plans. Historically, the committee generally considered on an annual basis the granting of incentive stock options to eligible executive officers and other key employees. The options, which were granted at 100% of market price on the date of grant, were typically for six-year terms. The number of option shares granted each year was typically determined by a formula based on a dollar amount divided by the option's exercise price.

Stock Ownership Guidelines

The Board of Directors has adopted guidelines for ownership of the Company's common stock by executives and directors to help demonstrate alignment of the interests of the Company's executives and directors with the interests of its shareholders. The guidelines provide that executives and directors are expected to attain the following levels of stock ownership within five years of election to the specified director or officer position:

Position	Share Ownership
Chief Executive Officer	4 times annual base salary
President and Senior Vice President	2 times annual base salary
Vice President	Equal to annual base salary
Nonemployee Director	Shares with a market value of at least $100,000

Phantom stock and stock equivalents in the nonemployee director deferred compensation plan are considered common stock for purposes of the guidelines since they are, in effect, awarded in lieu of cash compensation for board services.

Stock Purchase Loans Made in 1999

In fiscal 1999, to facilitate the purchase of Company stock by certain Company officers pursuant to the Company's Incentive Stock Plan, the Company guaranteed loans of approximately $1.9 million related to open-market purchases of Company stock by various officers of the Company pursuant to the terms of a shareholder-approved plan. Under the officer loan program, shares were purchased by certain Company officers with funding obtained from JPMorgan Chase Bank ("JPMorgan"), one of the four members of the bank group that participates in the Company's credit facility. In accordance with the original terms of the agreements, these instruments only required annual interest to be paid by the individual debtors, with the entire principal balances due upon their respective maturity dates, which occurred during the first three months of calendar 2004, unless extended by the note holders. None of the individual debtors under these officer loan notes are current senior executives or directors of the Company.

The terms of the Company's agreement with JPMorgan provided that in the event of debtor defaults, the Company would be required to purchase the loans from JPMorgan, and become the holder of the notes. The purchased Company stock has been and could be used by borrowers to satisfy a portion of their loan obligations.

In connection with the refinancing of the Company's senior indebtedness in June 2004, JPMorgan required the Company to secure its obligation to purchase any loans in default upon demand by JPMorgan in exchange for JPMorgan agreeing to defer the Company's obligation to purchase the loan until September 30, 2004. The Company secured that obligation with a letter of credit in the amount of $1.2 million, being the aggregate outstanding balance of the loans, plus accrued interest, on June 7, 2004. Prior to September 30, 2004, in anticipation of the maturity of its obligation to purchase the loans, the Company arranged settlement agreements with some of the debtors. Pending the execution of these settlement agreements, JPMorgan granted the Company an extension on its obligation to purchase the loans. On December 14, 2004, the Company purchased all of the outstanding loans from JPMorgan, the letter of credit was cancelled, and the Company established accounts receivable for the amount of the loans purchased. As of the end of fiscal year 2005, there were no amounts due under these accounts receivable, as all accounts had either been prepaid or applied to the Company's reserve for uncollectible accounts.

Employment Agreements

The Company is a party to employment agreements with Christopher J. Pappas (President and Chief Executive Officer) and Harris J. Pappas (Chief Operating Officer). The employment agreements were filed with the Securities and Exchange Commission as exhibits to the Company's Report on Form 10-K, filed November 14, 2005. Each agreement provides for a fixed base annual salary of $400,000, plus bonus compensation at the discretion of the Board or appropriate Board committee.

Change in Control Agreements

The employment agreements of Christopher J. Pappas and Harris J. Pappas each provide that the employee will be entitled to receive all of his compensation and benefits under the contract until August 31, 2008, if his employment is terminated by the Company without cause (as therein defined) or if he terminates his employment for good reason (as therein defined).

Salary Continuation Agreements

The Company currently has no salary continuation agreement, or agreement having similar effect, in place with any employee of the Company.

Compensation of Chief Executive Officer

The employment agreement entered into with Mr. Pappas, which was approved by the Board in 2004, fixed Mr. Pappas' previous base salary at $400,000 for the first year and $300,000 for the second year, with the ability to earn a bonus of up to $200,000. In Fiscal 2005, The Company paid Christopher J. Pappas an annual base salary of $400,000 per year. In lieu of a lump sum bonus provided for under the employment agreement, Mr. Pappas received a bonus of $45,763 paid in monthly installments from April 1, 2005 through August 31, 2005. Prior to the expiration of the previous employment agreement, the Company and Mr. Pappas executed a new employment agreement fixing his salary at $400,000 per year and expiring on August 31, 2008. Mr. Pappas was granted 65,500 stock options on November 8, 2005 at $12.92 per share. Pursuant to his initial employment agreement in 2001, Mr. Pappas was granted stock options on March 9, 2001, for 1,120,000 shares of common stock at $5.00 per share. (Other than those listed above). See "Employment Agreements" page 28.

Members of the Executive Compensation Committee:

J.S.B Jenkins (Chair)
Judith B. Craven (Vice-Chair)
Jill Griffin
Jim W. Woliver

EXECUTIVE COMPENSATION

The table below contains information concerning annual and long-term compensation of the current Chief Executive Officer, all persons who served as Chief Executive Officer of the Company during the last fiscal year, and the most highly compensated individuals who made in excess of $100,000 and who served as executive officers during the last fiscal year (the "Named Officers"), for services rendered in all capacities for the fiscal years ended August 31, 2005, August 25, 2004, and August 27, 2003.

Summary Compensation Table

		Annual Compensation			Long-Term Compensation Awards		Payouts	
Name and Principal Position	Fiscal Year	Salary	Bonus	Other Annual Compensation (1)	Restricted Stock Awards	Securities Underlying Options/ SARs (2)	LTIP Payouts	All Other Compensation
Christopher J. Pappas	2005	$358,083	$45,763	$0	$ 0		$0	$0
President and Chief Executive Officer	2004	221,154	0	0	0	0	0	0
	2003	100,000	0	0	0	0	0	0

Harris J. Pappas	2005	358,083	45,763	0	0			
Chief Operating		221,154	0	0				
Officer	2004				0	0	0	0
	2003	100,000	0	0	0	0	0	0
Ernest Pekmezaris	2005	207,692	0	0	0	0		
Senior Vice	2004		50,000		0			0
President		200,000		0		0	0	
and Chief Financial	2003	200,000	0					0
Officer				0	0	0	0	
Peter Tropoli	2005	150,000	0	0	0	0	0	0
Senior Vice	2004	150,000	50,000					0
President —				0	0	0	0	
Administration and	2003	150,000	0					0
General				24,662	0	0	0	
Counsel								

_____

(1) Perquisites and other personal benefits that did not exceed the lesser of $50,000 or 10% of the total amount of annual salary and bonus for any Named Officer have been excluded.

(2) The Company has not issued any stock appreciation rights to the Named Officers.

There were no grants of stock options or stock appreciation rights ("SARs") to the Named Officers during fiscal 2005.

The table below reports exercises of stock options and SARs by the Named Officers during fiscal 2005, and the value of their unexercised stock options and SARs as of August 31, 2005. Except for the stock options granted to Messrs. Pappas, which were granted pursuant to their employment agreements with the Company, the stock options were granted under the Company's Incentive Stock Plans. The Company has not granted SARs to any of the Named Officers.

Aggregated Options/SAR Exercises in Last Fiscal Year and Fiscal Year-End Option/SAR Values

Name	Shares Acquired on Exercise	Value Realized	Number of Securities Underlying Unexercised Options/SARs at FY-End Exercisable/Unexercisable	Value of Unexercised In-the-Money Options/SARs at FY-End (1) Exercisable/Unexercisable
Christopher J. Pappas	0	$0	1,120,000/0	$9,116,800/0
Harris J. Pappas	0	0	1,120,000/0	9,116,800/0
Ernest Pekmezaris	0	0	25,000/0	112,500/0
Peter Tropoli	0	0	25,000/0	112,500/0

_____

(1) The value of unexercised options is based on a price of $13.14 per common share at August 31, 2005.

DEFERRED COMPENSATION

The Company has a Supplemental Executive Retirement Plan (“SERP”) which is designed to provide benefits for selected officers at normal retirement age with 25 years of service equal to 50% of their final average compensation offset by Social Security, profit sharing benefits, and deferred compensation. Some of the officers designated to participate in the plan have retired and are receiving benefits under the plan. Accrued benefits of all actively employed participants become fully vested upon termination of the plan or a change in control (as defined in the plan). The plan is unfunded, and the Company is obligated to make benefit payments solely on a current disbursement basis. None of the Named Officers is currently entitled to participate in the Supplemental Executive Retirement Plan. On December 6, 2005, the Board of Directors voted to amend the SERP and suspend the further accrual of benefits and participation. As of August 31, 2005, the current reserve for anticipated SERP payments is $336,667.

STOCK PERFORMANCE GRAPH

The following graph compares the cumulative total shareholder return on the Company's common stock for the five fiscal years ended August 31, 2005, with the cumulative total return on the S&P SmallCap 600 Index and an industry peer group index. The peer group index is comprised of Bob Evans Farms, Inc.; Ryan's Family Steak Houses, Inc.; Ruby Tuesday Inc.; and CBRL Group Inc. These companies are multi-unit family restaurant operators in the mid-price range.

The cumulative total shareholder return computations set forth in the performance graph assume an investment of $100 on August 31, 2001, and the reinvestment of all dividends. The returns of each company in the peer group index have been weighted according to the respective company's stock market capitalization.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
AMONG LUBY'S, INC., THE S&P SMALLCAP 600 INDEX
AND A PEER GROUP

*$100 invested on 8/31/01 in stock or index-including reinvestment of dividends. Fiscal year ending August 31.

	8/01	8/02	8/03	8/04	8/05
Luby's, Inc.	$100	$57.16	$27.90	$74.02	$149.64
S&P SmallCap 600	100	90.47	111.02	127.50	161.29
Peer Group	100	112.78	136.68	139.90	135.81

SHAREHOLDER PROPOSALS FOR 2007 ANNUAL MEETING

Proposals of shareholders for inclusion in the Company's proxy statement and form of proxy for the Company's 2007 Annual Meeting of Shareholders submitted pursuant to Rule 14a-8 under the Securities Exchange Act of 1934 must be received in writing by the Company at its corporate office no later than August 18**,** 2006. Notice of a shareholder proposal submitted outside the processes of Rule 14a-8 with respect to the Company's 2007 Annual Meeting of Shareholders will be considered untimely if received by the Company after November 2**,** 2006**.**

DIRECTOR NOMINATIONS FOR 2007 ANNUAL MEETING

The Company's Bylaws provide that candidates for election as directors at an Annual Meeting of Shareholders shall be nominated by the Board of Directors or by any shareholder of record entitled to vote at the meeting, provided the shareholder gives timely notice thereof. To be timely, such notice shall be delivered in writing to the Secretary of the Company at the principal executive offices of the Company not later than 90 days prior to the date of the meeting of shareholders at which directors are to be elected and shall include (i) the name and address of the shareholder who intends to make the nomination; (ii) the name, age, and business address of each nominee; and (iii) such other information with respect to each nominee as would be required to be disclosed in a proxy solicitation relating to an election of directors pursuant to Regulation 14A under the Securities Exchange Act of 1934.

PROXY SOLICITATION

The cost of soliciting proxies will be borne by the Company. The transfer agent and registrar for the Company's common stock, American Stock Transfer & Trust Company, as a part of its regular services and for no additional compensation other than reimbursement for out-of-pocket expenses, has been engaged to assist in the proxy solicitation. Proxies may be solicited through the mail and through telephonic or telegraphic communications to, or by meetings with, shareholders or their representatives by directors, officers, and other employees of the Company who will receive no additional compensation therefor.

The Company requests persons such as brokers, nominees, and fiduciaries holding stock in their names for the benefit of others, or holding stock for others who have the right to give voting instructions, to forward proxy material to their principals and to request authority for the execution of the proxy, and the Company will reimburse such persons for their reasonable expenses.

By Order of the Board of Directors,

Peter Tropoli
Senior Vice President and General Counsel

Dated: December 12, 2005

ANNEX A

LUBY'S, INC.

FINANCE AND AUDIT COMMITTEE CHARTER

LUBY'S, INC.
FINANCE AND AUDIT COMMITTEE CHARTER
SCOPE AND PURPOSE:

The Finance and Audit Committee (the "committee") of the Board of Directors (the "board") of Luby's, Inc. (the "company") is formed by the board to monitor and evaluate corporate financial plans and performance and to assist the board in monitoring:

1. The integrity of the financial statements of the company.
2. The compliance by the company with legal and regulatory requirements.
3. The independent auditor's qualifications and independence.
4. The performance of the internal audit function and the independent auditors.

The committee shall regularly and fully report its actions and findings to the board.

The committee shall prepare the report required by the rules of the Securities and Exchange Commission (the "Commission") to be included in the company's annual proxy statement.

The committee shall have the authority to retain special legal, accounting or other advisors to advise the committee, as the committee deems necessary or appropriate. The company shall provide for appropriate funding, as determined by the committee, for payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report and to any special legal, accounting or other advisors employed by the committee.

The committee may request any officer or employee of the company, the company's outside counsel or independent auditor(s) to attend a committee meeting or to meet with any members of, or advisors to, the committee.

FUNCTIONS:

The duties and responsibilities of the committee include, but are not limited to, the following:

Financial Statements

1. Review and discuss with management and the independent auditor major issues regarding accounting principles and financial statement presentations, including without limitation the selection, application and disclosure of critical accounting principles, policies and practices, any significant changes in the company's selection or application of accounting principles and major issues as to the adequacy of the company's internal controls and any special audit steps adopted in light of material control deficiencies.

2. Review and discuss with management and the independent auditor quarterly reports from the independent auditor addressing
a. all critical accounting policies and practices used by the company;

b. all alternative accounting treatments of financial information within generally accepted accounting principles that have been discussed with management, including the ramifications of the use of such alternative disclosures and treatments and the treatment recommended by the independent auditor; and

c. other material written communications between the accounting firm and management of the company.

3. Review and discuss with management and the independent auditor the company's annual audited financial statements, including the company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," and recommend to the board each year whether or not the audited consolidated financial statements should be included in the company's annual report on Form 10-K.

4. Review and discuss with management and the independent auditor the company's quarterly financial statements prior to the filing of its Form 10-Q, including the results of the independent auditor's review of the quarterly financial statements.

5. Review and discuss with management and the independent auditor the effect of any offbalance sheet transactions, arrangements, obligations (including contingent obligations) and any other relationships of the company with unconsolidated entities that may have a current or future material effect on the company's financial statements.

6. Review and discuss with management the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the company.

7. Review the asset/liability valuation methods used by management. Such review should include, but not be limited to, a review of reports concerning nonproducing assets and the adequacy of reserve balances.

8. Review an analysis prepared by management and the independent auditor of significant financial reporting issues and judgments made in connection with the preparation of the company's financial statements.

9. Review the company's tax status, including the status of tax reserves and significant tax planning issues.

---

10. Review legal, regulatory and tax matters that may have a material impact on the financial statements, related compliance policies and programs and reports received from regulators and provide a summary to the board.

11. Discuss generally the types of information to be disclosed and the presentation to be made in earnings releases, including the use of “pro forma” or “adjusted” non-GAAP information, as well as financial information and earnings guidance (if any) given to analysts and rating agencies.

Oversight of the Relationship with the Independent Auditor

1. Appoint, retain, terminate and replace the independent auditor, subject, if applicable, to shareholder ratification. The independent auditor shall report directly to the committee.

2. Resolve disagreements between management and the independent auditor.

3. Approve all audit engagement fees and terms and all significant non-audit engagements with the independent auditor.

4. Preapprove all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the company by its independent auditor, subject to the de minimis exceptions for non-audit services described in Section 10A(i)(1)(B) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which are approved by the committee prior to the completion of the audit.

5. Review annually a report by the independent auditor describing:

a. The firm’s internal quality-control procedures.

b. Any material issues raised by the most recent internal quality-control review or peer review of the firm or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm and any steps taken to deal with such issues.

c. All relationships between the independent auditor and the company.

6. Review the external and internal audit scopes and plans and the coordination of internal and external audit efforts to ensure completeness, reduction of redundant efforts and the effective use of audit resources. Review any changes required in the planned scope of the internal audit plan.

7. Review and evaluate independent audit reports, including the matters related to the conduct of the audit which are to be communicated to the committee under generally accepted auditing standards.

8. Review and evaluate the lead partner of the independent auditor team.

9. Ensure the regular rotation of the audit partners as required by law and consider whether, in order to assure continuing auditor independence, there should be regular rotation of the audit firm itself.

10. Actively engage in a dialogue with the independent auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditor and recommend that the board take appropriate action in response to the independent auditor's report to satisfy itself of the independent auditor's independence.

11. Review and discuss with the independent auditor:

a. Accounting adjustments that were identified or proposed by the independent auditor and were not implemented.

b. Any problems or difficulties the independent auditor encountered in the course of the audit work and management's response thereto, including without limitation any restrictions on the scope of the independent auditor's activities or on access to requested information and any significant disagreements with management.

c. The responsibilities, budget and staffing of the company's internal audit.

d. Assurance from the independent auditor that section 10A(b) of the Exchange Act, which refers to "Required Response to Audit Discoveries," has not been implicated.

e. Communications between the audit team and the firm's national office relating to auditing or accounting issues presented by the engagement.

f. Any "management letter" or "internal control letter" issued or proposed to be issued by the independent auditor to the company and any other material written communications between the independent auditor and the management.

g. Internal audit compliance with the Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing (Standards).

12. Taking into consideration the views of the internal auditor and management, annually review and evaluate the qualifications, performance and independence of the independent auditor and the senior members of the independent auditor team. The committee's review and evaluation shall take into consideration, among other things, the rotation of the lead audit and reviewing partners, the disclosures of the independent auditor required by Independent Standards Board Standard No. 1, the adequacy of the auditor's quality controls and whether the provision of non-audit services is compatible with maintaining the auditor's independence. The committee shall report its conclusions to the board.

13. Periodically meet with the managing partner having responsibility for the company's account and, in all cases, meet with the managing partner when such responsibility passes to another partner.

14. Set clear hiring policies for employees and former employees of the independent auditor. At a minimum, ensure compliance with the "cooling-off" period required by the rules and regulations of the Commission.

15. Discuss with the national office of the independent auditor issues on which they were consulted by the company's audit team and matters of audit quality and consistency.

16. Meet with the independent auditor prior to the audit to discuss the planning and staffing of the audit.

Oversight of the Internal Audit Function

1. Review the independence of the internal audit department and the ability of the department to raise issues to the appropriate level of authority, including direct access to the chief executive officer.

2. Ensure that the internal audit function, in addition to its support of the chief financial officer and chief executive officer, is responsive to the needs of the committee and ultimately the board; direct access between the board and the committee and the director of internal audit must be preserved by the committee and recognized by management.

3. Review the responsibilities, organizational structure, budget and qualifications of the internal audit function. Discuss with the independent auditor and management, the internal audit department's responsibilities, budget and staffing and any changes in the planned scope of the internal audit.

4. Review and approve any recommendation from management to reassign, appoint, replace or dismiss the director of internal audit.

5. Review the significant reports to management prepared by the internal auditing department and management's responses.

6. At least annually, review and assess the adequacy of the Internal Audit charter and recommend any proposed revisions to the board for approval.

Business Risks

1. Consider and review with management, the independent auditor and the director of internal audit the adequacy of internal controls, including computerized information system controls. Review any significant changes in the company's internal controls or in other factors that could significantly affect these controls and any special audit steps adopted in light of control deficiencies.

2. Discuss with management the company's major risk exposures and the steps management has taken to monitor and control such exposures, including the company's risk assessment and risk management policies. Review and discuss with management, the director of internal audit and the independent auditor the company's system of internal controls and policies relating to risk assessment and management.

3. Review, analyze and recommend for approval to the board, management's policies and plans regarding:

a. Financial management, including but not limited to major acquisitions, investments and capital expenditures; and

b. Business risk management, including credit risks, control risks, asset/liability management risks (such as nonproducing assets), regulatory risks (such as tax exposure items), operations risks and management risks.

4. Review annually the adequacy and costs of the company's risk management program.

5. Review with the company's general counsel:

a. Any legal matter that could have a significant impact on the company's financial statements or the company's compliance policies.

b. The effectiveness of the company's compliance program in detecting and preventing violations of law and the company's code of conduct.

6. Establish procedures for the receipt, retention and treatment of complaints received by the company regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submissions by employees or contractors of concerns regarding questionable accounting or auditing matters.

7. Review the company's code of ethics for senior officers.

8. Review disclosures made to the committee by the company's CEO and CFO during their certification process for Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of disclosure controls and internal controls over financial reporting or material weaknesses therein and any fraud involving management or other employees who have a significant role in the company's internal controls.

9. At least annually, review and assess the adequacy of the charter of the Disclosure Committee and recommend proposed revisions to the CEO and CFO.

Corporate Financial Status and Performance

1. Review management's financial plans, projections and forecasts and report (with appropriate recommendations) to the board.

2. Review and evaluate corporate financial performance on a periodic basis and ensure that management provides appropriately definitive quarterly summaries to the board.

3. Review proposed operating and capital budgets, and propose such approval actions as are appropriate to the board.

4. At least semi-annually review the company's balance sheet and report findings to the board.

5. Approve the planned issuance of debt and equity and the repurchase of company equity.

6. Review and approve adequacy and significant changes in the company's bank credit agreement and report such findings and actions to the full board.

7. Review plans to acquire or dispose of assets that in aggregate exceed $5,000,000 in any fiscal year or any individual assets that exceed $3,000,000.

Finance and Audit Committee Performance

1. At least annually, review and assess the adequacy of the committee's charter and recommend any proposed revisions to the board for approval.

2. Periodically, but no less frequently than annually, review and update the working Addendum, and ensure it is used during the year.

3. At least biennially, perform a self-assessment of committee performance.

4. Perform any other activities consistent with this charter, the company's by-laws and certificate of incorporation as the committee or the board deems necessary or appropriate.

SEC Reports

1. Review the financial report required by the rules of the Commission to be included in the company's annual proxy statement.

2. Review the periodic filings required under the rules of the Commission with management and the independent auditor prior to filing.

3. Review with management and the independent auditor any correspondence with regulators or government agencies and any employee complaints or published reports that raise material issues regarding the company's financial statements or accounting policies.

4. Review and discuss with management and the independent auditor any pro forma information proposed to be included in the company's financial statements or any other public disclosure.

5. Obtain reports from management, the Director of Internal Audit and the independent auditor that the company and its subsidiary/affiliated entities are in conformity with applicable legal requirements. Review reports and disclosures of insider and affiliated party transactions. Advise the board with respect to the company's policies and procedures regarding compliance with applicable laws and regulations.

DURATION

The committee shall continue in existence on a permanent basis until dissolved by the board.

CHAIR

The chair and the vice chair of the committee shall be appointed by the board with due consideration given to nominee(s) presented by the Executive Committee.

MEMBERSHIP AND ORGANIZATION

The committee shall consist of at least three members. Each member shall meet the independence, experience and financial literacy requirements of applicable rules and regulations, including, without limitation, the listing standards of the New York Stock Exchange, Section 10A(m)(3) of the Exchange Act and the rules and regulations of the Commission, as such are amended from time to time. In addition, at least one member shall qualify as a "financial expert" as that term is defined by rules and regulations of the Commission. Members shall not simultaneously serve on the audit committees of more than two other public companies.

The members of the committee shall be appointed by the board governance committee, subject to approval by the board, at its next meeting following the annual meeting of shareholders and shall serve until the first meeting of the board following the annual meeting of shareholders and until their successors are elected or until their earlier death, resignation or removal, with or without cause, in the discretion of the board. Unless a chair is appointed by the board, the members of the committee shall elect a chair by majority vote of the full committee membership.

The committee may form and delegate authority to a subcommittee or subcommittees, when appropriate, including the authority to preapprove the retention of the independent auditor for performance of audit and non-audit services not prohibited under Section 10A(g) of the Exchange Act and not subject to the de minimis exception under Section 10A(i)(1)(B) of such Act, provided that the terms of the engagement and fee for such services shall be presented to the full committee at the next scheduled meeting following the preapproval.

The committee shall promptly inform the board of the actions taken or issues discussed at its meetings. This will generally take place at the board meeting following a committee meeting.

MEETINGS

The committee shall meet at such times and shall conduct such business as is more specifically described in the working addendum. The committee shall meet periodically with management, the internal auditors and the independent auditor in separate executive sessions. The chief financial officer will coordinate meetings between the committee and the independent auditor and director of internal audit. However, the committee and each member of the committee has the right to contact the independent auditor or the director of internal audit directly. The independent auditor(s) and the director of internal audit and other members of the internal audit team have the right to contact the committee or any member of the committee directly. Agendas and advance materials will be provided to the committee members in advance of meetings. Special meetings may be held as called by the chair of the committee; the chair shall honor the request of any committee member to call a special meeting.

Meetings are to be attended by members of the committee, the appointed recorder, the chief financial officer and any guest whose attendance is approved in advance by the chair. The chief financial officer will be the primary point of contact and provide administrative support to the committee.

Three members shall constitute a quorum. If a quorum is present, a majority of the members present shall decide any questions brought before the committee. Any member of the committee may call a meeting of the committee upon due notice to each other member at least forty-eight hours prior to the meeting.

MINUTES & REPORTS

The board chair in collaboration with the chair of the committee shall designate a person to record the proceedings of the committee's meetings and to distribute such record as directed by the chair. The records of the committee meetings shall be confidential, but shall be distributed to all board members and retained as directed by the board chair for a period of at least ten years.

The chair may authorize the creation and distribution of reports or position papers as appropriate.

EFFECTIVE DATE

This charter was reviewed by the committee and approved by the board on February 26, 2004, in order to govern the subsequent operation of the committee.

Note: While the committee has the responsibilities and powers set forth in this charter, it is not the duty of the committee to plan or conduct audits or to determine that the company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the independent auditor. Nor is it the duty of the committee to conduct investigations or to assure compliance with laws and regulations and the company's Policy Guide on Standards of Conduct and Ethics and the Supplemental Standards of Conduct and Ethics. It is management's responsibility to ensure that appropriate reports are made to the board.

.

ANNEX B

LUBY'S INCENTIVE STOCK PLAN
Amended and Restated as of December 6, 2005

1. Objectives. The Luby's Incentive Stock Plan (the "Plan") is designed to benefit the shareholders of the Company by encouraging and rewarding high levels of performance by individuals who are key to the success of the Company by increasing the proprietary interest of such individuals in the Company's growth and success. To accomplish these objectives, the Plan authorizes incentive Awards through grants of stock options, restricted stock, and performance shares to those individuals whose judgment, initiative, and efforts are responsible for the success of the Company.

2. Definitions.

"Award" means any award described in Section 5 of the Plan.

"Award Agreement" means an agreement entered into between the Company and a Participant, setting forth the terms and conditions applicable to the Award granted to the Participant.

"Board" means the Board of Directors of the Company.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Committee" means the Executive Compensation Committee of the Board or other committee designated by the Board to administer the Plan. The Committee shall be constituted to comply with Rule 16b-3 promulgated under the Securities Exchange Act of 1934 or any successor rule.

"Common Stock" means the common stock of the Company (par value $.32 per share) and shall include both treasury shares and authorized but unissued shares.

"Company" means Luby's, Inc., a Delaware corporation.

"Effective Date" means December 6, 2005.

"Fair Market Value" means the closing price of the Common Stock as reported by the composite tape of New York Stock Exchange issues (or such other reporting system as shall be selected by the Committee) on the relevant date, or if no sale of Common Stock is reported for such date, the next following day for which there is a reported sale.

"Participant" means an individual who has been granted an Award pursuant to the Plan.

"1989 Plan" means the Management Incentive Stock Plan of the Company, which was adopted in 1989.

"Plan" means this Luby's Incentive Stock Plan, Amended and Restated as of December 6, 2005.

3. Eligibility. All employees of any of the following entities are eligible to receive Awards under the Plan: (i) the Company, (ii) any corporation or other entity that has elected to be taxed as a corporation for federal income tax purposes (collectively "Entities"), other than the Company, in an unbroken chain of Entities beginning with the Company if each of the Entities other than the last Entity in the unbroken chain owns stock or interests possessing more than fifty percent (50%) of the total combined voting power of all classes of stock or interests in one of the other Entities in such chain, (iii) partnerships and any other business entities in which the Company, directly or indirectly,

owns more than fifty percent (50%) of the capital and profit interests. With regard to the issuance of incentive stock options, all employees of any of the entities described in (i) and (ii) are eligible to receive Awards under the Plan.

4. Common Stock Available for Awards. Subject to the adjustment provisions of Section 10, the number of shares of Common Stock that may be issued for Awards granted under the Plan is equal to the sum of: (a) 2,100,000 shares; (b) any shares of Common Stock that were authorized to be awarded under the 1989 Plan but were not awarded under the 1989 Plan; and (c) any shares of Common Stock represented by awards granted under the 1989 Plan which have been or will be forfeited, expire, or canceled without delivery of Common Stock, or which have resulted or will result in the forfeiture of Common Stock back to the Company. Notwithstanding the foregoing, the maximum aggregate number of shares of Common Stock that may be issued under the Plan is 2,600,000. Any of the authorized shares may be used for any of the types of Awards described in the Plan. No Participant may receive, under the Plan, stock options for more than 100,000 shares in any one year, except that stock options may be granted to a newly hired employee for not more than 200,000 shares in the first year of employment. Shares of Common stock related to Awards which (i) are forfeited, (ii) expire unexercised, (iii) are settled in such manner that all or some of the shares covered by an Award are not issued to a Participant, (iv) are exchanged for Awards that do not involve Common Stock, or (v) are tendered by a Participant upon exercise of a stock option in payment of all or a portion of the option price shall be added back to the pool and shall immediately become available for Awards.

5. Awards. The Committee shall select the persons who are to receive Awards and shall determine the type or types of Award(s) to be made to each Participant and shall set forth in the related Award Agreement the terms, conditions, performance requirements, and limitations applicable to each Award. Awards may be granted singly, in combination, or in tandem. Awards may include but are not limited to the following:

(a) **Nonqualified Stock Options**. A nonqualified stock option is a right to purchase a specified number of shares of Common Stock at a fixed option price equal to the Fair Market Value of the Common Stock on the date the Award is granted, during a specified time, not to exceed ten years, as the Committee may determine. The option price shall be payable:

(i) in U.S. dollars by personal check, bank draft, or by money order payable to the order of the Company or by money transfer or direct account debit; or

(ii) if the Committee so determines, through the delivery of shares of Common Stock of the Company with a Fair Market Value equal to all or a portion of the option price for the total number of options being exercised; or

(iii) by a combination of the methods described in subsections (i) and (ii) next above.

(b) **Incentive Stock Options**. An incentive stock option (“ISO”) is an Award which, in addition to being subject to applicable terms, conditions, and limitations established by the Committee, complies with Section 422 of the Code. Among other limitations, Section 422 of the Code currently provides (i) that the aggregate Fair Market Value (determined at the time the option is granted) of Common Stock for which ISOs are exercisable for the first time by a Participant during any calendar year shall not exceed $100,000, (ii) that ISOs shall be priced at not less than 100% of the Fair Market Value on the date of the grant, and (iii) that ISOs shall be exercisable for a period of not more than ten years. The Committee may provide that the option price under an ISO can be paid by one or more of the methods described in subsection (a) next above.

(c) **Restricted Stock**. Restricted Stock is Common Stock of the Company that is subject to restrictions on transfer and/or such other restrictions on incidents of ownership as the Committee may determine, for a required period of continued employment of not less than three years as set by the Committee at the time of Award. Restricted Stock Awards shall require no payments of consideration by the Participant, either on the date of grant or the date the restriction(s) are removed, unless specifically required by the terms of the Award Agreement.

(d) **Performance Shares**. A Performance Share is Common Stock of the Company, or a unit valued by reference to Common Stock, that is subject to restrictions on transfer and/or such other restrictions on incidents of ownership as the Committee may determine. The elimination of restrictions on a Performance Share and the number of shares ultimately earned by a Participant shall be contingent upon achievement of one or more performance targets specified by the Committee. Performance Shares may be paid in Common Stock, cash, or a combination thereof. The Committee shall establish minimum performance targets with respect to each Performance Share. Performance targets may be based on financial criteria consisting of (i) revenue growth, (ii) diluted earnings per share, (iii) net operating profit after taxes, (iv) cash flow, (v) economic value added, or (vi) a combination of such criteria. No Participant may receive, under the Plan, a Performance Share Award for any award cycle in excess of 25,000 performance units or 25,000 shares of Common Stock.

6. Certain Changes. Except as may be permitted under the provisions of Section 10 or Section 11, no stock option issued pursuant to the Plan may be (i) canceled by the Company or (ii) amended so as to reduce the option price, unless such cancellation or amendment is approved by the shareholders of the Company.

7. Award Agreements. Each Award under this Plan shall be evidenced by an Award Agreement consistent with the provisions of the Plan setting forth the terms and conditions applicable to the Award. Award Agreements shall include:

(a) **Nonassignability**. With respect to nonqualified stock options, incentive stock options and Performance Shares, a provision that no Award shall be assignable or transferable except by will or by the laws of descent and distribution and that during the lifetime of a Participant, the Award shall be exercised only by such Participant.

(b) **Termination of Employment**. Provisions governing the disposition of an Award in the event of the retirement, disability, death, or other termination of a Participant's employment or relationship to the Company or any affiliate of the Company.

(c) **Rights as a Shareholder**. A provision that a Participant shall have no rights as a shareholder with respect to any shares covered by an Award until the date the Participant or his nominee becomes the holder of record. Except as provided in Section 9 hereof, no adjustment shall be made for dividends or other rights for which the record date is prior to such date, unless the Award Agreement specifically requires such adjustment.

(d) **Withholding**. A provision requiring the withholding of all taxes required by law from all amounts paid in cash. In the case of payments of Awards in shares of Common Stock, the Participant may be required to pay the amount of any taxes required to be withheld prior to receipt of such shares. A Participant must in all instances pay the required withholding taxes in cash. The withholding of shares to pay taxes shall not be permitted.

(e) **Other Provisions**. Such other terms and conditions, including the criteria for determining vesting of Awards and the amount or value of Awards, as the Committee determines to be necessary or appropriate. Without limiting the generality of the foregoing, any stock option granted under the Plan may provide, if the Committee so determines, that upon the occurrence of a “change of control” (as defined in Section 11) the option shall immediately become exercisable and shall remain exercisable for a period of one year after termination of the optionee’s employment but not later than the expiration date of the option.

8. Administration. The Plan shall be administered by the Committee, which shall have full and exclusive power to interpret the Plan, to grant waivers of Award restrictions, and to adopt such rules, regulations, and guidelines for carrying out the Plan as it may deem necessary or proper, all of which powers shall be executed in the best interests of the Company and in keeping with the objectives of the Plan. All questions of interpretation and administration with respect to the Plan and Award Agreements shall be determined by the Committee, and its determination shall be final and conclusive. The Committee may delegate to the Chief Executive Officer of the Company its administrative functions and authority to grant Awards under the Plan pursuant to such conditions and limitations as the Committee

may establish, except that only the Committee may select, and grant Awards to, Participants who are subject to Section 16 of the Securities Exchange Act of 1934.

9. Amendment, Modification, Suspension, or Discontinuance of the Plan. The Board may amend, modify, suspend, or terminate the Plan for the purpose of meeting or addressing any changes in legal requirements or for any other purpose permitted by law. Subject to changes in law or other legal requirements that would permit otherwise, the Plan may not be amended without the consent of the holders of a majority of the shares of Common Stock then outstanding (i) to increase the aggregate number of shares of Common Stock that may be issued under the Plan (except for adjustments pursuant to Section 9 of the Plan), (ii) to decrease the option price, (iii) to materially modify the requirements as to eligibility for participation in the Plan, (iv) to withdraw administration of the Plan from the Committee, or (v) to extend the period during which Awards may be granted.

10. Adjustments. In the event of any change in the outstanding Common Stock of the Company by reason of a stock split, stock dividend, combination or reclassification of shares, recapitalization, merger, or similar event, the Committee may adjust proportionally (a) the number of shares of Common Stock (i) reserved under the Plan, (ii) for which Awards may be granted to an individual Participant, and (iii) covered by outstanding Awards denominated in stock or units of stock; (b) the stock prices related to outstanding Awards; and (c) the appropriate Fair Market Value and other price determinations for such Awards. In the event of any other change affecting the Common Stock or any distribution (other than normal cash dividends) to holders of Common Stock, such adjustments as may be deemed equitable by the Committee, including adjustments to avoid fractional shares, may be made to give proper effect to such event. In the event of a corporate merger, consolidation, acquisition of property or stock, separation, reorganization or liquidation, the Committee shall be authorized to issue or assume stock options, whether or not in a transaction to which Section 424(a) of the Code applies, by means of substitution of new stock options for previously issued stock options or an assumption of previously issued stock options. The issuance of new stock options for previously issued stock options or the assumption of previously issued stock options in connection with a corporate merger, consolidation, acquisition of property or stock, separation, reorganization or liquidation shall not reduce the number of shares of Common stock available for Awards under the Plan.

11. Change of Control. (a) In the event of a change of control of the Company, or if the Board reaches agreement to merge or consolidate with another corporation and the Company is not the surviving corporation or if all, or substantially all, of the assets of the Company are sold, or if the Company shall make a distribution to shareholders that is nontaxable under the Code, or if the Company shall dissolve or liquidate (a "Restructuring Event"), then the Committee may, in its discretion, recommend that the Board take any of the following actions as a result of, or in anticipation of, any such Restructuring Event to assure fair and equitable treatment of Participants:

(i) accelerate time periods for purposes of vesting in, or realizing gain from, any outstanding Award made pursuant to the Plan;

(ii) offer to purchase any outstanding Award made pursuant to the Plan from the holder for its equivalent cash value, as determined by the Committee, as of the date of the Restructuring Event; and

(iii) make adjustments or modifications to outstanding Awards as the Committee deems appropriate to maintain and protect the rights and interests of Participants following such Restructuring Event.

(b) Any such action by the Board shall be conclusive and binding on the Company and all Participants. Notwithstanding the foregoing, the Committee shall retain full authority to take, in its discretion, any of the foregoing actions with respect to Awards held by Participants who are directors, and the Board shall have no authority to act in any such matter.

(c) For purposes of this Section, "change of control" shall mean (i) the acquisition by any person of voting shares of the Company, not acquired directly from the Company, if, as a result of the acquisition, such person, or any "group" as

defined in Section 13(d)(3) of the Securities Exchange Act of 1934 of which such person is a part, owns at least 20% of the outstanding voting shares of the Company; or (ii) a change in the composition of the Board such that within any period of two consecutive years, persons who (a) at the beginning of such period constitute the Board or (b) become directors after the beginning of such period and whose election or nomination for election by the shareholders of the Company was approved by a vote of at least two-thirds of the persons who were either directors at the beginning of such period or whose subsequent election or nomination was previously approved in accordance with this clause (b), cease to constitute at least a majority of the Board; or (iii) a merger, consolidation, reorganization, or similar restructuring involving the Company is consummated and, as a result, the shareholders of the Company immediately prior to such event own less than 50% of the voting shares of the surviving entity outstanding immediately after such event.

12. Unfunded Plan. Insofar as it provides for Awards of cash and Common Stock, the Plan shall be unfunded. Although bookkeeping accounts may be established with respect to Participants who are entitled to cash, Common Stock, or rights thereto under the Plan, any such accounts shall be used merely as a bookkeeping convenience. The Company shall not be required to segregate any assets that may at any time be represented by cash, Common Stock, or rights thereto, nor shall the Plan be construed as providing for such segregation, nor shall the Company or the Board or the Committee be deemed to be a trustee of any cash, Common Stock, or rights thereto to be granted under the Plan. Any liability of the Company or any of its affiliates to any Participant with respect to a grant of cash, Common Stock, or rights thereto under the Plan shall be based solely upon any contractual obligations that may be created by the Plan and any Award Agreement; no such obligation of the Company or any of its affiliates shall be deemed to be secured by any pledge or other encumbrance on any property of the Company. Neither the Company nor the Board nor the Committee shall be required to give any security or bond for the performance of any obligation that may be created by the Plan.

13. Right of Discharge Reserved. Nothing in the Plan or in any Award shall confer upon any employee or other individual the right to continue in the employment or service of the Company or any affiliate of the Company or affect any right the Company or any affiliate of the Company may have to terminate the employment or service of any such employee or other individual at any time for any reason.

14. Nature of Payments. All Awards made pursuant to the Plan are in consideration of services performed for the Company or an affiliate of the Company. Any gain realized pursuant to such Awards constitutes a special incentive payment to the Participant and shall not be taken into account as compensation for purposes of any of the employee benefit plans of the Company or any affiliate of the Company.

15. Notice. Any notice to the Company required by any of the provisions of the Plan shall be addressed to the chief human resources officer or to the Chief Executive Officer of the Company in writing and shall become effective when it is received by the office of either of them.

16. Governing Law. The Plan shall be governed by, construed and enforced in accordance with the laws of the State of Texas without regard to the conflicts of law provisions in any jurisdiction.

17. Effective and Termination Dates. The Plan originally became effective on January 1, 1999, and was approved by the shareholders of the Company at the 1999 annual meeting of shareholders. The Plan as amended and restated shall become effective on December 6, 2005, subject to approval of the shareholders of the Company at the 2006 annual meeting of shareholders. If the Plan is approved by the shareholders at the 2006 annual meeting, the Plan shall terminate on December 5, 2015, unless sooner terminated by the Board, after which no Awards may be made under the Plan, but any such termination shall not affect Awards then outstanding or the authority of the Committee to continue to administer the Plan.

ANNEX C

TAX CONSEQUENCES OF PLAN

Tax Consequences of Plan

Status of Options. The federal income tax consequences both to the participant and the Company of options granted under the Amended Plan differ depending on whether an option is an incentive stock option or a nonqualified stock option.

Nonqualified Stock Options. No federal income tax is imposed on the participant upon the grant of a nonqualified stock option. Generally, upon the exercise of a nonqualified stock option, the participant will be treated as receiving compensation taxable as ordinary income in the year of exercise, in an amount equal to the excess of the fair market value of the shares at the time of exercise over the exercise price paid for such shares. Upon a subsequent disposition of the shares received upon exercise of a nonqualified stock option, any difference between the amount realized on the disposition and the basis of the shares (exercise price plus any ordinary income recognized upon exercise of the option) would be treated as long-term or short-term capital gain or loss, depending on the holding period of the shares. Upon a participant's exercise of a nonqualified stock option, the Company may claim a deduction for compensation paid at the same time and in the same amount as compensation income is recognized by the participant.

Incentive Stock Options. No federal income tax is imposed on the participant upon the grant or exercise of an incentive stock option. The difference between the exercise price and the fair market value of the shares on the exercise date will, however, be included in the calculation of the participant's alternative minimum tax liability, if any. If the participant does not dispose of shares acquired pursuant to the exercise of an incentive stock option within two years from the date the option was granted or within one year after the shares were transferred to him, the difference between the amount realized upon a subsequent disposition of the shares and the exercise price of the shares would be treated as long-term capital gain or loss. In such event, the Company would not be entitled to any deduction in connection with the grant or exercise of the option or the disposition of the shares so acquired. If a participant disposes of shares acquired pursuant to his exercise of an incentive stock option prior to the end of the two-year or one-year holding periods noted above, the disposition would be treated as a disqualifying disposition and the participant would be treated as having received, at the time of disposition, compensation taxable as ordinary income equal to the excess of the fair market value of the shares at the time of exercise (or the amount realized on such sale, if less) over the exercise price. Any amount realized in excess of the fair market value of the shares at the time of exercise would be treated as long-term or short-term capital gain, depending on the holding period of the shares. In such event, the Company may claim a deduction for compensation paid at the same time and in the same amount as compensation income recognized by the participant.

Restricted Stock. No federal income tax is imposed on a participant at the time shares of restricted stock are granted, nor will the Company be entitled to a tax deduction at that time. Instead, when either the transfer restriction or the forfeiture risk lapses, such as on the vesting date, the participant will recognize ordinary income in an amount equal to the fair market value of the shares of restricted stock over the amount, if any, paid for such shares. Notwithstanding the foregoing, unless restricted by the agreement relating to such grant, a participant receiving restricted stock can elect to include the excess of the fair market value of the restricted stock over the amount (if any) paid for such stock in income at the time of grant by making an appropriate election under Section 83(b) of the Code within 30 days after the restricted stock is issued to the participant. Subsequent appreciation in the fair market value of the stock will be taxed as capital gains when the participant disposes of the stock. However, if a participant files such an election and the restricted stock is subsequently forfeited, the participant is not allowed a tax deduction for the amount previously reported as ordinary income due to the election. At the time the participant recognizes ordinary income with respect to shares issued pursuant to a restricted stock award, the Company will be entitled to a corresponding deduction.

Performance Shares. Generally, a holder of a performance share will not recognize income when the award is granted, unless the performance share vests immediately and has no substantial restrictions or limitations. If the performance share vests only upon the satisfaction of certain performance criteria, a holder will recognize ordinary income only when such award vests and any restrictions regarding forfeiture are removed. The Company will generally be allowed to deduct from its taxes the amount of ordinary income a participant must recognize.

Section 162(m) of the Internal Revenue Code

Section 162(m) of the Code generally disallows a public company's tax deduction for compensation to the chief executive officer and the four other most highly compensated executive officers in excess of $1 million in any calendar year. Compensation that qualifies as "performance based compensation" (as defined for purposes of Section 162(m)) is excluded from the $1 million limitation, and therefore remains fully deductible by the company that pays it. Assuming the Amended Plan is approved by the shareholders of the Company, the Company believes that options granted with an exercise price at least equal to 100% of the fair market value of the underlying common stock at the date of grant will qualify as "performance based compensation," although other awards under the Amended Plan may not so qualify.